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To the Board of Directors and Members
Jerome Foundation, Inc.
Saint Paul, Minnesota

Thank you for using Baker Tilly Virchow Krause, LLP as your auditor.

We have completed our audit of the financial statements of Jerome Foundation, Inc. (the "Foundation") for the year ended April 30, 2009, and have issued our report thereon dated November 2, 2009. This letter presents communications required by our professional standards.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America

The objective of a financial statement audit is the expression of an opinion on the financial statements. We conducted the audit in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Our audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit does not relieve management or the Board of Directors and Members of their responsibilities.

In planning and performing our audit of the financial statements of the Foundation as of April 30, 2009 and for the year then ended, in accordance with auditing standards generally accepted in the United States of America, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiency to be a significant deficiency in internal control:

- > The year end financial statements (including footnotes) were prepared by the auditor. In addition, the auditor prepared three entries relating to calculations of current and deferred excise taxes and the beneficial interest in the charitable remainder trust. The Foundation was aware that audit adjusting entries would be required and the nature of those entries.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the preceding significant deficiency constitutes a material weakness.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our presentation about planning matters dated September 22, 2009.

Significant Audit Issues

Qualitative Aspect of Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Jerome Foundation, Inc. are described in Note 1 to the financial statements. The application of existing policies was not changed during 2009.

As described in Note 1 to the financial statements, Jerome Foundation, Inc. adopted the provisions of FASB Statement No. 157, *Fair Value Measurements* and FASB Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities - Including an Amendment of FASB Statement No. 115*, as of May 1, 2008. The Foundation did not elect fair value accounting for any asset or liability that is not currently required to be measured at fair value.

We noted no transactions entered into by the Foundation during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. In addition to estimates utilized by management in its financial reporting process in allocating expenses to functional areas and calculating depreciation expense, the following estimates also affected the financial statements:

- > *The Valuation of Investments That Are Not Readily Marketable.* Management's estimates of the valuation for the Foundation's investments in the global equity funds and commingled trust funds are based on estimates provided by the investment trustee that have been calculated in accordance with the AICPA Audit and Accounting Guide, *Investment Companies*. Investments in timber and timberlands have been estimated using an independent appraisal by a forestry consultant. Investments held as collateral on the Foundation's securities lending program are adjusted daily based on market value changes of the loaned securities within the securities lending program. We have been informed that management reviews and monitors the trustee's valuation process, the collateral valuation and the forestry consultant's appraisal.

Financial Statement Disclosures

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Audit Adjustments

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. A summary of uncorrected financial statement misstatements is attached to this letter. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

In addition, a summary of material financial statement misstatements (audit adjustments) has been provided to you.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. If a consultation involves application of an accounting principle to the Foundation's financial statements, or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Management Representations

We have requested certain representations from management that are included in the management representation letter. Management has indicated that they have forwarded these representations to our primary contact within the governance structure.

Independence

We are not aware of any relationships between Baker Tilly Virchow Krause, LLP and the Foundation that, in our professional judgment, may reasonably be thought to bear on our independence.

Relating to our audit of the financial statements of Jerome Foundation, Inc. for the year ended April 30, 2009, Baker Tilly Virchow Krause, LLP hereby confirms that we are, in our professional judgment, independent with respect to the Foundation in accordance with the Code of Professional Conduct issued by the American Institute of Certified Public Accountants. During the year ended April 30, 2009, Baker Tilly provided the following services to the Foundation:

Preparation of financial statements

Preparation of journal entries

Preparation of tax returns

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Foundation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We have noted other matters we believe warrant the attention of the Foundation. These areas are detailed in the attached document.

This information is intended solely for the use of the Board of Directors and Members and management of Jerome Foundation, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Baker Tilly Virchow Krause, LLP

Minneapolis, Minnesota
November 2, 2009

Other Matters

Segregation of Duties

The Foundation operates its accounting and reporting function with principally one individual, which precludes a proper segregation of duties. This condition is not, however, unusual in entities the size of the Foundation. It is important for those charged with governance to be aware of this condition and realize that the concentration of duties and responsibilities in one individual is not desirable from a control point of view. Under these conditions, the most effective controls rest in those charged with governance knowledge and monitoring of matters relating to the Foundation's financial affairs. We did note that the Foundation has some compensating controls to address the lack of segregation of duties by having a detailed second review of the monthly accounting and reporting function.

Recommendations from Information Technology Assessment

The Foundation has established practices related to information technology security and operations. However, during our risk assessment procedures, we noted that the Foundation should examine the need to develop more comprehensive policies and procedures, particularly in the areas of testing and documenting, as follows:

- > Information technology security access policies are not in place to address strong password usage (i.e. password aging, 8 alphanumeric characters, history checking and lockouts settings), user access forms on new hire, changes or terminations, performing user access reviews (i.e. user segregation of duties) and internal security monitoring on the network and financial application (i.e. security log monitoring or critical QuickBooks transactions/processes)
- > We recommend formally documenting the IT security access policies to encourage strong password usage and best practice settings.
- > We recommend documenting how user access is granted to new hires, changes, and terminations on the network environment, and financial application through the use of access request forms. We also recommend that management consider performing access reviews on the network and financial application on an annual basis.
- > We recommend adding IT security policies and controls to properly log and monitor internal network and application security controls and report serious incidents to management. (Note: External web hosting vendor - Internet 7 provides external network web hosting but evidence of external monitoring was not provided, although there is a contract in place).
- > During the review of the data center access it was noted that the data center is not secured properly or environmentally protected. We recommend that management should consider maintaining a secured and environmentally controlled data center room and restricting access to the server and backup operations.
- > Sure Payroll's SAS 70 report is not reviewed or monitored for performance by management. We recommend obtaining and performing a review on the Sure Payroll SAS70 report) to actively monitor the third party service payroll provider.
- > A backup and recovery policy is not formalized to document backup and restore procedures or the process for storing backup media. We recommend management creating a backup and recovery policy to cover all significant applications and network environment and to test this process at least annually.

