



BAKER TILLY

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

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, 2010, and have issued our report thereon dated August 25, 2010. 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 prepared by management with your oversight 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.

As part of the audit we obtained an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures. The audit was not designed to provide assurance on internal control or to identify deficiencies in internal control.

In planning and performing our audit of the financial statements of the Foundation as of April 30, 2010 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 was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency in the Foundation's internal control to be a material weakness:

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

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 July 12, 2010.

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. No new accounting policies were adopted and the application of existing policies was not changed during 2010.

During the year, the Foundation exited the securities lending program with Wells Fargo. As a result of the transaction, the Foundation was required to purchase certain collateralized assets that were not able to be sold at a cost of \$1,000,662. In addition, the Foundation was required to fund the difference between the collateral held and the outstanding loans in the amount of \$945,760. As the securities purchased were determined to not be marketable, a valuation allowance of \$778,008 was recorded.

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.* Investments in timber and timberlands have been estimated using an independent appraisal by a forestry consultant. Investments purchased through the former securities lending program have been estimated by the trustee. The Foundation has recorded a valuation allowance to reflect management's estimated fair value. We have been informed that management reviews and monitors the trustee's valuation process and the forestry consultant's appraisal.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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 has been provided to you. 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, 2010, 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, 2010, Baker Tilly Virchow Krause, LLP provided the following services to the Foundation:

- Preparation of financial statements

- Preparation of journal entries

- Preparation of tax returns

- Counsel on quarterly excise tax payments

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 found a few areas where we believe the Foundation can improve. 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
August 25, 2010

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 by the President.

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. These items were communicated to management and are available upon request.

Potential merger with another Foundation

Due to the fact that Jerome Foundation is exploring a possible merger with another Foundation, the Foundation should be aware that 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.

New Accounting Pronouncements

The following accounting pronouncements have been issued or proposed to be issued and may affect the Foundation:

- > The Financial Accounting Standards Board has a technical project in process that addresses the accounting for leases. The objective of the standard is to create common lease accounting requirements to ensure that the assets and liabilities arising from lease contracts are recognized in the statement of financial position. The exposure draft of the new accounting standard is expected to be issued in 2010. If the Foundation has significant existing operating leases or has plans to enter into new lease agreements in the future, it should take into consideration the impact the proposed accounting standard may have on its financial statements.
- > In January 2010, the Financial Accounting Standards Board issued Accounting Standards Update No. 2010-06, Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements (ASU No. 2010-06). ASU No. 2010-06 requires expanded disclosures related to fair value measurements and clarifies some existing disclosure requirements. Institutions will be required to separately disclose the amounts of any significant transfers in and out of Level 1 and Level 2 fair value measurements as well as a description of the reason for the transfers. In addition, the Level 3 fair value measurements reconciliation will require all purchases, sales, issuances, and settlements to be separately reflected at their gross amounts rather than as one net number. The ASU also clarifies existing disclosure requirements that the Foundation should provide fair value measurement disclosures for each class of assets and liabilities and provide disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring Level 2 and Level 3 measurements. ASU No. 2010-06 is effective for periods beginning after December 15, 2009 (i.e., FYE 2011), except for the Level 3 fair value measurements reconciliation disclosures of gross purchases, sales, issuances, and settlements, which is effective for periods beginning after December 15, 2010 (i.e., FYE 2012).

Jerome Foundation

SUMMARY OF PASSED ADJUSTING JOURNAL ENTRIES
FOR COMMUNICATION TO MANAGEMENT AND GOVERNING BOARD
For the Year Ended April 30, 2010

Description	Financial Statement Effect		
	Increase (Decrease) to Financial Statement Total		
	Assets	Liabilities	Net Assets
Record Accrued Vacations	\$ -	\$ 51,900	\$ (51,900)
	-	-	-
Total Net Audit Differences	<u>\$ -</u>	<u>\$ 51,900</u>	(51,900)
Reverse impact of prior year passed adjustments			<u>52,600</u>
			<u>\$ 700</u>

JEROME FOUNDATION INC.
Saint Paul, Minnesota

FINANCIAL STATEMENTS
Including Independent Auditors' Report
April 30, 2010 and 2009

JEROME FOUNDATION INC.

