

**SAINT PAUL & MINNESOTA FOUNDATION
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**



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**SAINT PAUL & MINNESOTA FOUNDATION
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INDEPENDENT AUDITORS' REPORT

Audit and Finance Committee
Saint Paul & Minnesota Foundation
St. Paul, Minnesota

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Saint Paul & Minnesota Foundation, which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Saint Paul & Minnesota Foundation as of December 31, 2022 and 2021, and the changes of their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Saint Paul & Minnesota 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Saint Paul & Minnesota 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Saint Paul & Minnesota Foundation's ability to continue as a going concern for a reasonable period of time.

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



CliftonLarsonAllen LLP

Minneapolis, Minnesota
May 25, 2023

SAINT PAUL & MINNESOTA FOUNDATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
Cash and Cash Equivalents	\$ 8,297,890	\$ 2,549,148
Investments	1,672,813,890	1,920,863,925
Contributions Receivable	11,979,705	29,192,371
Program-Related Loans Receivable	7,316,725	6,779,679
Beneficial Interests in Perpetual Trusts	856,722	1,104,849
Operating Right-of-Use Assets	994,775	-
Other Assets	1,873,245	2,331,958
Total Assets	\$ 1,704,132,952	\$ 1,962,821,930
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 1,224,720	\$ 1,762,943
Operating Lease Liabilities	1,276,163	-
Grants Payable	7,990,138	12,996,762
Income Beneficiaries Payable	8,153,970	11,014,816
Funds Held as Nonprofit Endowments	233,034,166	259,001,081
Total Liabilities	251,679,157	284,775,602
NET ASSETS		
Without Donor Restrictions:		
Without Donor Restrictions	1,183,549,469	1,366,171,715
Board-Designated	14,107,405	12,672,463
Noncontrolling Interests	211,687,919	248,245,728
Total Net Assets Without Donor Restrictions	1,409,344,793	1,627,089,906
With Donor Restrictions	43,109,002	50,956,422
Total Net Assets	1,452,453,795	1,678,046,328
Total Liabilities and Net Assets	\$ 1,704,132,952	\$ 1,962,821,930

See accompanying Notes to Consolidated Financial Statements.

SAINT PAUL & MINNESOTA FOUNDATION
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	\$ 56,652,642	\$ 1,858,000	\$ 58,510,642
Investment Income, Net of Investment Expense of \$4,937,053	22,164,115	565,475	22,729,590
Net Unrealized and Realized Investment Losses	(172,091,705)	(3,762,745)	(175,854,450)
Administrative Fees	1,456,894	-	1,456,894
Staff Services	628,059	-	628,059
Change in Value of Split-Interest Agreements	4,782,650	(2,898,776)	1,883,874
Other	688,953	-	688,953
Net Assets Released from Restrictions	3,609,374	(3,609,374)	-
Total Revenues, Gains, and Other Support	<u>(82,109,018)</u>	<u>(7,847,420)</u>	<u>(89,956,438)</u>
EXPENSES			
Program Services	91,024,030	-	91,024,030
Support Services:			
Management and General	4,550,771	-	4,550,771
Fundraising	3,503,484	-	3,503,484
Total Expenses	<u>99,078,285</u>	<u>-</u>	<u>99,078,285</u>
CHANGE IN NET ASSETS	(181,187,303)	(7,847,420)	(189,034,723)
Noncontrolling Interest Activity	<u>(36,557,810)</u>	<u>-</u>	<u>(36,557,810)</u>
TOTAL CHANGE IN NET ASSETS	(217,745,113)	(7,847,420)	(225,592,533)
Net Assets - Beginning of Year	<u>1,627,089,906</u>	<u>50,956,422</u>	<u>1,678,046,328</u>
NET ASSETS - END OF YEAR	<u>\$ 1,409,344,793</u>	<u>\$ 43,109,002</u>	<u>\$ 1,452,453,795</u>

See accompanying Notes to Consolidated Financial Statements.

SAINT PAUL & MINNESOTA FOUNDATION
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	\$ 77,713,532	\$ 350,000	\$ 78,063,532
Investment Income, Net of Investment Expense of \$5,042,517	22,151,830	611,091	22,762,921
Net Unrealized and Realized Investment Gains	181,247,666	5,504,000	186,751,666
Administrative Fees	1,204,435	-	1,204,435
Staff Services	644,328	-	644,328
Change in Value of Split-Interest Agreements	172,851	2,671,688	2,844,539
Other	308,637	-	308,637
Net Assets Released from Restrictions	8,031,455	(8,031,455)	-
Total Revenues, Gains, and Other Support	<u>291,474,734</u>	<u>1,105,324</u>	<u>292,580,058</u>
EXPENSES			
Program Services	101,645,743	-	101,645,743
Support Services:			
Management and General	4,886,830	-	4,886,830
Fundraising	3,251,639	-	3,251,639
Total Expenses	<u>109,784,212</u>	<u>-</u>	<u>109,784,212</u>
CHANGE IN NET ASSETS	181,690,522	1,105,324	182,795,846
Noncontrolling Interest Activity	<u>29,486,297</u>	<u>-</u>	<u>29,486,297</u>
TOTAL CHANGE IN NET ASSETS	211,176,819	1,105,324	212,282,143
Net Assets - Beginning of Year	<u>1,415,913,087</u>	<u>49,851,098</u>	<u>1,465,764,185</u>
NET ASSETS - END OF YEAR	<u>\$ 1,627,089,906</u>	<u>\$ 50,956,422</u>	<u>\$ 1,678,046,328</u>

See accompanying Notes to Consolidated Financial Statements.

