

Coming Together, Moving Forward



MINNESOTA COMMUNITY FOUNDATION



THE SAINT PAUL FOUNDATION

2009 Annual Report

Letter from Board Chair
and President

Dear Friends,



Two things are clear as we look back on 2009. First, the continuing downturn in the nation's economy made it another extraordinarily difficult year for many of the individuals, organizations and communities served by Minnesota Community Foundation and The Saint Paul Foundation. And while there is no silver lining to a recession, we have been gratified to see many positive developments in our community during these challenging times.

Over and over, we have seen our fellow Minnesotans display extraordinary generosity and have also seen incredible examples of the innovative capabilities of our state's nonprofit organizations. "Collaboration" has become something of a buzzword in the nonprofit world—but in Minnesota we have seen it blossom from a concept into concrete action as dozens of organizations have come together to create new ways to maximize the value of every dollar donated.

New collaborations took root at the Foundations last year through several initiatives. The Community Economic Relief Fund, our partnership with other philanthropic organizations, nonprofits and donors, draws on the expertise of well-established programs and uses a proactive grantmaking approach to get help quickly to those in immediate need. The Fund gave more than \$1.8 million to 16 organizations in 2009 and continues its giving in 2010. The Foundations also led the collaborative effort to launch GiveMN.org, an online resource that enables nonprofits of all sizes to reach new and different audiences and helps donors find and support nonprofits. When GiveMN launched in November, "Give to the Max Day" inspired more than 38,000 Minnesotans to give \$14 million to area nonprofits in just 24 hours.

Innovative collaborations like these, designed to bring together donors, nonprofits and philanthropic organizations to address people's needs more effectively than ever before, are the best way forward as we work to help move our community toward more stable and positive times. Thank you for being part of the collaboration and for all that you do to help us help Minnesota.

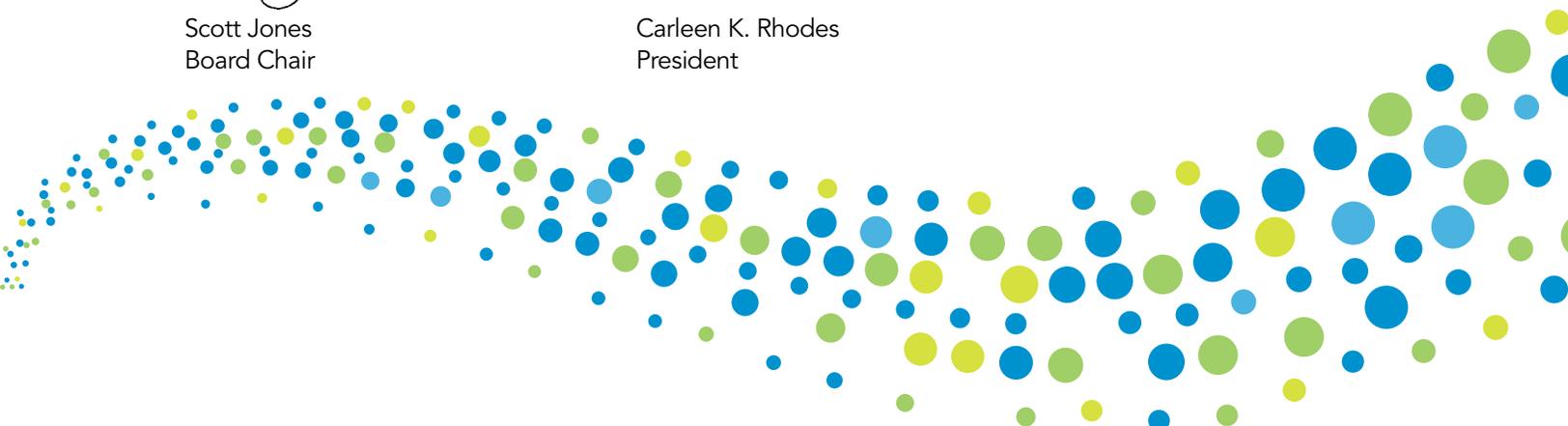
Sincerely,

A handwritten signature in black ink, appearing to read "Scott Jones".

Scott Jones
Board Chair

A handwritten signature in black ink, appearing to read "Carleen K. Rhodes".