TABLE OF CONTENTS

Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Notes to Financial Statements	5 - 15
Independent Auditors' Report on Other Financial Information	16
Schedule of Administrative Expenses	17
Schedule of Grant Commitments and Payments	18 - 26



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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 statements of financial position of Jerome Foundation, Inc. (the Foundation) as of April 30, 2010 and 2009, and the related statements of activities, and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 also 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 audits provide 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, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2 to the financial statements, in fiscal year 2009, Jerome Foundation adopted authoritative guidance on Fair Value Measurements.

Baker Tilly Virchow Krause, LLP

Minneapolis, Minnesota
August 25, 2010

JEROME FOUNDATION, INC**STATEMENTS OF FINANCIAL POSITION**

April 30, 2010 and 2009

ASSETS		
	2010	2009
Cash and cash equivalents	\$ 125,838	\$ 102,469
Accrued investment income	-	145,684
Prepaid expenses and other receivables	8,735	11,107
Prepaid excise tax	4,000	11,900
Investments	72,561,704	59,785,773
Beneficial interest in charitable remainder trust	2,801,188	2,175,650
Collateral received under securities lending agreement-at fair value	-	6,171,316
Property and equipment, net	8,291	19,209
TOTAL ASSETS	\$ 75,509,756	\$ 68,423,108
LIABILITIES AND NET ASSETS		
LIABILITIES		
Grant commitments payable	\$ 352,657	\$ 796,431
Accounts payable	18,882	66,365
Payable under securities lending agreement -at contract value	-	7,620,322
Total Liabilities	371,539	8,483,118
NET ASSETS		
Unrestricted		
Undesignated	71,497,311	57,519,755
Board designated	839,718	244,585
Total unrestricted net assets	72,337,029	57,764,340
Temporarily restricted	2,801,188	2,175,650
Total Net Assets	75,138,217	59,939,990
TOTAL LIABILITIES AND NET ASSETS	\$ 75,509,756	\$ 68,423,108

See accompanying notes to financial statements.

JEROME FOUNDATION, INC.

STATEMENTS OF ACTIVITIES
Years Ended April 30, 2010 and 2009

	2010			2009		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
OPERATING						
SUPPORT AND REVENUE						
Interest	\$ 705,521	\$ -	\$ 705,521	\$ 967,302	\$ -	\$ 967,302
Dividends	670,383		670,383	888,491		888,491
Contributions	35,150		35,150	35,000		35,000
Commission recapture	2,856		2,856	13,076		13,076
Other Income	54,445		54,445	87,986		87,986
Total Support and Revenue	<u>1,468,355</u>	<u>-</u>	<u>1,468,355</u>	<u>1,991,855</u>	<u>-</u>	<u>1,991,855</u>
EXPENSES						
Grants awarded	2,455,307		2,455,307	2,400,584		2,400,584
Salaries and benefits	567,279		567,279	596,866		596,866
Office and other expenses	140,755		140,755	150,828		150,828
Total Expense	<u>3,163,341</u>	<u>-</u>	<u>3,163,341</u>	<u>3,148,278</u>	<u>-</u>	<u>3,148,278</u>
CHANGE IN NET ASSETS - OPERATING	<u>(1,694,986)</u>	<u>-</u>	<u>(1,694,986)</u>	<u>(1,156,423)</u>	<u>-</u>	<u>(1,156,423)</u>
NONOPERATING						
Net gain (loss) on investments	16,745,399		16,745,399	(24,788,540)		(24,788,540)
Federal excise tax (provision) benefit	(57,037)		(57,037)	9,600		9,600
Investment and agent fees	(420,687)		(420,687)	(462,801)		(462,801)
Change in value of beneficial interest in charitable remainder trust		625,538	625,538		(694,401)	(694,401)
CHANGE IN NET ASSETS - NONOPERATING	<u>16,267,675</u>	<u>625,538</u>	<u>16,893,213</u>	<u>(25,241,741)</u>	<u>(694,401)</u>	<u>(25,936,142)</u>
TOTAL CHANGE IN NET ASSETS	<u>14,572,689</u>	<u>625,538</u>	<u>15,198,227</u>	<u>(26,398,164)</u>	<u>(694,401)</u>	<u>(27,092,565)</u>
NET ASSETS - Beginning 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>
NET ASSETS - End of Year	<u>\$ 72,337,029</u>	<u>\$ 2,801,188</u>	<u>\$ 75,138,217</u>	<u>\$ 57,764,340</u>	<u>\$ 2,175,650</u>	<u>\$ 59,939,990</u>

See accompanying notes to financial statements.