SAINT PAUL & MINNESOTA FOUNDATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Program Services	Management and General	Fundraising	Total Expenses
OPERATING EXPENSES				
Grants	\$ 82,201,013	\$ -	\$ -	\$ 82,201,013
Compensation and Benefits	2,984,544	2,927,641	2,890,466	8,802,651
Professional Fees and Contract Services	2,492,526	621,347	45,974	3,159,847
Supplies and Office Expenses	124,269	1,875	38,929	165,073
Travel, Conferences, and Meetings	223,370	112,754	125,092	461,216
Occupancy	127,258	150,774	118,898	396,930
Information Technology	175,601	143,919	154,808	474,328
Insurance	68,302	80,922	63,814	213,038
Marketing and Promotion	74,089	425,496	20,382	519,967
Program Loan Expense	36,289	-	-	36,289
Gift Annuity Distributions	2,446,217	-	-	2,446,217
Other	30,228	38,268	7,446	75,942
Depreciation	40,324	47,775	37,675	125,774
	<u>40,324</u>	<u>47,775</u>	<u>37,675</u>	<u>125,774</u>
Total Operating Expenses	<u>\$ 91,024,030</u>	<u>\$ 4,550,771</u>	<u>\$ 3,503,484</u>	<u>\$ 99,078,285</u>

See accompanying Notes to Consolidated Financial Statements.

SAINT PAUL & MINNESOTA FOUNDATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Services	Management and General	Fundraising	Total Expenses
OPERATING EXPENSES				
Grants	\$ 95,013,793	\$ -	\$ -	\$ 95,013,793
Compensation and Benefits	2,677,889	3,014,571	2,715,463	8,407,923
Professional Fees and Contract Services	2,658,177	929,161	77,714	3,665,052
Supplies and Office Expenses	86,366	33,695	35,983	156,044
Travel, Conferences, and Meetings	203,115	49,110	49,251	301,476
Occupancy	139,192	167,557	123,756	430,505
Information Technology	155,891	121,507	125,774	403,172
Insurance	56,572	67,918	50,298	174,788
Marketing and Promotion	21,768	415,115	12,401	449,284
Program Loan Expense	19,894	-	-	19,894
Gift Annuity Distributions	97,752	-	-	97,752
Other	454,296	14,917	6,730	475,943
Depreciation	61,038	73,279	54,269	188,586
	<u>\$ 101,645,743</u>	<u>\$ 4,886,830</u>	<u>\$ 3,251,639</u>	<u>\$ 109,784,212</u>
Total Operating Expenses	<u>\$ 101,645,743</u>	<u>\$ 4,886,830</u>	<u>\$ 3,251,639</u>	<u>\$ 109,784,212</u>

See accompanying Notes to Consolidated Financial Statements.

SAINT PAUL & MINNESOTA FOUNDATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (225,592,533)	\$ 212,282,143
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Decrease (Increase) in Net Assets of Noncontrolling Interests	36,557,810	(29,486,297)
Net Investment Return on Noncontrolling Interests	(24,012,810)	40,846,297
Net Unrealized and Realized Investment Losses (Gains)	175,854,450	(186,751,666)
Allowance for Doubtful Accounts	-	328,886
Depreciation Expense	125,774	188,586
Program-Related Loan Discounts and Imputed Interest	(128,030)	(151,312)
Adjustment of Actuarial Liability for Split-Interest Agreement Liabilities	(1,368,167)	479,551
Changes in Operating Assets and Liabilities:		
Contributions Receivable	17,212,666	(22,413,633)
Other Assets	390,197	(316,668)
Accounts Payable and Accrued Expenses	(538,223)	(141,604)
Operating Lease Liabilities	281,388	-
Grants Payable	(5,006,624)	(620,503)
Net Cash Provided (Used) by Operating Activities	(26,224,102)	14,243,780
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(214,396,391)	(701,830,284)
Proceeds from Sales of Investments	286,534,718	668,798,442
Net Partner Distributions	(12,545,000)	(11,360,000)
Payments Received on Program-Related Loans	799,984	927,984
Program-Related Loans Advanced	(1,209,000)	-
Purchases of Property and Equipment	-	(204,600)
Net Cash Provided (Used) by Investing Activities	59,184,311	(43,668,458)
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in Value of Beneficial Interest in Perpetual Trusts	248,127	(7,588)
Payments to Beneficiary Under Split-Interest Agreements	(1,492,679)	(1,309,232)
Contributions and Earnings (Losses) on Nonprofit Endowments	(17,031,402)	44,270,367
Payments on Nonprofit Endowments	(8,935,513)	(14,315,210)
Net Cash Provided (Used) by Financing Activities	(27,211,467)	28,638,337
NET CHANGE IN CASH AND CASH EQUIVALENTS	5,748,742	(786,341)
Cash and Cash Equivalents - Beginning of Year	2,549,148	3,335,489
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 8,297,890	\$ 2,549,148

See accompanying Notes to Consolidated Financial Statements.