Recent Accounting Pronouncements

In March 2008, the FASB issued Statement on Financial Accounting Standard No. 161, *Disclosures about Derivative Instruments and Hedging Activities- an amendment of FASB Statement No. 133 (SFAS 161)*. This Statement changes the disclosure requirement for derivative instruments and hedging activities. Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments; (b) how derivative instruments and related hedge items are accounted for under Statement 133 and its related interpretations; and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. This Statement is effective for financial statements issued for fiscal years beginning after November 15, 2008.

In May 2009, the FASB issued Statement on Financial Accounting Standards No. 164, *Not-for-Profit Entities: Mergers and Acquisitions (SFAS 164)*. This Statement sets standards for the combination of one nonprofit entity with another nonprofit entity or nonprofit activity. This Statement is effective for mergers occurring on or after December 15, 2009 or for acquisitions for financial statements issued for fiscal years beginning after December 15, 2009.

In August 2009, the FASB issued Statement on Financial Accounting Standards No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles (as amended) (SFAS 168)*. This statement establishes the FASB Accounting Standards Codification (Codification) as the source of authoritative accounting principles recognized by FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with GAAP. This Statement is effective for financial statements issued for fiscal years beginning after September 15, 2009.

Jerome Foundation, Inc.

SUMMARY OF PASSED ADJUSTING JOURNAL ENTRIES
FOR COMMUNICATION TO MANAGEMENT AND GOVERNING BOARD
4/30/2009

Description	Financial Statement Effect		
	Increase (Decrease) to Financial Statement Total		
	Assets	Liabilities	Net Assets
Accrued Vacations		52,600	(52,600)
Total Net Audit Differences	\$ -	\$ 52,600	(52,600)
Reversal of prior year items			53,687
			\$ 1,087

JEROME FOUNDATION INC.

Saint Paul, Minnesota

FINANCIAL STATEMENTS

Including Independent Auditors' Report

April 30, 2009 and 2008

JEROME FOUNDATION INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Members
Jerome Foundation, Inc.
Saint Paul, Minnesota

We have audited the accompanying statement of financial position of Jerome Foundation, Inc. (the Foundation) as of April 30, 2009, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of Jerome Foundation, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements as of April 30, 2008 were audited by other auditors whose report dated October 1, 2008 expressed an unqualified opinion.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jerome Foundation, Inc. as of April 30, 2009, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2 to the financial statements, Jerome Foundation, Inc. adopted the provisions of FASB Statement No. 157, *Fair Value Measurements* and FASB Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities - Including an Amendment of FASB Statement No. 115*, as of May 1, 2008.

Baker Tilly Virchow Krause, LLP

Minneapolis, Minnesota
November 2, 2009

JEROME FOUNDATION, INC

STATEMENTS OF FINANCIAL POSITION

April 30, 2009 and 2008

ASSETS		
	2009	2008
Cash and cash equivalents	\$ 102,469	\$ 274,805
Accrued investment income	145,684	230,893
Prepaid expenses and other receivables	11,107	13,823
Prepaid excise tax	11,900	8,100
Investments	59,785,773	85,310,854
Beneficial interest in charitable remainder trust	2,175,650	2,870,051
Collateral received under securities lending agreement-at fair value	6,171,316	24,122,158
Property and equipment, net	<u>19,209</u>	<u>31,387</u>
TOTAL ASSETS	<u>\$ 68,423,108</u>	<u>\$ 112,862,071</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Grant commitments payable	\$ 796,431	\$ 1,110,120
Accounts payable	66,365	81,045
Deferred excise tax	-	30,800
Payable under securities lending agreement -at contract value	<u>7,620,322</u>	<u>24,607,551</u>
Total Liabilities	8,483,118	25,829,516
NET ASSETS		
Unrestricted		
Undesignated	57,519,755	83,833,370
Board designated	<u>244,585</u>	<u>329,134</u>
Total unrestricted net assets	57,764,340	84,162,504
Temporarily restricted	<u>2,175,650</u>	<u>2,870,051</u>
Total Net Assets	<u>59,939,990</u>	<u>87,032,555</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 68,423,108</u>	<u>\$ 112,862,071</u>

See accompanying notes to financial statements.

JEROME FOUNDATION, INC.

STATEMENTS OF ACTIVITIES
Years Ended April 30, 2009 and 2008

	2009			2008		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
OPERATING						
SUPPORT AND REVENUE						
Interest	\$ 967,302	\$ -	\$ 967,302	\$ 749,226	\$ -	\$ 749,226
Dividends	888,491		888,491	992,002		992,002
Contributions	35,000		35,000	45,000		45,000
Securities lending income	71,607		71,607	60,228		60,228
Commission recapture	13,076		13,076	3,748		3,748
Other Income	16,379		16,379	34,582		34,582
Release from restrictions	-	-	-	267,542	(267,542)	-
Total Support and Revenue	<u>1,991,855</u>	<u>-</u>	<u>1,991,855</u>	<u>2,152,328</u>	<u>(267,542)</u>	<u>1,884,786</u>
EXPENSES						
Grants awarded	2,400,584		2,400,584	2,909,109		2,909,109
Salaries and benefits	596,866		596,866	594,347		594,347
Office and other expenses	150,828		150,828	163,769		163,769
Total Expense	<u>3,148,278</u>	<u>-</u>	<u>3,148,278</u>	<u>3,667,225</u>	<u>-</u>	<u>3,667,225</u>
CHANGE IN NET ASSETS - OPERATING	(1,156,423)	-	(1,156,423)	(1,514,897)	(267,542)	(1,782,439)
NONOPERATING						
Net loss on investments	(24,788,540)		(24,788,540)	(4,586,574)		(4,586,574)
Federal excise tax (provision) benefit	9,600		9,600	64,100		64,100
Investment and agent fees	(462,801)		(462,801)	(556,387)		(556,387)
Change in value of beneficial interest in charitable remainder trust		(694,401)	(694,401)		21,783	21,783
CHANGE IN NET ASSETS - NONOPERATING	<u>(25,241,741)</u>	<u>(694,401)</u>	<u>(25,936,142)</u>	<u>(5,078,861)</u>	<u>21,783</u>	<u>(5,057,078)</u>
TOTAL CHANGE IN NET ASSETS	(26,398,164)	(694,401)	(27,092,565)	(6,593,758)	(245,759)	(6,839,517)
NET ASSETS - Beginning of Year	<u>84,162,504</u>	<u>2,870,051</u>	<u>87,032,555</u>	<u>90,756,262</u>	<u>3,115,810</u>	<u>93,872,072</u>
NET ASSETS - End of Year	<u>\$ 57,764,340</u>	<u>\$ 2,175,650</u>	<u>\$ 59,939,990</u>	<u>\$ 84,162,504</u>	<u>\$ 2,870,051</u>	<u>\$ 87,032,555</u>

See accompanying notes to financial statements.