JEROME FOUNDATION, INC.

STATEMENTS OF CASH FLOWS
Years Ended April 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 15,198,227	\$ (27,092,565)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	10,918	12,178
Net (gain) loss on investments	(16,745,398)	24,788,540
Change in beneficial interest in value of charitable remainder trust	(625,538)	694,401
Deferred excise tax benefit	-	(30,800)
Changes in operating assets and liabilities		
Accrued investment income	145,684	85,209
Prepaid expenses and other receivables	2,372	2,716
Prepaid excise tax	7,900	(3,800)
Grant commitments payable	(443,775)	(313,689)
Accounts payable	(47,483)	(14,680)
Net Cash Flows From Operating Activities	<u>(2,497,093)</u>	<u>(1,872,490)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(109,801,677)	(95,552,237)
Proceeds from sales of investments	113,267,899	97,252,391
Cash settlement on payable under securities lending agreement	(945,760)	-
Net Cash Flows From Investing Activities	<u>2,520,462</u>	<u>1,700,154</u>
Change in Cash and Cash Equivalents	23,369	(172,336)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>102,469</u>	<u>274,805</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 125,838</u>	<u>\$ 102,469</u>
Supplemental cash flow disclosures		
Excise tax payments	\$ 49,137	\$ 25,000

See accompanying notes to financial statements.

JEROME FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
April 30, 2010 and 2009

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, and visual arts.

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, 2010 and 2009

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. However, any unrelated business income may be subject to taxation. The Foundation is not currently under examination by any taxing jurisdiction.

In accordance with the accounting standard on *Accounting for Uncertainty in Income Taxes*, the Foundation addresses the determination of whether tax benefits claimed on a tax return should be recorded in the financial statements. Under this guidance, the Foundation may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merit of the position. There were no significant unrecognized tax benefits identified or recorded as liabilities during fiscal year 2010. Open tax years subject to examination by the U.S. and state taxing authorities are for the years 2007 to 2009, which statutes expire in 2010 to 2012, respectively.

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.

JEROME FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS April 30, 2010 and 2009

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 remainder trust.

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 and other payables, and prepaid 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.

Subsequent Events

The Organization has evaluated subsequent events through August 25, 2010 which is the date that the financial statements were approved and available to be issued. As of August 25, 2010, the Foundation's investments declined by \$5,958,439, or approximately 8% of its value since April 30, 2010.

New Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board issued Accounting Standards Update No. 2010-06, *Fair Value Measurements and Disclosures* (Topic 820): *Improving Disclosures about Fair Value Measurements* (ASU No. 2010-06). ASU No. 2010-06 requires expanded disclosures related to fair value measurements and clarifies some existing disclosure requirements. Organizations will be required to separately disclose the amounts of any significant transfers in and out of Level 1 and Level 2 fair value measurements as well as a description of the reason for the transfers. In addition, the Level 3 fair value measurements reconciliation will require all purchases, sales, issuances, and settlements to be separately reflected at their gross amounts rather than as one net number. The ASU also clarifies existing disclosure requirements that the Foundation should provide fair value measurement disclosures for each class of assets and liabilities and provide disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring Level 2 and Level 3 measurements. ASU No. 2010-06 is effective for periods beginning after December 15, 2009 (i.e., FYE 2011), except for the Level 3 fair value measurements reconciliation disclosures of gross purchases, sales, issuances, and settlements, which is effective for periods beginning after December 15, 2010 (i.e., FYE 2012).

JEROME FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
April 30, 2010 and 2009

NOTE 2 - FAIR VALUE MEASUREMENTS

The Foundation follows the accounting guidance on fair value measurements. Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the assets or liability in an orderly transaction between market participants at the measurement date. Under this guidance, a three-level hierarchy is used for fair value measurements which is based on the transparency of information, such as the pricing source, used in 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.