SAINT PAUL & MINNESOTA FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Saint Paul & Minnesota Foundation (the Foundation) is a nonprofit statewide community foundation that serves all of Minnesota. The Foundation is a consortium of trusts and funds operating under a plan (the Plan) filed with the District Court of Ramsey County, Minnesota, and charitable corporation known as Saint Paul & Minnesota Foundation, organized pursuant to the Plan.

The consolidated financial statements include the accounts of Saint Paul & Minnesota Foundation, and the Marvin Warroad Area Foundation, the Jones Family Foundation, and Red Wing Property Conservation Fund which are Type 1 Supporting Organizations, and an affiliated organization, The Community Investment Group (CIG).

Saint Paul and Minnesota Foundation Holdings, LLC and six wholly owned subsidiaries (the LLCs) were established under Minnesota Statutes, Chapter 322C, with Saint Paul & Minnesota Foundation as its sole member. The LLCs are established to facilitate the receipt of certain charitable gifts to the Foundation. The LLCs are disregarded tax entities for tax purposes. As the sole member of the LLCs, Saint Paul & Minnesota Foundation consolidated all results of the LLCs within these consolidated financial statements.

Financial Statement Presentation

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

Use of Estimates

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

Net Asset Classification

The Foundation follows an accounting standard that provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The standard also expands disclosures about an organization's endowment funds (both donor-restricted and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

SAINT PAUL & MINNESOTA FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Asset Classification (Continued)

The board of directors, on the advice of legal counsel, has determined that the majority of the Foundation's net assets do not meet the definition of endowment under UPMIFA. The Foundation is governed subject to *The Plan for Saint Paul & Minnesota Foundation* and most contributions are subject to the terms of the Plan. Certain contributions are received subject to other gift instruments, or are subject to specific agreements with the Foundation.

Under the terms of the Plan, the board of directors has the ability to distribute so much of the corpus of any trust or separate gift, devise, bequest, or fund as the board in its sole discretion shall determine. As a result of the ability to distribute corpus, all contributions not classified as net assets with donor restrictions are classified as net assets without donor restrictions for financial statement purposes.

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

Conditional promises to give, that is those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. The Foundation has no contributions for which conditions have not yet been met as of December 31, 2022 and 2021.

Board-Designated Net Assets

Portions of the Foundation's net assets without donor restrictions have been designated for certain purposes by the board of directors. The board of directors has established both short-term and long-term operating reserves designed to support operations during periods of market volatility, or when administrative fees collected may fall short of budgeted expectations. Short-term reserves are invested in money market accounts, certificates of deposit, and short-term investments. Long-term operating reserves are invested in the Foundation's multi-asset endowment pool.

Noncontrolling Interests

The consolidated financial statements include entities in which the Foundation has less than 100% ownership but otherwise controls in accordance with applicable accounting guidance. Noncontrolling interests on the consolidated statements of activities represents the portion of interest and dividends, net unrealized and realized gains and losses and partnership expenses not attributable to the Foundation. Noncontrolling interests on the consolidated statements of financial position represent the portion of net assets without donor restrictions not attributable to the Foundation.

SAINT PAUL & MINNESOTA FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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. Actual returns in any given year may vary from this amount.

To achieve its investment objectives over long periods of time, the Foundation has adopted an investment strategy that invests in domestic equities, international equities, private capital, fixed income, real assets, and absolute return strategies. The majority of assets are invested in equity or equity like securities. Fixed income, real assets, and absolute return strategies 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 the Foundation's spending policy payout rate plus inflation over long periods of time.

The spending policy determines the amount of money in a given year that will be distributed from the Foundation's various endowment assets, which includes donor-advised, nonprofit, designated, scholarship, community, field of interest, and unrestricted. Prior to January 1, 2022, the spending policy was to distribute an amount equal to 5.0% of a moving 21-quarter average but not less than 4.25% or greater than 5.5% of current market value. Effective January 1, 2022, the spending policy is to distribute an amount equal to 5.0% of a moving 21-quarter average. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment assets to grow at the rate of inflation. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets and seek to maximize the amount available to meet the charitable needs of communities. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. As of December 31, 2022 and 2021, there were no donor-restricted endowment funds with deficiencies.

Cash and Cash Equivalents

Cash and cash equivalents include currency on hand, demand deposits with banks or other financial institutions, and short-term investments with maturities of 90 days or less from the date of purchase that have not otherwise been classified as long-term assets due to a designation for long-term purposes. The Foundation's cash investments are placed with high-quality financial institutions and may exceed federal depository insurance limits.

SAINT PAUL & MINNESOTA FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Marketable securities are reported at fair value based upon quoted market prices or, when quotes are not available, are valued on the basis of comparable financial instruments.

Investments with limited marketability, which principally include collective funds, hedge funds of funds, private capital, natural resources, and real assets, are valued at the quoted market price for securities for which market quotations are readily available or an estimate of value (fair value) as determined in good faith by management. Because these investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed.

Donated securities are recorded at their fair value at the date of donation. Realized and unrealized investment gains or losses are determined by comparison of specific costs of acquisition to net proceeds received at the time of disposal or changes in the difference between fair value and cost, respectively.

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 investment balances and the amounts reported in the consolidated statements of financial position.

Investments held by the Foundation under split-interest agreements totaled \$15,590,842 and \$21,673,702 at December 31, 2022 and 2021, respectively.