JEROME FOUNDATION, INC.

STATEMENTS OF CASH FLOWS
Years Ended April 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (27,092,565)	\$ (6,839,517)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	12,178	12,177
Net loss on investments	24,788,540	4,586,574
Adjustment of charitable remainder trust	694,401	(21,783)
Deferred excise tax benefit	(30,800)	(204,700)
Changes in operating assets and liabilities		
Accrued investment income	85,209	(95,211)
Prepaid expenses and other receivables	2,716	6,515
Prepaid excise tax	(3,800)	5,600
Grant commitments payable	(313,689)	150,044
Accounts payable	(14,680)	(9,856)
Net Cash Flows From Operating Activities	<u>(1,872,490)</u>	<u>(2,410,157)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(95,552,237)	(117,496,715)
Proceeds from sales of investments	<u>97,252,391</u>	<u>119,856,462</u>
Net Cash Flows From Investing Activities	<u>1,700,154</u>	<u>2,359,747</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Distributions from charitable remainder trust		<u>267,542</u>
Change in Cash and Cash Equivalents	(172,336)	217,132
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>274,805</u>	<u>57,673</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 102,469</u>	<u>\$ 274,805</u>
Supplemental cash flow disclosures		
Excise tax payments	\$ 25,000	\$ 135,000

See accompanying notes to financial statements.

JEROME FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
April 30, 2009 and 2008

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Jerome Foundation, Inc. (the Foundation) is a private foundation incorporated under the laws of Minnesota. Grants are made to support programs and projects located in the State of Minnesota and New York City in the areas of dance, literature, film and video, multidisciplinary arts, music, theater, visual arts, and arts criticism.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation are classified and reported as follows:

Unrestricted Net Assets - Resources over which the Board of Directors (the Board) has discretionary control. Board designated amounts represent net assets set aside for individual grants in the Minnesota film and video program, New York City film and video program, and Travel and Study program that are not yet committed to individuals.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations. Temporarily restricted net assets consist of the value of the Foundation's beneficial interest in a charitable remainder trust.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of such assets permit the Foundation to use all or part of the income earned on the assets. The Foundation currently has no permanently restricted net assets.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments, except those held for long-term investment, with maturities of three months or less when purchased to be cash equivalents.

Property and Equipment

Property and equipment are stated at cost, if purchased, or fair market value at date of the gift, if donated. All acquisitions of property and equipment in excess of \$3,000 and all expenditures for repairs, maintenance, improvements and betterments that materially prolong the useful lives of assets are capitalized. Maintenance, repairs, and minor improvements are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Contributions

Contributions are recognized when received in the form of a pledge or cash. Restricted contributions that are fulfilled in the same time period are classified as unrestricted.

JEROME FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
April 30, 2009 and 2008

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tax-Exempt Status

The Foundation has received notification that it qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and corresponding provisions of State law. Due to the Foundation's classification as a private foundation under the Internal Revenue Code, it pays an excise tax of 2% (reduced to 1% if certain requirements are met) of its net taxable investment income.

Classification of Expenses

Grants and expenses associated with the Foundation's direct charitable activities are considered to be program expenses, while other expenses of the Foundation are considered to be management and general expenses.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Beneficial Interest in Charitable Remainder Trust

The Foundation is named as a beneficiary of a charitable remainder trust, which allows for a distribution to the Foundation after the death of the named beneficiaries. The Foundation is not the trustee and therefore does not control or have access to the assets of the trust. The Foundation's interest in the trust is reported as fair value of the assets of the trust less the present value of estimated future payments to the noncharitable beneficiaries based on the life expectancy using a discount rate of 6%.

Grants

Grant commitments are charged to operations at the time the grants are approved by the Board of Directors.

Concentration of Credit Risk

At times during the year, the Foundation may have cash in excess of federally insured limits of \$250,000 per financial institution.

Measure of Operations

In its Statement of Activities, the Foundation includes in its definition of operations all support, revenues, and expenses that are an integral part of its programs and supporting activities. Non-operating activity consists primarily of net realized and unrealized gains and losses, investment and agent fees, federal excise tax, and change in value of beneficial interest in the charitable trust.

JEROME FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

April 30, 2009 and 2008

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments

The carrying amounts reflected on the Statement of Financial Position for cash and cash equivalents, accrued investment income, grant commitments payable, and deferred excise tax approximate fair value due to the short maturity of these financial instruments. The fair values for investments and other financial instruments recorded at fair value on a recurring basis are included in Note 2.

Reclassifications

Certain 2008 amounts in the accompanying financial statements have been reclassified to conform to 2009 presentations. Such reclassifications had no impact on net assets or the change in net assets.

Subsequent Events

The Organization has evaluated subsequent events through November 2, 2009 which is the date that the financial statements were approved and available to be issued.

New Accounting Pronouncements

In March 2008, the FASB issued Statement on Financial Accounting Standards No. 161, *Disclosures about Derivative Instruments and Hedging Activities - an amendment of FASB Statement No. 133* (SFAS 161). This Statement changes the disclosure requirements for derivative instruments and hedging activities. Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments; (b) how derivative instruments and related hedge items are accounted for under Statement 133 and its related interpretations; and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. This Statement is effective for financial statements issued for fiscal years beginning after November 15, 2008. As of April 30, 2009, the Foundation does not believe the adoption of SFAS 161 will materially impact the financial statement amounts or footnote disclosures.

In May 2009, the FASB issued Statement on Financial Accounting Standards No. 164, *Not-for-Profit Entities: Mergers and Acquisitions* (SFAS 164). This Statement sets standards for the combination of one nonprofit entity with another nonprofit entity or nonprofit activity. This Statement is effective for mergers occurring on or after December 15, 2009 or for acquisitions for financial statements issued for fiscal years beginning after December 15, 2009. As of April 30, 2009, the Foundation does not believe the adoption of SFAS 164 will materially impact the financial statement amounts or footnote disclosures.