The following table presents financial instruments that are measured at fair value on a recurring basis by the accounting guidance hierarchy as of April 30, 2010:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and short-term investments	\$ 35,158	\$ 35,158	\$ -	\$ -
Mutual funds - stocks	52,987,324	52,987,324		
Mutual funds - bonds	18,001,372	18,001,372		
Timber and timberlands	1,537,850			1,537,850
Beneficial interest in charitable remainder trust	2,801,188			2,801,188
Total	<u>\$ 75,362,892</u>	<u>\$ 71,023,854</u>	<u>\$ -</u>	<u>\$ 4,339,038</u>

JEROME FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
April 30, 2010 and 2009

NOTE 2 - FAIR VALUE MEASUREMENTS (Continued)

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

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
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 - stocks	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	<u>\$ 68,132,739</u>	<u>\$ 51,968,985</u>	<u>\$ -</u>	<u>\$ 16,163,754</u>

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.

Global equity and commingled trust funds - Investments in global equity and comingled trust 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.

JEROME FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
April 30, 2010 and 2009

NOTE 2 - FAIR VALUE MEASUREMENTS (Continued)

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.

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).

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, 2010:

	Balances April 30, 2009	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, 2010
Global equity funds	\$ 3,330,320	\$ 1,008,348	\$ (4,338,668)	\$ -	\$ -
Commingled trust funds	3,111,518	992,847	(4,104,365)		-
Timber and timberlands	1,374,950	162,900			1,537,850
Collateral received under securities lending agreement	6,171,316	(473,574)	(5,697,742)		-
Beneficial interest in charitable remainder trust	2,175,650	625,538			2,801,188
Total	\$ 16,163,754	\$ 2,316,059	\$ (14,140,775)	\$ -	\$ 4,339,038

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, 2010

\$ 100,378

JEROME FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
April 30, 2010 and 2009

NOTE 2 - FAIR VALUE MEASUREMENTS (Continued)

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, 2010 and 2009

NOTE 3 – SECURITIES LENDING

The Foundation previously lent its investment securities to registered broker-dealers. The borrower provided 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 received 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 was adjusted daily based on market value changes of the loaned securities. The borrower then returned identical securities to close the loan at which time the collateral was returned. Collateral was held and invested by the investment custodian and was immediately available upon default. All earnings from interest and dividends on the loaned securities reverted to the Foundation, except for commissions to the agent for handling the securities lending. Income under securities lending was \$13,399 and \$71,607 for the years ended April 30, 2010 and 2009, respectively. Net realized and unrealized gains (losses) were \$472,186 and (\$1,449,006) for the years ended April 30, 2010 and 2009, respectively.

The Foundation began a phased exit on the securities lending program and fully exited the program on March 17, 2010. As a part of the exit, the Foundation was required to purchase a portion of the collateral that was provided by brokers that are currently in bankruptcy and being restructured. The purchase price of these securities was \$1,000,662 at the time of the exit, of which \$213,966 was able to be sold. The Foundation has also recorded an impairment loss against the securities that were purchased due to the uncertainty of its value of \$778,008. In addition, the Foundation paid a cash settlement on the payable under the securities lending agreement of \$945,760.

The following is a summary of loaned securities balances:

	2010	2009
Fair value of securities on loan	\$ -	\$ 7,361,205
Fair value of collateral held	\$ -	\$ 6,171,316
Contract value of collateral received	\$ -	\$ 7,620,322

NOTE 4 - INVESTMENTS

Long-term investments held by the Foundation at April 30, 2010 and 2009 are as follows:

	2010	2009
Cash equivalents	\$ 35,158	\$ 482,598
Pending trade receivable		34,453
Pending trade payable		(6,600)
Common stocks		25,875,431
Securities on loan		7,361,205
Bonds and notes		11,780,958
Mutual fund - stocks	52,987,324	6,440,940
Mutual fund - bonds	18,001,372	
Global equity and commingled funds		6,441,838
Timber and timberlands	1,537,850	1,374,950
	<u>\$ 72,561,704</u>	<u>\$ 59,785,773</u>

JEROME FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
April 30, 2010 and 2009

NOTE 4 – INVESTMENTS (Continued)