Contributions Receivable

Contributions receivable consists of unconditional promises to give and are recognized as revenue 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. Contributions to be received after one year are discounted using present value of future cash flows. Amortization of discounts is recorded as additional contribution revenue. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history. As of December 31, 2022 and 2021, no amounts are determined to be uncollectible.

The Foundation is the sole or partial beneficiary of charitable remainder trusts. In cases where the Foundation does not act as trustee, the Foundation has recorded an asset at the present value of the revenue to be received from the trusts using a discount rate between 5.8% and 8.8% based on the year the trust was established.

SAINT PAUL & MINNESOTA FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program-Related Loans Receivable

The Foundation has made loans to nonprofit organizations and to units of government at below-market interest rates. Repayment schedules and interest rates on the loans are varied. If the loan has a fixed maturity date, the loan receivable is recorded at the net present value of the future payments to be received from the borrower using an imputed market interest rate between 2.7% and 4.5% based on the year the loan was made. At December 31, 2022 and 2021, there were no past due program-related loans.

Beneficial Interests in Perpetual Trusts

The Foundation is the beneficiary of various trusts created by donors, the assets of which are not in the possession of the Foundation and are not subject to the Plan. The Foundation has an irrevocable right to a portion of the net income of these trusts. The Foundation's interest in these trusts is recorded at fair value and is classified as net assets with donor restrictions. Distributions received from these trusts are recorded as investment income without restrictions, and the change in fair value is recorded as net unrealized and realized investment gains with restrictions in the consolidated statements of activities.

Other Assets

Other assets consist of several items, including fixed assets, cash surrender value of life insurance, accrued investment income, and client accounts receivable.

Grants Payable

Grants are recorded as expense when approved by the Foundation's board of directors unless conditions imposed on the grantee have not yet been fulfilled. Such conditional grants are recorded when the conditions have been 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.

Income Beneficiaries Payable

A liability is recorded for the amount due to income beneficiaries and split-charitable remainder interest of charitable gift annuities and charitable remainder trusts when the Foundation acts as trustee. The present value of the estimated future payments to be distributed during the beneficiary's expected life and the split-charitable remainder interest at the beneficiary's death is recorded as a liability using a discount rate between 0.4% and 7.5% based on the year the gift was received.

SAINT PAUL & MINNESOTA FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Funds Held as Nonprofit Endowments

In accordance with accounting standards, when 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 nonprofit endowment funds.

The Foundation maintains legal ownership of nonprofit endowment funds and, as such, continues to report the funds as assets of the Foundation. However, in accordance with accounting standards, a liability has been established for the fair value of the funds.

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 fee and staff services revenue are 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. As of December 31, 2022, 2021, and 2020, there were no contract assets or liabilities.

Federal Income Taxes

Saint Paul & Minnesota Foundation, The Marvin Warroad Area Foundation, The Jones Family Foundation, and the Red Wing Conservation Fund have received determination letters from the Internal Revenue Service indicating that they have been classified as publicly supported charitable organizations under Internal Revenue Code (IRC) Section 501(c)(3). As a publicly supported charity, the Saint Paul & Minnesota Foundation is exempt from federal income taxes and federal excise taxes under Section 509(a)(1) of the IRC, except on unrelated business income, while The Marvin Warroad Area Foundation, The Jones Family Foundation, and the Red Wing Conservation Fund have been similarly exempted under Section 509(a)(3) of the IRC.

CIG is a pass-through investment partnership which does not record a provision for any federal, state, or local income taxes because the partners report their share of the partnership's income or loss on their return.

Saint Paul and Minnesota Foundation Holdings, LLC and six wholly owned subsidiaries are disregarded entities for tax purposes.

The Foundation follows accounting standards for uncertain tax positions. No liability has been recognized by the Foundation under this standard.

SAINT PAUL & MINNESOTA FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

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. In accordance with this standard, the Foundation has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the consolidated statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange. Level 1 includes various mutual funds, collective funds, futures, and equities.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data. Level 2 includes U.S. Treasury and other U.S. government and agency mortgage-backed securities, collateralized mortgage obligations, municipal bonds, and corporate debt securities.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset. Level 3 includes privately held stock, charitable remainder trusts, and beneficial interests in perpetual trusts.

Derivative Financial Instruments

The Foundation's investment strategy incorporates certain financial instruments, which involve, to varying degrees, elements of market risk and credit risk. These financial instruments may include equity, fixed income and foreign currency futures and options contracts, and foreign currency forward contracts. The Foundation uses derivatives to obtain domestic and international equity and treasury bond exposure for selected portfolio balances. The Foundation will buy and sell equity and treasury futures to adjust the overall portfolio asset allocation. These quarterly futures contracts are marked to market and realize gains and losses on a daily basis. The Foundation has not designated any of its derivative financial instruments as hedging instruments.

SAINT PAUL & MINNESOTA FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative Financial Instruments (Continued)

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

CIG had 322 and 247 derivative contracts outstanding as of December 31, 2022 and 2021 at a gross contract value of \$35,234,693 and \$34,099,393, respectively, and the net exposure amount is included within CIG's investment portfolio. There were no short positions as of December 31, 2022 and 2021. The profits and losses of a futures contract depends on the daily movements of the market for that contract and are calculated on a daily basis. Changes in fair value are accounted for as net unrealized and realized investment gains (losses) in fair value of investments. Net gains (losses) for these futures were (\$2,966,971) and \$2,560,127 for the years ended December 31, 2022 and 2021, respectively.