In August 2009 the FASB issued Statement on Financial Accounting Standards No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles (as amended)* (SFAS 168). This statement establishes the FASB Accounting Standards Codification (Codification) as the source of authoritative accounting principles recognized by FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with GAAP. This Statement is effective for financial statements issued for fiscal years beginning after September 15, 2009.

JEROME FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
April 30, 2009 and 2008

NOTE 2 - FAIR VALUE MEASUREMENTS

Effective May 1, 2008, the Foundation adopted the provisions of FASB Statement No. 157, *Fair Value Measurements* (SFAS 157), which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a framework for measuring fair value. SFAS 157 establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of the asset or liability as of the measurement date. SFAS 157 expands disclosures about instruments measured at fair value. SFAS 157 applies to other accounting pronouncements that require or permit fair value measurements and, accordingly, SFAS 157 does not require any new fair value measurements.

Subsequent to the issuance of SFAS 157, the FASB issued additional Financial Staff Positions (FSP) which provides implementation guidance related to fair value measurements. The Foundation has adopted the applicable FSPs as appropriate during fiscal year 2009.

Effective May 1, 2008, the Foundation adopted FASB Statement No. 159, *The Fair Value Option for Financial Assets and Liabilities, including an amendment of FASB Statement No. 115*, which among other things, provides an option to elect fair value as an alternative measurement for selected financial assets and liabilities not previously recorded at fair value. The Foundation did not elect fair value accounting for any asset or liability that is not currently required to be measured at fair value.

As noted above, SFAS 157 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. This includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data.

Level 3 - Inputs are unobservable for the asset or liability. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

JEROME FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
April 30, 2009 and 2008

NOTE 2 - FAIR VALUE MEASUREMENTS (Continued)

The following table presents financial instruments that are measured at fair value on a recurring basis by the SFAS 157 hierarchy as of April 30, 2009:

	Total	Level 1	Level 2	Level 3
Cash and short-term investments	\$ 510,452	\$ 510,452	\$ -	\$ -
Stocks	29,913,486	29,913,486		
Bonds	15,104,108	15,104,108		
Mutual funds	6,440,939	6,440,939		
Global equity funds	3,330,320			3,330,320
Commingled trust funds	3,111,518			3,111,518
Timber and timberlands	1,374,950			1,374,950
Collateral received under securities lending agreement	6,171,316			6,171,316
Beneficial interest in charitable remainder trust	2,175,650			2,175,650
Total	\$ 68,132,739	\$ 51,968,985	\$ -	\$ 16,163,754

The following methods and assumptions were used to estimate the fair value for each class of financial instrument measured at fair value:

Cash and short-term investments - The fair value of short-term investments, consisting primarily of money market funds, is classified as Level 1 as these funds are traded on a regular basis.

Stocks - Investments in stocks are measured at fair value using quoted market prices. They are classified as Level 1 as they are traded in an active market for which closing stock prices are readily available.

Bonds - Investments in bonds are comprised of U.S. Treasury notes, U.S Treasury bonds, mortgage backed securities, municipal bonds and corporate bonds and notes. U.S. Treasury notes and bonds are classified as Level 1 as they trade with sufficient frequency and volume to enable the Foundation to obtain pricing information on an ongoing basis.

Mutual funds - Mutual funds are classified as Level 1 if they are traded in an active market for which closing prices are readily available.

Commingled trust and global equity funds - Investments in comingled trust and global equity funds for which there is no readily determinable fair value are classified as level 3 as the valuation is based on significant unobservable inputs. In cases where the investee has provided its investors with a net asset value per share that has been calculated in accordance with the AICPA Audit and Accounting Guide, *Investment Companies*, the Foundation has estimated its fair value by using the most recent net asset value provided by the investee.

Timber and timberlands - Investments in timber and timberlands for which there is no readily determinable fair value are classified as Level 3 as the valuation is based on significant unobservable inputs. The Foundation has estimated fair value using an independent appraisal by a forestry consultant.

JEROME FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
April 30, 2009 and 2008

NOTE 2 - FAIR VALUE MEASUREMENTS (Continued)

Collateral received under securities lending agreement - Investments held as collateral on the Foundation's securities lending program are classified as Level 3 as the valuation is based on significant unobservable inputs. The amount of collateral held is adjusted daily based on market value changes of the loaned securities within the securities lending program.

Beneficial interest in charitable remainder trust - The Foundation's beneficial interest in remainder trusts administered by a third party are classified as Level 3 as the fair values are based on a combination of Level 2 inputs (interest rates and yield curves) and significant unobservable inputs (entity specific estimates of cash flows). Since the Foundation has an irrevocable right to receive the income earned from the trust's assets, the fair value of the Foundation's beneficial interest is estimated to approximate the fair value of the trusts' assets.

While the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following table presents a reconciliation of the statement of financial position amounts for financial instruments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended April 30, 2009:

	Balances April 30, 2008	Net realized and unrealized gains (losses) included in change in net assets	Purchases, sales, issuances and settlement, net	Net transfers in (out) of Level 3	Balances April 30, 2009
Global equity funds	\$ 6,279,812	\$ (2,770,611)	\$ (178,881)	\$ -	\$ 3,330,320
Commingled trust funds	5,892,085	(2,681,657)	(98,910)		3,111,518
Timber and timberlands	1,227,200	147,750			1,374,950
Collateral received under securities lending agreement	24,122,158	(1,449,006)	(16,501,836)		6,171,316
Beneficial interest in charitable remainder trust	2,870,051	(694,401)			2,175,650
Total	\$ 40,391,306	\$ (7,447,925)	\$ (16,779,627)	\$ -	\$ 16,163,754

The amount of total gains or (losses) for the period included in change in net assets attributable to the change in unrealized gains or losses relating to Level 3 financial instruments still held at April 30, 2009

\$ (4,917,055)

JEROME FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
April 30, 2009 and 2008

NOTE 3 – SECURITIES LENDING

The Foundation lends its investment securities to registered broker-dealers. The borrower provides collateral in the form of cash, U.S. Government securities, or a bank letter of credit in an amount in excess of the loaned securities' aggregate value. The Foundation receives either (i) a fee in the case of non-cash collateral or (ii) payment of a portion of earnings in the case of cash-collateral. The amount of collateral held is adjusted daily based on market value changes of the loaned securities. The borrower must return identical securities to close the loan at which time the collateral will be returned. Collateral is held and invested by the investment custodian and is immediately available upon default. The Foundation bears risk in the event that the value of the invested collateral is not sufficient to meet obligations due on the loans. All earnings from interest and dividends on the loaned securities revert to the Foundation, except for commissions to the agent for handling the securities lending.