Realized gains (losses) associated with the Foundation's investments for the years ended April 30, 2010 and 2009 were \$6,412,049 and (\$16,304,498), respectively. Unrealized gains (losses) associated with the Foundation's investments for the years ended April 30, 2010 and 2009 were \$10,333,349 and (\$8,484,042), 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>2010</u>	<u>2009</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>138,224</u>	<u>127,306</u>
Net Property and Equipment	<u>\$ 8,291</u>	<u>\$ 19,209</u>

NOTE 6 – GRANT COMMITMENTS PAYABLE

Grant activity for the years ended April 30, 2010 and 2009 is summarized as follows:

	<u>2010</u>	<u>2009</u>
Grant commitments payable, beginning of year	\$ 796,431	\$ 1,110,120
Appropriations	2,455,307	2,400,584
Payments	<u>(2,899,081)</u>	<u>(2,714,273)</u>
Grant commitments payable, end of year	<u>\$ 352,657</u>	<u>\$ 796,431</u>

All grant commitments outstanding at April 30, 2010 are expected to be paid within one year.

JEROME FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
April 30, 2010 and 2009

NOTE 7 - FEDERAL EXCISE TAX

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

	<u>2010</u>	<u>2009</u>
Provision (benefit)		
Current	\$ 57,037	\$ 21,200
Deferred	-	(30,800)
Totals	<u>\$ 57,037</u>	<u>\$ (9,600)</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, 2010 and April 30, 2009.

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. The Foundation matched up to and including 3% and 8% of qualified compensation for any employee who contributed at least 3% and 8% to his/her retirement plan for the years ended April 30, 2010 and 2009, respectively. Retirement plan expense was \$11,128 and \$32,292 for the years ended April 30, 2010 and 2009, 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, 2010 and 2009 was as follows:

	<u>2010</u>	<u>2009</u>
Programs	\$ 2,532,593	\$ 2,493,789
Management and general	<u>630,748</u>	<u>654,489</u>
Totals	<u>\$ 3,163,341</u>	<u>\$ 3,148,278</u>

JEROME FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
April 30, 2010 and 2009

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 \$55,193 and \$54,719 for the years ended April 30, 2010 and 2009, respectively. At April 30, 2010, the minimum lease payments were as follows:

Year Ending April 30:	
2011	\$ 50,348
2012	51,153
2013	51,957
2014	<u>21,789</u>
Total Lease Commitments	<u>\$ 175,247</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 audits of the basic financial statements of Jerome Foundation, Inc. for 2010 and 2009 appears on page one. The audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules on pages 17 through 26 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.

Baker Tilly Virchow Krause, LLP

Minneapolis, Minnesota
August 25, 2010

JEROME FOUNDATION, INC.

SCHEDULE OF ADMINISTRATIVE EXPENSES

Years Ended April 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Salaries and benefits expenses		
Salaries and temporary services	\$ 452,075	\$ 454,331
Health, dental, and other insurance	73,790	80,094
Retirement plan expense	11,128	32,292
Payroll taxes	30,286	30,149
Total salaries and benefits expenses	567,279	596,866
Office and other expenses		
Rent	55,193	54,719
Meetings and events	21,381	27,446
Education program	1,660	3,423
Office operations	7,589	7,658
Travel	8,719	9,003
Telephone and internet	5,049	5,427
Professional fees	16,275	17,785
Insurance	6,579	6,284
Postage	2,782	2,324
Publications	141	895
Legal services	4,469	3,686
Depreciation	10,918	12,178
Total office and other expenses	140,755	150,828
Total expenses	708,034	747,694
Less expenses allocated to program activities		
General Program	21,856	-
Service	45,150	-
Minnesota Film and Video Program	2,078	23,660
New York City Film and Video Program	3,260	26,110
Travel and Study Grant Program	4,942	43,435
Total expenses allocated to program activities	77,286	93,205
Total administrative expenses	<u>\$ 630,748</u>	<u>\$ 654,489</u>

JEROME FOUNDATION, INC.