Functional Allocation of Expenses

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. Grants, program loan expenses, and gift annuity distributions are directly allocated to program expenses. All other costs are allocated based on department and the best estimates of management.

Adoption of New Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases (ASC 842)*. The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Foundation adopted the requirements of the guidance effective January 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021 are made under the prior lease guidance in FASB ASC 840.

SAINT PAUL & MINNESOTA FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards (Continued)

The Foundation has elected to adopt the package of practical expedients available in the year of adoption. The Foundation has not elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Foundation's ROU assets.

The Foundation elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustment would have met the definition of initial direct costs in the new guidance at lease commencement. 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 in the statement of financial position.

As a result of the adoption of the new lease accounting guidance, the Foundation recognized on January 1, 2022 a lease liability of \$1,688,443, which represents the present value of the remaining operating lease payments and a ROU asset of \$1,327,577.

Leases

The Foundation leases office space for general operations. The Foundation determines if an arrangement is a lease at inception. Operating leases are included in the operating right-of-use (ROU) assets and operating lease liabilities on the consolidated statements of financial position.

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 the lease commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the Foundation uses a risk-free rate based on information available at the commencement date in determining the present value of lease payments. The operating lease ROU asset also excluded any lease incentives. The 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 lease payments is recognized on a straight-line basis over the lease term.

SAINT PAUL & MINNESOTA FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for grants and general expenditures within one year of the consolidated statements of financial position date are comprised of the following at December 31:

	2022	2021
Cash and Cash Equivalents	\$ 8,297,890	\$ 2,549,148
Other Cash Equivalents Included in Investments	122,756,348	183,928,611
Other Liquid Investments	793,572,414	926,136,258
Contributions Receivable	7,051,588	24,018,506
Other Accounts Receivable	222,414	245,167
Total	\$ 931,900,654	\$ 1,136,877,690

The Foundation's core operations are funded primarily through asset-based administrative fees on the charitable funds under management, calculated as a percentage of market value. The board of directors has established both short-term and long-term operating reserves designed to support operations during periods of market volatility, when administrative fees collected may fall short of budgeted expectations. Short-term reserves of \$9,532,973 and \$7,981,118 at December 31, 2022 and 2021, respectively, are included in the amounts above and are invested in money market accounts, certificates of deposit, and short-term investments. Long-term operating reserves of \$4,574,426 and \$4,691,345 at December 31, 2022 and 2021, respectively, are invested in the Foundation's multi-asset endowment pool.

The assets above include donor funds subject to donor restrictions and recommendations as of December 31, 2022 and 2021. Donor funds are generally either permanent (endowed) or nonpermanent. Nonpermanent funds may be granted out at any time, subject to terms of the fund agreement and approval by the board of directors. As described in Note 1, the Foundation's endowed assets are subject to a board approved spending policy of 5%. A spendable amount of \$48,313,871 and \$44,538,193 at December 31, 2022 and 2021, respectively, will be made available for grant-making from these endowments within the next 12 months.

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to become available as its awarded grants, general expenditures, liabilities and other obligations become due. The Foundation invests cash in excess of daily requirements in money markets, sweep accounts, certificates of deposit, and short-term investments.

NOTE 3 FAIR VALUE MEASUREMENTS

The Foundation uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Foundation values all other assets and liabilities refer to Note 1 - Summary of Significant Accounting Policies.

SAINT PAUL & MINNESOTA FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Assets measured at fair value on a recurring basis:

	2022			Total
	Level 1	Level 2	Level 3	
Fixed Income Mutual and Collective Funds	\$ 75,897,384	\$ 144,102,732	\$ -	\$ 220,000,116
U.S. Common Stock, Equity Mutual, and Collective Funds	435,148,929	-	19,299,971	454,448,900
Non-U.S. Common Stock, Equity Mutual, and Collective Funds	98,157,938	-	-	98,157,938
Balanced Mutual Funds	37,579,896	-	-	37,579,896
Real Assets	2,685,535	-	-	2,685,535
Total	<u>\$ 649,469,682</u>	<u>\$ 144,102,732</u>	<u>\$ 19,299,971</u>	812,872,385
Cash Equivalents				122,756,348
NAV Funds				736,499,157
Total				<u>\$ 1,672,127,890</u>
Charitable Remainder Trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,895,846</u>	<u>\$ 3,895,846</u>
Beneficial Interests in Perpetual Trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 856,722</u>	<u>\$ 856,722</u>
	2021			
	Level 1	Level 2	Level 3	Total
Fixed Income Mutual and Collective Funds	\$ 159,240,775	\$ 139,009,913	\$ -	\$ 298,250,688
U.S. Common Stock, Equity Mutual, and Collective Funds	487,887,183	-	21,368,205	509,255,388
Non-U.S. Common Stock, Equity Mutual, and Collective Funds	156,466,640	-	-	156,466,640
Balanced Mutual Funds	44,270,973	-	-	44,270,973
Real Assets	3,884,702	-	-	3,884,702
Total	<u>\$ 851,750,273</u>	<u>\$ 139,009,913</u>	<u>\$ 21,368,205</u>	1,012,128,391
Cash Equivalents				183,928,611
NAV Funds				724,120,923
Total				<u>\$ 1,920,177,925</u>
Charitable Remainder Trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,098,865</u>	<u>\$ 5,098,865</u>
Beneficial Interests in Perpetual Trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,104,849</u>	<u>\$ 1,104,849</u>

The Foundation has \$686,000 in privately held stock that is reported at cost as of December 31, 2022 and 2021 and, therefore, not included in the fair value tables above.