As of April 30, 2009, the market value of the invested collateral held for securities on loan was \$1,449,006 less than the contract value of the securities. Of this total, \$240,552 was due to potential losses from a financial company currently being restructured and \$638,120 was a potential loss from a financial company currently in bankruptcy. Beginning November 1, 2007, the investment custodian has been foregoing its commission to help offset these potential losses. The Foundation has begun a phased withdrawal of its participation in the securities lending program.

The following is a summary of loaned securities balances:

	<u>2009</u>	<u>2008</u>
Fair value of securities on loan	<u>\$ 7,361,205</u>	<u>\$ 23,858,280</u>
Fair value of collateral held	<u>\$ 6,171,316</u>	<u>\$ 24,122,158</u>
Contract value of collateral received	<u>\$ 7,620,322</u>	<u>\$ 24,607,551</u>

NOTE 4 - INVESTMENTS

Long-term investments held by the Foundation at April 30, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Cash equivalents	\$ 482,598	\$ 534,806
Pending trade receivable	34,453	
Pending trade payable	(6,600)	(106,750)
Common stocks	25,875,431	29,317,600
Securities on loan	7,361,205	23,858,280
Bonds and notes	11,780,958	10,741,282
Mutual, global equity and commingled funds	12,882,778	19,738,436
Timber and timberlands	<u>1,374,950</u>	<u>1,227,200</u>
	<u>\$ 59,785,773</u>	<u>\$ 85,310,854</u>

JEROME FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

April 30, 2009 and 2008

NOTE 4 – INVESTMENTS (Continued)

Realized (losses) gains associated with the Foundation's investments for the years ended April 30, 2009 and 2008 were (\$16,304,498) and \$5,832,853, respectively. Unrealized losses associated with the Foundation's investments for the years ended April 30, 2009 and 2008 were (\$8,484,042) and (\$10,419,427), respectively.

Investments, in general, are subject to various risks, including credit, interest and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

NOTE 5 – PROPERTY AND EQUIPMENT

A summary of the property costs and accumulated depreciation at April 30 is as follows:

	<u>2009</u>	<u>2008</u>
Equipment	\$ 56,985	\$ 56,985
Vehicle	23,006	23,006
Leasehold improvements	66,524	66,524
Totals	<u>146,515</u>	<u>146,515</u>
Less: Accumulated depreciation	<u>127,306</u>	<u>115,128</u>
Net Property and Equipment	<u>\$ 19,209</u>	<u>\$ 31,387</u>

NOTE 6 – GRANT COMMITMENTS PAYABLE

Grant activity for the years ended April 30, 2009 and 2008 is summarized as follows:

	<u>2009</u>	<u>2008</u>
Grant commitments payable, beginning of year	\$ 1,110,120	\$ 960,076
Appropriations	2,400,584	2,909,109
Payments	<u>(2,714,273)</u>	<u>(2,759,065)</u>
Grant commitments payable, end of year	<u>\$ 796,431</u>	<u>\$ 1,110,120</u>

All grant commitments outstanding at April 30, 2009 are expected to be paid within one year.

JEROME FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
April 30, 2009 and 2008

NOTE 7 - FEDERAL EXCISE TAX

The federal excise tax provision (benefit) consists of the following:

	<u>2009</u>	<u>2008</u>
Provision (benefit)		
'Current	\$ 21,200	\$ 140,600
Deferred	<u>(30,800)</u>	<u>(204,700)</u>
Totals	<u>\$ (9,600)</u>	<u>\$ (64,100)</u>

The Foundation is subject to minimum distribution requirements of the Internal Revenue Code.

Deferred taxes result from certain income and expense items being accounted for in different time periods for financial statement purposes than for federal excise tax purposes. Deferred excise tax expense (benefit) arises from the change in unrealized appreciation in fair value of investments. The deferred excise tax provision (benefit) is calculated utilizing the 1% excise tax rate for the year ended April 30, 2009 and 2% for the year ended April 30, 2008.

NOTE 8 – RETIREMENT PLAN

The Foundation has a defined contribution profit-sharing and 401(k) plan for all eligible employees. Contributions are subject to the Board of Directors' discretion. Employer contributions for the year ended April 30, 2009 and 2008 amounted to 8% and 12% of qualified compensation per individual employee, respectively. Retirement plan expense was \$32,292 and \$47,181 for the years ended April 30, 2009 and 2008, respectively. The Foundation also allows employees to make pre-tax contributions up to 30% of wages to their 401(k) account.

NOTE 9 - FUNCTIONAL EXPENSES

The functional allocation of expenses for the years ended April 30, 2009 and 2008 was as follows:

	<u>2009</u>	<u>2008</u>
Programs	\$ 2,493,789	\$ 3,024,647
Management and general	<u>654,489</u>	<u>642,578</u>
Totals	<u>\$ 3,148,278</u>	<u>\$ 3,667,225</u>

JEROME FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
April 30, 2009 and 2008

NOTE 10 - LEASE COMMITMENT

The Foundation has a non-cancelable operating lease for office space that expires September 30, 2013. The Foundation is required to pay base rent and its share of operating expenses. Rent expense related to this lease was \$54,719 and \$54,919 for the years ended April 30, 2009 and 2008, respectively. At April 30, 2009, the minimum lease payments were as follows:

Year Ending April 30:	
2010	\$ 49,544
2011	50,348
2012	51,153
2013	51,957
2014	<u>21,789</u>
Total Lease Commitments	<u>\$ 224,791</u>



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INDEPENDENT AUDITORS' REPORT ON OTHER FINANCIAL INFORMATION

To the Board of Directors and Members
Jerome Foundation, Inc.
Saint Paul, Minnesota

Our report on our audit of the basic financial statements of Jerome Foundation, Inc. for 2009 appears on page one. The audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. Schedules 1 and 2 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Such information for 2008 has been subjected to the auditing procedures applied in the audit of the basic financial statements performed by other auditors referenced on page one.