Carleen K. Rhodes
President



Donated \$1.8 million to **help our community respond to the economic downturn** through the Community Economic Relief Fund, a collaboration with other philanthropic organizations, nonprofits and donors to support strategic projects proposed by nonprofits that have the capacity to reach people who have the most pressing needs in this difficult economy.

Helped launch the Central Corridor Funders Collaborative's investment strategy, designed to **ensure that the planned Central Corridor light-rail line benefits nearby businesses and residents** with vibrant transit-oriented places, affordable housing and a stronger local economy.

Engaged more than 38,000 Minnesotans in an unprecedented one-day online giving drive when we launched GiveMN.org, a website that helps people learn about our state's nonprofits and makes it easy for them to contribute to the ones that inspire them most. Give to the Max Day raised \$14 million for more than 3,400 Minnesota nonprofits.

Gave more than 2,900 preschool children a head start on reading through the WordsWork! early literacy program, now operating in 20 Minnesota counties—including four served by Northwest Community Action Head Start, which secured federal funding to expand the program's reach in northern Minnesota.

Helped **arts organizations inspire one another to reach more Minnesotans** by creating the Arts Learning Xchange, a network that enables arts organizations to develop, implement and share audience-building ideas. Two knowledge-sharing events drew more than 200 members of the Twin Cities arts community.

Continued to **transform the way the Foundations work**. We consolidated all of our board and management policies so that the two foundations now work together seamlessly, cut significant costs by simplifying many operations (e.g., reducing the number of documents we print and mail) and invested in new technology for greater efficiency.

Implemented a new strategic plan for SpectrumTrust, our initiative to **support donors and nonprofits serving communities of color**, that makes the grantmaking process easier for grantees and integrates fundraising efforts with the work of the Foundation's development staff.

Worked to **eliminate racism in our community** by welcoming anti-racism activist Peggy McIntosh to our third annual Facing Race Ambassador Awards ceremony and commissioning her to write an update of her landmark 1988 article "White Privilege: Unpacking the Invisible Knapsack."

Collaborated with the Bush Foundation to launch the Project for Babies, an initiative to **improve the health and development of infants and toddlers**. We also brought legislators together to talk about the impact that new research on infants' brain development could have on Minnesota's educational policy.

Helped strengthen 38 Minnesota communities through our Community Funds program, which engaged more than 200 volunteers, raised more than \$790,000 for permanent local endowments and granted more than \$1 million to support local programs and nonprofit organizations.

Report on Investments for the Multi-Asset Endowment Portfolio

In 1994, Minnesota Community Foundation and The Saint Paul Foundation formed an investment partnership, The Community Investment Group, to obtain unified professional management of their investments. The investment objective is to earn a high risk-adjusted return that preserves the purchasing power of assets and seeks to maximize the amount available to meet the charitable needs of communities.

The Foundations' Investment Committee is responsible for developing the investment strategy, selecting investment managers and monitoring investment performance—tasks that are more crucial than ever given the difficult investment climate faced by all investors since 2008.

In 2009, the Foundations adopted and began transition to a new investment policy and asset allocation strategy for the multi-asset endowment portfolio which is as follows:

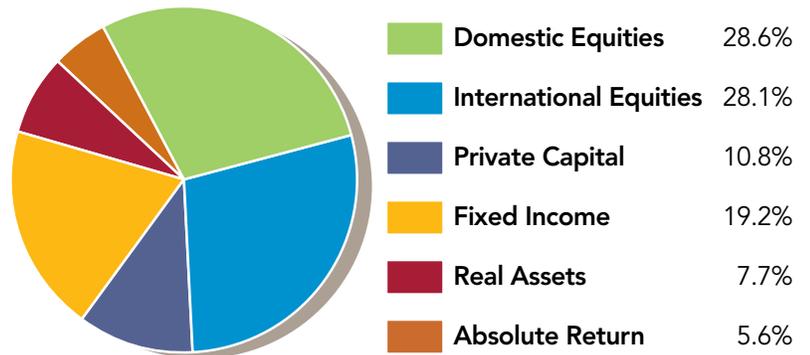
Domestic Equities	25%
International Equities	25%
Private Capital	12%
Fixed Income	15%
Real Assets	15%
Absolute Return	8%

Summarized here are the Multi-Asset Endowment Portfolio's investment performance and asset allocation as of December 31, 2009.