Purchases, sales, transfers in and transfers out of Level 3 investments consist of the following for the years ended December 31:

	2022		
	Equity Mutual and Collective Funds (Private Stock)	Charitable Remainder Trusts	Beneficial Interests in Perpetual Trusts
Purchases	\$ -	\$ -	\$ -
Sales	-	-	-
	2021		
	Equity Mutual and Collective Funds (Private Stock)	Charitable Remainder Trusts	Beneficial Interests in Perpetual Trusts
Purchases	\$ 607,263	\$ -	\$ -
Sales	(59,691,937)	-	-

SAINT PAUL & MINNESOTA FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 3 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 December 31, 2022	Principal Valuation Technique	Unobservable Inputs
Equity Mutual and Collective Funds	\$ 19,299,971	FMV of Assets	Value of Underlying Assets
Charitable Remainder Trusts	3,895,846	Discounted Cash Flows	Discount Rates Duration
Beneficial Interest in Perpetual Trusts	856,722	FMV of Assets	Value of Underlying Assets
Total	<u>\$ 24,052,539</u>		
Type of Assets	Fair Value at December 31, 2021	Principal Valuation Technique	Unobservable Inputs
Equity Mutual and Collective Funds	\$ 21,368,205	FMV of Assets	Value of Underlying Assets
Charitable Remainder Trusts	5,098,865	Discounted Cash Flows	Discount Rates Duration
Beneficial Interest in Perpetual Trusts	1,104,849	FMV of Assets	Value of Underlying Assets
Total	<u>\$ 27,571,919</u>		

Investments in Entities that Calculate Net Asset Value Per Share (or its Equivalent) as of December 31, 2022 and 2021

	2022 Net Asset Value	2021 Net Asset Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Equity Collective Funds	\$ 144,020,656	\$ 154,368,077	\$ -	Daily-Monthly	1-30 Days
Multi-Strategy Hedge Funds of Funds	-	1,385,751	-	Semiannually	95 Days
Multi-Strategy Hedge Funds of Funds	122,632,671	102,679,312	-	Quarterly	65 Days
Private Capital	346,720,118	340,704,742	128,834,995	N/A	N/A
Private Natural Resources	50,347,458	58,830,568	5,748,958	N/A	N/A
Private Real Estate	44,925,345	37,542,141	-	Quarterly	45 Days
Private Real Estate	27,852,909	28,610,332	10,933,598	N/A	N/A
Total	<u>\$ 736,499,157</u>	<u>\$ 724,120,923</u>			

Subsequent to year-end, an additional \$50 million of commitments have been made to fund additional investments at net asset value.

SAINT PAUL & MINNESOTA FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Equity Collective Funds includes investments in funds that are invested in domestic and international common stock. The unobservable inputs used to determine the fair value of the equity collective funds are based on quoted market prices for the underlying securities which comprise the net asset value of the collective fund. The funds provide full disclosure of the underlying holdings, whereby the Foundation is able to verify its account balances.

Multi-Strategy Hedge Fund of Funds are invested primarily in a diversified portfolio of directly originated loan investments, distressed corporate and mortgage bonds, long/short credit, long/short equity, global macro, convertible arbitrage, event driven, and other strategies. The unobservable inputs used to determine the fair value of the fund of hedge funds in this category has been estimated using the net asset value per share of the investments.

Private Capital includes investments in venture capital, buy-outs, distressed securities, mezzanine and special situations funds, and direct investments in securities of companies. The unobservable inputs used to determine the fair value of the fund of private capital funds and direct investments has been estimated based on the capital account balances reported by underlying partnerships subject to the private capital funds' management review and judgment.

Private Natural Resources include investments in oil, gas, and other natural resource-related funds. The unobservable inputs used to determine the fair value of the fund of natural resources funds has been estimated based on the capital account balances reported by underlying partnerships subject to the natural resources fund of funds management review and judgment.

Private Real Estate includes investments in multi-family, industrial, retail, and office properties in targeted metropolitan areas. The unobservable inputs used to determine the fair value of private real estate has been estimated using external and internal appraisals of property investments.

SAINT PAUL & MINNESOTA FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 4 CONTRIBUTIONS RECEIVABLE

Contributions receivable that are expected to be collected within one year are recorded at their net realizable value. Contributions receivable that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. Unconditional contributions receivable outstanding as of December 31, 2022 and 2021 are due as follows:

	Less than One Year	One Year to Five Years	More than Five Years	2022 Total
Unconditional Promises to Give	\$ 7,051,588	\$ 708,075	\$ 324,196	\$ 8,083,859
Charitable Remainder Trusts		1,496,215	2,399,631	3,895,846
Total	<u>\$ 7,051,588</u>	<u>\$ 2,204,290</u>	<u>\$ 2,723,827</u>	<u>\$ 11,979,705</u>