Baker Tilly Virchow Krause, LLP

Minneapolis, Minnesota
November 2, 2009

JEROME FOUNDATION, INC.

SCHEDULE OF ADMINISTRATIVE EXPENSES
Years Ended April 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Salaries and benefits expenses		
Salaries and temporary services	\$ 454,331	\$ 442,413
Health, dental, and other insurance	80,094	75,467
Retirement plan expense	32,292	47,181
Payroll taxes	<u>30,149</u>	<u>29,286</u>
Total salaries and benefits expenses	596,866	594,347
Office and other expenses		
Rent	54,719	54,919
Meetings and events	27,446	30,810
Education program	3,423	6,097
Office operations	7,658	10,004
Travel	9,003	14,412
Telephone and internet	5,427	5,514
Professional fees	17,785	15,848
Insurance	6,284	6,718
Postage	2,324	5,139
Publications	895	1,605
Legal services	3,686	526
Depreciation	<u>12,178</u>	<u>12,177</u>
Total office and other expenses	150,828	163,769
Total expenses	<u>747,694</u>	<u>758,116</u>
Less expenses allocated to program activities		
Minnesota Film and Video Program	23,660	28,380
New York City Film and Video Program	26,110	31,140
Travel and Study Grant Program	<u>43,435</u>	<u>56,018</u>
Total expenses allocated to program activities	<u>93,205</u>	<u>115,538</u>
Total administrative expenses	<u>\$ 654,489</u>	<u>\$ 642,578</u>

JEROME FOUNDATION, INC.

SCHEDULE OF GRANT COMMITMENTS AND PAYMENTS
Year Ended April 30, 2009

	Grant Commitments Payable at Beginning of Year	Commitments Made During Year	Paid During Year	Grant Commitments Payable End of Year
Accinosco Brooklyn, New York Creation and development of <i>The Successive Failure</i> (or, <i>The Failure of Success</i>)	\$ -	\$ 10,000	\$ 10,000	\$ -
American Composers Forum Saint Paul, Minnesota Composers Commissioning Program, Subito Program, Minnesota Emerging Composers Award and consulting services for emerging composers	-	97,000	20,000	77,000
Recording of works by composer Ann Millikan	12,000	-	12,000	-
Anderson Center for Interdisciplinary Studies Red Wing, Minnesota Residencies for emerging artists	16,000	-	16,000	-
Aperture Foundation New York, New York <i>First Books</i> , a publication program serving emerging photographers	15,000	-	15,000	-
ARENA Dances Minneapolis, Minnesota Creation, development and production of a new multi- disciplinary work	12,000	-	12,000	-
Art in General New York, New York New Commissions Program, exhibitions, and artists' services	19,000	-	19,000	-
Blacklock Nature Sanctuary Moose Lake, Minnesota Artist Fellowship Program	-	21,560	21,560	-
Booklyn Brooklyn, New York ABC (Another Brooklyn Chapbook) publications of works by emerging writers	-	8,000	8,000	-
Bronx Museum of the Arts (The) New York, New York Artist in the Marketplace Program	18,000	-	18,000	-
Cave Canem New York, New York New York City workshops for emerging African-American poets	-	17,000	17,000	-
Children's Theatre Company (The) Minneapolis, Minnesota Playground Developmental Program	-	7,840	7,840	-

JEROME FOUNDATION, INC.

SCHEDULE OF GRANT COMMITMENTS AND PAYMENTS
Year Ended April 30, 2009

	Grant Commitments Payable at Beginning of Year	Commitments Made During Year	Paid During Year	Grant Commitments Payable End of Year
Civilians (The) New York, New York Development and production of new works	-	9,800	9,800	-
Coffee House Press Minneapolis, Minnesota Publication of books by emerging writers	11,000	-	11,000	-
Council of Literary Magazines & Presses New York, New York <i>Face Out</i> Program	-	45,480	22,740	22,740
Dance New Amsterdam New York, New York <i>In the Company of Men</i> Program	20,000	-	20,000	-
Dance Theater Workshop New York, New York Bessie Schönberg/ <i>First Light</i> Commissioning Program	-	36,000	36,000	-
Dansology, Inc., a.k.a. koosil-ja/danceKUMIKO New York, New York Presentation of <i>Dance Without Bodies</i> in the iDANS Festival	-	9,600	9,600	-
Danspace Project New York, New York Commissions to emerging choreographers	-	57,000	28,000	29,000
Dixon Place/Open Channels New York, New York Mondo Canel commissions and Under Construction Program	-	57,000	28,000	29,000
Duluth Art Institute Duluth, Minnesota Participation of emerging artists in the Exhibition Program	-	13,720	13,720	-
Ensemble Studio Theatre New York, New York Youngblood Program	-	14,700	7,350	7,350
Exit Art New York, New York Participation of emerging artists in the Exhibition Program	-	18,620	18,620	-
Eyebeam New York, New York Emerging artists in the Artists @ Eyebeam Program	-	14,700	14,700	-
Field (The)/Performance Zone New York, New York New work by Miguel Gutierrez and the Powerful People	-	8,820	8,820	-
New work by Luis Lara Malvacias/Full Fat Dance	9,000	-	9,000	-

JEROME FOUNDATION, INC.