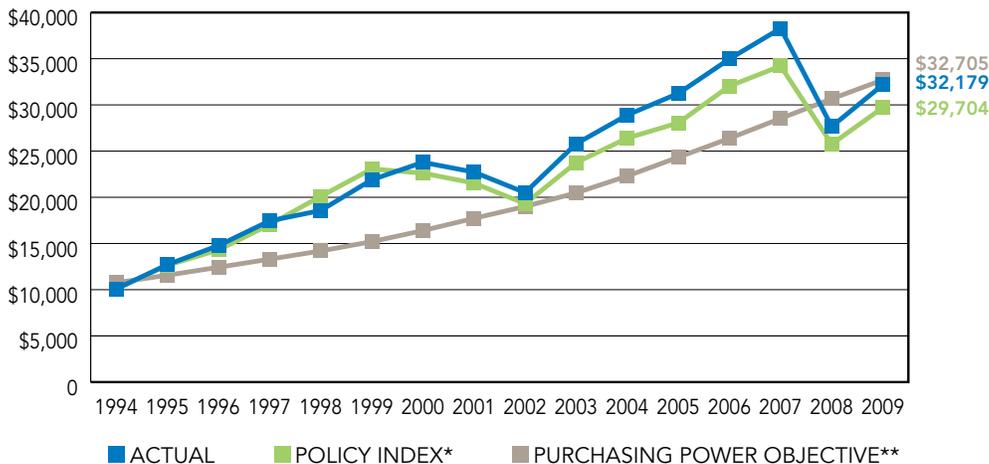
Investment Performance

	10 Year	5 Year	3 Year	1 Year
Actual	3.9%	2.2%	-2.7%	16.3%
Policy Index*	2.7%	2.6%	-2.2%	14.6%
Purchasing Power Objective**	7.9%	8.0%	7.4%	6.2%

Asset Allocation



Change in Value for \$10,000 Invested at Inception***

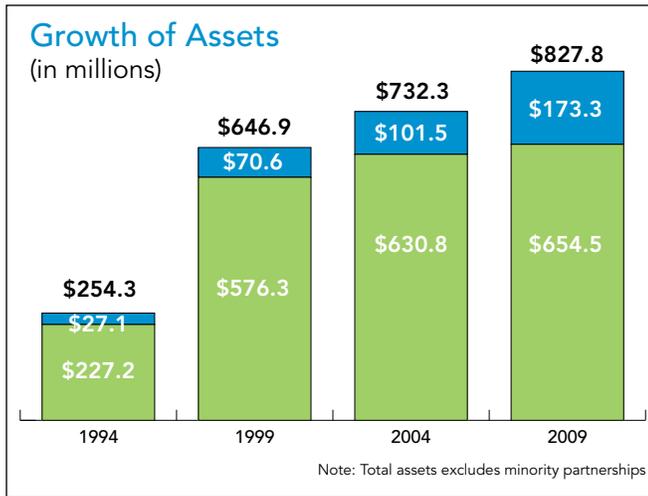


* The Policy Index is a weighted composite of all the individual benchmarks used to measure the performance of each asset class.

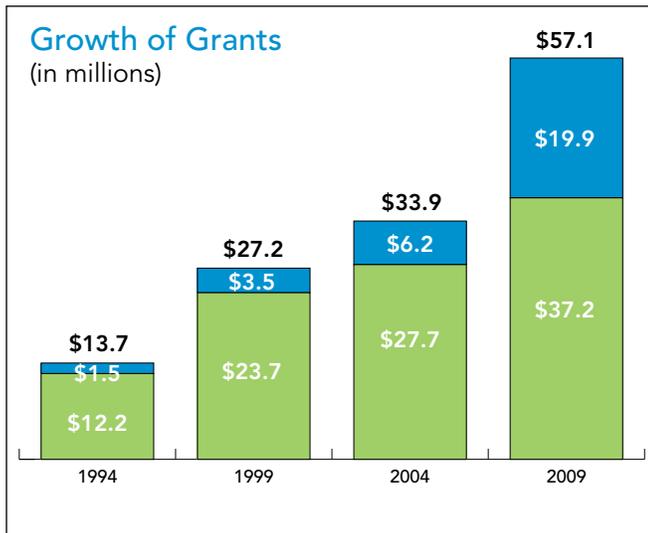
** The Purchasing Power Objective is calculated by adding the GDP Price Deflator to the Foundations' endowment spending rate of 5.5%