	Less than One Year	One Year to Five Years	More than Five Years	2021 Total
Unconditional Promises to Give	\$ 24,018,506	\$ 75,000	\$ -	\$ 24,093,506
Charitable Remainder Trusts	-	2,025,730	3,073,135	5,098,865
Total	<u>\$ 24,018,506</u>	<u>\$ 2,100,730</u>	<u>\$ 3,073,135</u>	<u>\$ 29,192,371</u>

NOTE 5 GRANTS PAYABLE

Grants payable in more than one year are stated at fair value. Fair value is determined as the present value of estimated cash flows using a discount rate ranging from 3.3% to 8.8%. The discount amount was \$208,909 and \$427,137 as of December 31, 2022 and 2021, respectively. Unconditional grants payable as of December 31 are generally due as follows:

	2022	2021
Less than One Year	\$ 5,886,237	\$ 7,968,415
One Year to Five Years	2,103,901	5,028,347
Total	<u>\$ 7,990,138</u>	<u>\$ 12,996,762</u>

At December 31, 2022 and 2021, the Foundation has unpaid approved grants of \$0- and \$602,000, respectively, which are subject to conditions and have not been reflected in the accompanying consolidated financial statements.

SAINT PAUL & MINNESOTA FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 6 FUNDS HELD AS NONPROFIT ENDOWMENTS

The following table summarized activity in such funds during the years ended December 31:

	2022	2021
Funds Held as Nonprofit Endowments at January 1	\$ 259,001,081	\$ 229,045,924
Amounts Raised from Nonprofits	10,792,360	5,570,638
Investment Income	3,956,738	4,690,784
Net Unrealized and Realized Investment Gains (Losses)	(30,389,162)	35,027,487
Amounts Disbursed to Nonprofits	(8,935,513)	(14,315,210)
Administrative Fee	(1,391,338)	(1,018,542)
Funds Held as Nonprofit Endowments at December 31	<u>\$ 233,034,166</u>	<u>\$ 259,001,081</u>

NOTE 7 ENDOWMENT BY NET ASSET CLASS

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
Donor-Restricted Endowment Funds	\$ -	\$ 30,102,207	\$ 30,102,207
Other Endowment Funds:			
Undesignated	298,190,637	-	298,190,637
Field of Interest	182,002,263	-	182,002,263
Donor-Advised	141,974,402	-	141,974,402
Designated	114,030,244	-	114,030,244
Subtotal Other Endowment Funds	<u>736,197,546</u>	<u>-</u>	<u>736,197,546</u>
Board-Designated Endowment Funds	4,574,425	-	4,574,425
Total Endowment Funds	<u>740,771,971</u>	<u>30,102,207</u>	<u>770,874,178</u>
Nonendowed Funds	668,572,822	13,006,795	681,579,617
Total Net Assets	<u>\$ 1,409,344,793</u>	<u>\$ 43,109,002</u>	<u>\$ 1,452,453,795</u>

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
Donor-Restricted Endowment Funds	\$ -	\$ 34,616,191	\$ 34,616,191
Other Endowment Funds:			
Undesignated	350,158,743	-	350,158,743
Field of Interest	177,976,631	-	177,976,631
Donor Advised	166,697,625	-	166,697,625
Designated	123,535,821	-	123,535,821
Subtotal Other Endowment Funds	<u>818,368,820</u>	<u>-</u>	<u>818,368,820</u>
Board-Designated Endowment Funds	4,691,345	-	4,691,345
Total Endowment Funds	<u>823,060,165</u>	<u>34,616,191</u>	<u>857,676,356</u>
Nonendowed Funds	804,029,741	16,340,231	820,369,972
Total Net Assets	<u>\$ 1,627,089,906</u>	<u>\$ 50,956,422</u>	<u>\$ 1,678,046,328</u>

SAINT PAUL & MINNESOTA FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 8 CHANGES IN ENDOWMENT NET ASSETS

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 823,060,165	\$ 34,616,191	\$ 857,676,356
Investment Income, Net of Investment Expense	13,713,771	565,475	14,279,246
Net Realized and Unrealized Investment Losses	(120,340,675)	(3,762,750)	(124,103,425)
Contributions	63,142,735	-	63,142,735
Amounts Appropriated for Expenditure	(38,804,025)	(1,316,709)	(40,120,734)
Change in Endowment Net Assets	(82,288,194)	(4,513,984)	(86,802,178)
Endowment Net Assets - End of Year	<u>\$ 740,771,971</u>	<u>\$ 30,102,207</u>	<u>\$ 770,874,178</u>

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 715,138,821	\$ 29,828,798	\$ 744,967,619
Investment Income, Net of Investment Expense	13,386,846	611,091	13,997,937
Net Realized and Unrealized Investment Gains	108,534,073	5,503,998	114,038,071
Contributions	16,123,383	-	16,123,383
Amounts Appropriated for Expenditure	(30,122,958)	(1,327,696)	(31,450,654)
Change in Endowment Net Assets	(107,921,344)	4,787,393	(112,708,737)
Endowment Net Assets - End of Year	<u>\$ 823,060,165</u>	<u>\$ 34,616,191</u>	<u>\$ 857,676,356</u>

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of December 31:

	2022	2021
Purpose or Time Restricted:		
Split-Interest Agreements	\$ 10,742,073	\$ 14,885,382
Time Restricted Contributions Receivable	1,408,000	350,000
Endowment	9,190,184	13,704,168
Total Purpose or Time Restricted	<u>21,340,257</u>	<u>28,939,550</u>
Perpetual in Nature:		
Endowment	20,912,023	20,912,023
Beneficial Interest in Perpetual Trusts	856,722	1,104,849
Total Perpetually Restricted Net Assets	<u>21,768,745</u>	<u>22,016,872</u>
Total Net Assets With Donor Restrictions	<u>\$ 43,109,002</u>	<u>\$ 50,956,422</u>

Net assets released from restriction for the years ended December 31 are as follows:

	2022	2021
Purpose or Time Restricted	\$ 2,292,665	\$ 6,703,759
Endowment	1,316,709	1,327,696
Total Purpose or Time Restricted Releases	<u>\$ 3,609,374</u>	<u>\$ 8,031,455</u>

SAINT PAUL & MINNESOTA FOUNDATION
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NOTE 10 RETIREMENT PLAN

The Foundation maintains a defined contribution plan for employees meeting the eligibility requirements in which contributions are based upon a specified percentage of salaries. Retirement plan expense was \$669,773 and \$654,313 for the years ended December 31, 2022 and 2021, respectively. A portion of the contributions vest with employees over a five-year period.

NOTE 11 LEASES

The Foundation has an operating lease for office space and equipment with lease terms that expire through 2025. Annual rental on the office space includes the base rent plus a proportionate share of the actual operating costs of the building as specified in the lease agreement.

The following table provides quantitative information concerning the Foundation's leases for the year ended December 31, 2022:

Operating Lease Costs	\$ 384,002
Other Information:	
Operating Cash Flows from Operating Leases	463,480
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	1,327,577
Weighted-Average Remaining Lease Term - Operating Leases	2.7 years
Weighted-Average Discount Rate - Operating Leases	3.50%

The Foundation classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2022, is as follows:

<u>Year</u>	<u>Operating Leases</u>
2023	\$ 473,600
2024	489,116
2025	374,679
Total Lease Payments	1,337,395
Less: Imputed Interest	(61,232)
Present Value of Lease Liabilities	<u>\$ 1,276,163</u>

SAINT PAUL & MINNESOTA FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 12 COMMUNITY INVESTMENT GROUP AND NONCONTROLLING INTEREST

The Community Investment Group (CIG) is an investment partnership originally formed by The Saint Paul Foundation and Minnesota Community Foundation in 1992. The purpose of CIG is to create a larger pool of assets in order to enhance investment return and reduce costs and risk. Under the governing agreements, the Foundation is the only remaining voting foundation. The CIG investment committee may recommend other nonprofit corporations join the Partnership, subject to the approval of the voting foundation. Other charitable foundations admitted to CIG are considered participating foundations.

The voting foundation may appoint two persons each to the partnership's investment committee. A majority of the investment committee may recommend that one or more additional persons be appointed to the investment committee who shall become members if approved in writing by the Foundation. Such additional members are subject to removal by the Foundation.

Saint Paul & Minnesota Foundation holds control of the partnership through the ability to approve and remove additional members of the investment committee, and through economic interest (78% and 77% of the investment in the partnership as of December 31, 2022 and 2021, respectively). As a result of this controlling interest, consolidation is required under accounting standards.

The following schedules shows statements of changes in partner balances for the years ended December 31:

	Saint Paul & Minnesota Foundation	F. R. Bigelow Foundation	Mardag Foundation	Total
Balance - January 1, 2021	\$ 765,324,794	\$ 155,885,528	\$ 62,873,903	\$ 984,084,225
Interest and Dividends	19,236,740	3,797,039	1,535,370	24,569,149
Net Unrealized and Realized Gains	118,826,779	25,721,507	10,355,302	154,903,588
Contributions to Partnership	16,913,907	-	-	16,913,907
Withdrawals from Partnership	(48,529,980)	(8,410,000)	(2,950,000)	(59,889,980)
Partnership Expenses	(1,844,349)	(401,297)	(161,624)	(2,407,270)
Balance - December 31, 2021	869,927,891	176,592,777	71,652,951	1,118,173,619
Interest and Dividends	15,839,774	2,987,500	1,215,890	20,043,164
Net Unrealized and Realized Losses	(102,404,047)	(19,775,681)	(8,009,347)	(130,189,075)
Contributions to Partnership	32,367,451	-	-	32,367,451
Withdrawals from Partnership	(20,480,121)	(9,180,000)	(3,365,000)	(33,025,121)
Partnership Expenses	(1,468,657)	(306,539)	(124,633)	(1,899,829)
Balance - December 31, 2022	<u>\$ 793,782,291</u>	<u>\$ 150,318,057</u>	<u>\$ 61,369,861</u>	<u>\$ 1,005,470,209</u>

SAINT PAUL & MINNESOTA FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 13 LOAN GUARANTY

In December 2019, the Foundation issued loan guaranties for the preservation of Naturally Occurring Affordable Housing. The Foundation's guaranties total \$3.4 million. The guaranties are not callable until the completion of the project. The completion of the project will be 10 years after the properties are acquired, with property acquisition planned from 2019 to 2022.

NOTE 14 SUBSEQUENT EVENTS

The Foundation has evaluated events and transactions for potential recognition or disclosure in these consolidated financial statements through May 25, 2023, the date the consolidated financial statements were available to be issued. Other than disclosed in Note 3, there were no other subsequent events requiring recognition or disclosure in the consolidated financial statements.



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