SCHEDULE OF GRANT COMMITMENTS AND PAYMENTS
Year Ended April 30, 2009

	Grant Commitments Payable at Beginning of Year	Commitments Made During Year	Paid During Year	Grant Commitments Payable End of Year
FiveMyles Brooklyn, New York Participation of emerging artists in the Exhibition Program	-	7,840	7,840	-
Forecast Public Art Works Saint Paul, Minnesota Artist Grants Program	-	31,800	31,800	-
Northern Lights/Art(ists) On the Verge	-	65,000	65,000	-
Foundation Center (The) New York, New York General Support	-	1,000	1,000	-
Foundry Theatre (The) New York, New York Creation and production of new works by emerging artists	-	23,520	23,520	-
Franconia Sculpture Park Shafer, Minnesota Emerging Artists Fellowships	35,000	-	35,000	-
Franklin Art Works Minneapolis, Minnesota Participation of emerging artists in the Exhibition Program	-	20,580	20,580	-
Franklin Furnace Brooklyn, New York Franklin Furnace Fund for Artists	-	80,000	40,000	40,000
Givens Foundation (The) Minneapolis, Minnesota Givens Black Writers Collaborative Retreat	-	18,000	18,000	-
Grantmakers in the Arts Seattle, Washington General Support	-	10,780	10,780	-
Grantmakers in Film + Electronic Media Baltimore, Maryland General Support	-	2,500	2,500	-
Harlem Stage (Aaron Davis Hall) Harlem, New York Emerging artists' commissions within the <i>Fund for New Work</i>	-	24,500	24,500	-
Harvestworks New York, New York Creative Residencies Program	-	16,660	16,660	-
Heart of the Beast Puppet and Mask Theatre (In the) Minneapolis, Minnesota MayDay Mentor Program	-	16,660	16,660	-

JEROME FOUNDATION, INC.

SCHEDULE OF GRANT COMMITMENTS AND PAYMENTS
Year Ended April 30, 2009

	Grant Commitments Payable at Beginning of Year	Commitments Made During Year	Paid During Year	Grant Commitments Payable End of Year
HERE Arts Center New York, New York HERE Artists Residency Program	20,000	-	20,000	-
Highpoint Center for Printmaking Minneapolis, Minnesota Emerging Printmakers' Residencies	16,000	-	16,000	-
IFP Minnesota Saint Paul, Minnesota Programming and services for emerging film and video artists and access to production and editing equipment	-	20,000	20,000	-
MNTV Consortium	33,000	-	33,000	-
INTAR Theatre New York, New York NewWorks Laboratory, Hispanic Playwrights Residency Laboratory, Commissions and developmental activities	-	19,600	19,600	-
Intermedia Arts of Minnesota Minneapolis, Minnesota BodyCartography Project (The)	-	20,000 (20,000)	10,000 (10,000)	-
S.A.S.E./Jerome Fellowships, Verve Grants for Spoken Word Poets and Writer-to-Writer Mentorship Program	-	50,960 (4,923)	46,037	-
Naked Stages Program	-	35,280	10,000 (9,050)	34,330
International Friendship Through the Performing Arts Burnsville, Minnesota Creation of new works by Gao Hong	-	9,000	9,000	-
ISSUE Project Room New York, New York Participation of emerging composers in the Artists in Residence Program	-	12,000	8,000	4,000
Jazz Gallery (The) New York, New York Commissions for emerging composers writing for large ensembles	-	25,000	25,000	-
Jerome Foundation Saint Paul, Minnesota (Foundation-Administered Programs)				
Building Administrative Capacity Grant Program	5,408	(5,408)	-	-
Jerome Hill Centennial Program	3,110	-	-	3,110
Minnesota Film and Video Program	46,650	111,400	114,014	44,036
New York City Film and Video Program	86,880	210,950	263,613	34,217

JEROME FOUNDATION, INC.

SCHEDULE OF GRANT COMMITMENTS AND PAYMENTS
Year Ended April 30, 2009

	Grant Commitments Payable at Beginning of Year	Commitments Made During Year	Paid During Year	Grant Commitments Payable End of Year
Initiative to broaden access to Jerome regrant programs	6,303	-	-	6,303
New Initiatives	10,000	-	388	9,612
Program Evaluation and Accessment	-	15,000	-	15,000
Strategic Development Program	2,660	-	639	2,021
Travel and Study Grant Program	62,709	155,925	153,247	65,387
Kitchen (The) (a.k.a. Haleakala, Inc.) New York, New York Emerging Artists' Commissions	-	14,700	14,700	-
Lark Play Development Center The) New York, New York Developmental programs serving emerging playwrights	12,000	-	12,000	-
Loft Literary Center (The) Minneapolis, Minnesota Mentor Series	-	49,000	24,500	24,500
Minnesota Writers Career Initiative	50,000	-	50,000	-
Lower East Side Printshop New York, New York Keyholder Residency and Special Editions Fellowship Programs	17,000	-	17,000	-
Lower Manhattan Cultural Council New York, New York Workspace Artist Residency Program	-	22,540	22,540	-
Mabou Mines New York, New York Suite Resident Artist Program	30,000	-	30,000	-
Meet The Composer New York, New York Creative Connections Program	-	19,600	19,600	-
Minneapolis College of Art and Design Minneapolis, Minnesota MCAD/Jerome Fellowships for Emerging Artists	80,250	-	80,250	-
Minneapolis Institute of Arts (The) Minneapolis, Minnesota Minnesota Artists Exhibition Program	-	19,600	19,600	-
Minnesota Center for Book Arts Minneapolis, Minnesota Book Arts Mentorship and Fellowship Programs	-	43,000	20,250	22,750

JEROME FOUNDATION, INC.

SCHEDULE OF GRANT COMMITMENTS AND PAYMENTS
Year Ended April 30, 2009

	Grant Commitments Payable at Beginning of Year	Commitments Made During Year	Paid During Year	Grant Commitments Payable End of Year
Minnesota Center for Photography Minneapolis, Minnesota Minnesota Projects Gallery Exhibition Program and programs and services for emerging artists	33,150	(33,150)	-	-
Minnesota Council on Foundations Minneapolis, Minnesota General Support	-	11,805	6,750	5,055
Minnesota Historical Society Saint Paul, Minnesota Hill Family Papers	-	55,000	27,500	27,500
Minnesota State University Moorhead Moorhead, Minnesota Many Voices Project of New Rivers Press/MSUM	-	12,000	12,000	-
Mixed Blood Theatre Company Minneapolis, Minnesota Emerging playwrights' commissions and development of new works	8,000	-	5,500	2,500
Momenta Art Brooklyn, New York Participation of emerging artists in the Exhibition Program	15,000	-	15,000	-
Movement Research New York, New York Performance Journal writers' fees and publication	-	24,000	12,000	12,000
Mu Performing Arts Minneapolis, Minnesota New Performance Program (Phase I)	-	14,000	7,000	7,000
Museum of Modern Art (The) New York, New York Preservation of Jerome Hill Films	-	12,605	12,605	-
Nautilus Music-Theater Saint Paul, Minnesota Composer-Librettist Studio	23,000	-	23,000	-
New Dramatists New York, New York New Works Process and the Composer-Librettist Studio	40,000	-	40,000	-
New Georges New York, New York Development and production of new works by emerging theater artists	-	30,000	15,000	15,000
New Radio and Performing Arts Staten Island, New York Emerging artists' commissions for new works on Turbulence	18,000	-	18,000	-

JEROME FOUNDATION, INC.