*** Inception January 1, 1994

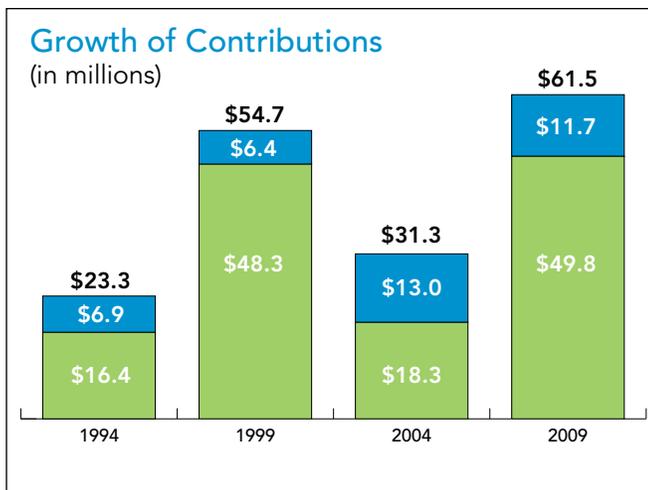
Donor Advised and Community Funds accounted for 45% of the \$828 million in assets that the Foundations held in 2009.



Donor Advised and Community Funds accounted for 66% of the \$57 million in grants that the Foundations made in 2009.



Donor Advised and Community Funds accounted for 72% of the \$62 million in new contributions to the Foundations' assets in 2009.



2009 Facts at a Glance

- New funds started: **62**
 - Minnesota Community Foundation: 31
 - The Saint Paul Foundation: 31
- Funds now held at the Foundations: **1,917**
- Grants from Foundations' Unrestricted and Field of Interest Funds: **604**
- Total amount of grants from Foundations' Unrestricted and Field of Interest Funds: **\$6,737,124**
- Nonprofit organizations that received grants: **2,528**
- Percentage of dollars granted that stayed in Minnesota: **83%**
- Grants to nonprofit partners with organizational endowment funds: **525**
- Total annual distribution to endowment partners: **\$7,218,500**
- Scholarships awarded: **662**
- Total scholarship dollars: **\$1,709,953**
- Grants from SpectrumTrust to organizations focused on communities of color: **71**
- Total amount of SpectrumTrust grants: **\$332,957**
- Total number of Legacy Builders (donors who have established planned gifts) since 1999: **361**
- Percentage of Foundation board members participating in the Board Annual Appeal: **100%**

The Foundation's auditor LarsonAllen LLP has issued an unqualified opinion on the Foundations' consolidated financial statements for the year ended December 31, 2009.

The complete audited consolidated financial statements are available upon request or on our web sites.

Board Members

Scott Jones, chair	Manuel M. Lopez, Ph.D.
Joan A. Grzywinski, vice chair	Maureen McDonough**
Mary K. Brainerd	Gerald O'Brien, II
Iris H. Cornelius, Ph.D.*	Wendy H. Rubin
John Cowles, III*	John R. Ryan, Jr.
Jacqueline A. Dorsey	Paul L. Snyder**
Robert A. Engebretsen	Cris E. Stainbrook
MayKao Y. Hang**	Nancy JS Tellor
Ann Huntrods	Louise K. Thoreson
Thomas W. Kingston*	George B. Thompson
Cynthia L. Leshar	Mark L. Wilson
Nancy E. Lindahl	

Investment Committee

John A. Clymer, chair	John Cowles, III
Craig Aase**	James R. Frey*
Janice K. Angell	Mansco Perry, III
Conley Brooks, Jr.	David D. Rowland

* Service ended in 2009

** New members as of 2010

For a complete list of our funds, please visit our Web sites:
www.mncommunityfoundation.org www.saintpaulfoundation.org



MINNESOTA COMMUNITY FOUNDATION



THE SAINT PAUL FOUNDATION

Minnesota Community Foundation | The Saint Paul Foundation

55 Fifth Street East, Suite 600, Saint Paul, Minnesota 55101-1797 | 651.224.5463 and 800.875.6167

inbox@mncommunityfoundation.org | inbox@saintpaulfoundation.org

www.mncommunityfoundation.org | www.saintpaulfoundation.org