SCHEDULE OF GRANT COMMITMENTS AND PAYMENTS
Year Ended April 30, 2009

	Grant Commitments Payable at Beginning of Year	Commitments Made During Year	Paid During Year	Grant Commitments Payable End of Year
New York Mills Arts Retreat and Regional Cultural Center New York Mills, Minnesota Arts Retreat Program	16,000	-	16,000	-
New York Regional Association of Grantmakers New York, New York General support	-	800	800	-
New York Theatre Workshop New York, New York Artist Development Activities	19,000	-	19,000	-
Northern Clay Center Minneapolis, Minnesota Ceramic Artists Project Grant Program	-	25,970	25,970	-
Obsidian Arts Minneapolis, Minnesota Participation of emerging artists in the Exhibition Program	-	14,000	14,000	-
Pangea World Theater Minneapolis, Minnesota Development of new works by emerging artists	-	14,700	7,350	7,350
Patrick's Cabaret Minneapolis, Minnesota Guest Curator Mentorship Program	-	11,500	11,500	-
Cabaret Program artists' fees	-	19,600	19,600	-
Penumbra Theatre Company Saint Paul, Minnesota OKRA developmental program for new works by emerging playwrights	25,000	-	25,000	-
Performance Space 122 New York, New York Commissioning of new works by emerging artists	-	41,650	41,650	-
Pillsbury United Communities/Pillsbury House Theatre Minneapolis, Minnesota Development and production of new works by emerging playwrights and the <i>Three Mondays</i> reading series	-	11,760	5,880	5,880
Playwrights' Center (The) Minneapolis, Minnesota Many Voices Program	23,000	47,000	35,000	35,000
Jerome Fellowship in Playwriting Program	122,000	-	61,000	61,000
Playwrights Horizons New York, New York American Voice new works development program and productions by emerging playwrights	23,000	-	23,000	-

JEROME FOUNDATION, INC.

SCHEDULE OF GRANT COMMITMENTS AND PAYMENTS
Year Ended April 30, 2009

	Grant Commitments Payable at Beginning of Year	Commitments Made During Year	Paid During Year	Grant Commitments Payable End of Year
Queens Theatre in the Park Flushing, New York Immigrant Voices Program	-	20,000	10,000	10,000
Red Eye Collaboration Minneapolis, Minnesota Creation of new works by HIJACK	-	10,780	10,780	-
New Works 4 Weeks, Isolated Acts, Works-in-Progress and Critical Core Programs	-	29,400	29,400	-
Rhizome.org New York, New York Commissions Program	15,000	-	15,000	-
Roulette Intermedium New York, New York Emerging Composer Commissioning Program	20,000	24,000	44,000	-
James Sewell Ballet Minneapolis, Minnesota <i>Ballet Works</i> Project	-	11,760	11,760	-
Smack Mellon Brooklyn, New York Participation of emerging artists in the Exhibition Program	-	30,000	15,000	15,000
Socrates Sculpture Park Long Island City, New York Emerging Artist Fellowship Program	-	46,000	23,000	23,000
Soho Repertory Theatre New York, New York Development and production of new works by emerging theater artists	-	26,000	13,000	13,000
Springboard for the Arts Saint Paul, Minnesota Artists' Services Program and Diversity and Accessibility Initiative	-	62,000	31,000	31,000
BodyCartography Project		20,000	10,000	10,000
Creation and performance of new works by Savage Aural Hotbed	-	7,840	7,840	-
STREB/Ringside Brooklyn, New York Emerging Artists Commissioning Program	-	20,580	10,290	10,290
Studio Museum in Harlem (The) Harlem, New York Artists-in-Residence Program	12,500	-	12,500	-

JEROME FOUNDATION, INC.

SCHEDULE OF GRANT COMMITMENTS AND PAYMENTS
Year Ended April 30, 2009

	Grant Commitments Payable at Beginning of Year	Commitments Made During Year	Paid During Year	Grant Commitments Payable End of Year
Textile Center of Minnesota Minneapolis, Minnesota Jerome Fiber Artists Project Grant Program	-	20,000	20,000	-
Program and services for emerging artists	-	12,000	12,000	-
Theatre Communications Group New York, New York National Theatre Criticism/Affiliated Writers Program	-	18,620	18,620	-
Unique Projects, Inc. New York, New York Creation and production of new work by Jill Sigman/thinkdance	-	7,500	7,500	-
VocalEssence Minneapolis, Minnesota Essentially Choral Program	-	26,460	26,460	-
Voice & Vision New York, New York ENVISION Retreat and Lab Workshop Productions	15,000	-	15,000	-
VSA arts of Minnesota Minneapolis, Minnesota Artist Recognition Grant Program and services to professional artists with disabilities	-	38,000	19,000	19,000
Walker Art Center Minneapolis, Minnesota <i>Momentum: New Dance Works Series</i> for emerging choreographers	20,000	-	20,000	-
Writers Room (The) New York, New York Space access and services for emerging writers	-	33,000	16,500	16,500
Zeitgeist Saint Paul, Minnesota Zeitgeist/Composer Workshop	13,500	-	13,500	-
Zenon Dance Company and School Minneapolis, Minnesota Dance Theater Workshop performances of works by emerging choreographers	-	10,000	10,000	-
Emerging choreographers' commissions for new works	-	24,500	24,500	-
	<u>\$ 1,110,120</u>	<u>\$ 2,400,584</u>	<u>\$ 2,714,273</u>	<u>\$ 796,431</u>