SCHEDULE OF GRANT COMMITMENTS AND PAYMENTS
Year Ended April 30, 2010

	Grant Commitments Payable at Beginning of Year	Commitments Made During Year	Paid During Year	Grant Commitments Payable End of Year
American Composers Forum Saint Paul, Minnesota Composers Commissioning Program, Subito Program, Minnesota Emerging Composers Award and consulting services for emerging composers	\$ 77,000	\$ -	\$ 77,000	\$ -
Jerome Fund for New Music and Minnesota Emerging Composer Awards Program	-	197,000	98,500	98,500
New works by jazz composer Douglas Little	-	8,000	8,000	-
Anderson Center for Interdisciplinary Studies Red Wing, Minnesota Residencies for emerging artists	-	14,400	14,400	-
Art in General New York, New York Participation of emerging artists in the New Commissions Program	-	17,100	17,100	-
Blacklock Nature Sanctuary Moose Lake, Minnesota Emerging Artist Fellowships	-	19,800	19,800	-
Bronx Museum of the Arts (The) Bronx, New York Artist in the Marketplace Program	-	18,000	18,000	-
Brooklyn Arts Exchange Brooklyn, New York New dance work by luciana achugar	-	8,000	8,000	-
Cave Canem New York, New York New York City workshops for emerging poets	-	15,300	15,300	-
Cedar Cultural Center (The) Minneapolis, Minnesota Emerging composers' commissions and performances	-	20,000	20,000	-
Clubbed Thumb New York, New York Development and production of new works by emerging playwrights	-	13,500	13,500	-
Coffee House Press Minneapolis, Minnesota Publication of books by emerging writers	-	18,000	18,000	-
Council on Foundations Arlington, Virginia General support and membership	-	10,147	10,147	-

JEROME FOUNDATION, INC.

SCHEDULE OF GRANT COMMITMENTS AND PAYMENTS
Year Ended April 30, 2010

	Grant Commitments Payable at Beginning of Year	Commitments Made During Year	Paid During Year	Grant Commitments Payable End of Year
Council of Literary Magazines & Presses New York, New York FACE OUT Program	22,740	-	22,740	-
Dance Theater Workshop New York, New York Commissions for emerging choreographers/movement artists	-	32,400	32,400	-
Danspace Project New York, New York Commissions to emerging choreographers	29,000	-	29,000	-
Dixon Place/Open Channels New York, New York Mondo Cane! commissions and emerging artists' fees in Performance Works-In-Progress	29,000	-	29,000	-
Duluth Art Institute Duluth, Minnesota Participation of emerging artists in the Exhibition Program	-	14,000	14,000	-
Ensemble Studio Theatre New York, New York Youngblood Program	7,350	15,000	22,350	-
Exit Art New York, New York Participation of emerging artists in the Exhibition Program	-	19,000	19,000	-
Eyebeam Atelier New York, New York New work by Reid Farrington	-	6,000	6,000	-
Field (The)/Performance Zone New York, New York New work by Kimberly Bartosik	-	7,200	7,200	-
Forecast Public Art Saint Paul, Minnesota Grant Program	-	32,500	32,500	-
Foundation Center (The) New York, New York General support	-	1,000	1,000	-
Foundry Theatre (The) New York, New York Commissioning, development and production of new works by emerging artists	-	24,000	24,000	-

JEROME FOUNDATION, INC.

SCHEDULE OF GRANT COMMITMENTS AND PAYMENTS
Year Ended April 30, 2010

	Grant Commitments Payable at Beginning of Year	Commitments Made During Year	Paid During Year	Grant Commitments Payable End of Year
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	-	21,000	21,000	-
Franklin Furnace Brooklyn, New York Franklin Furnace Fund for Artists	40,000	-	40,000	-
Givens Foundation for African American Literature (The) Minneapolis, Minnesota Givens Black Writers Collaborative Retreat	-	16,200	16,200	-
Grantmakers in the Arts Seattle, Washington General support and membership	-	22,000	22,000	-
Graywolf Press Minneapolis, Minnesota Publication of books by emerging authors	-	42,500	42,500	-
Harlem Stage (Aaron Davis Hall) New York, New York Emerging artists' commissions within the Fund for New Work	-	22,500	22,500	-
Harvestworks New York, New York Creative Residencies Program	-	17,000	8,500	8,500
HERE Arts Center New York, New York HERE Artist Residency Program	-	18,000	18,000	-
Highpoint Center for Printmaking Minneapolis, Minnesota Emerging Printmakers' Residencies	-	14,400	14,400	-
Independent Feature Project Minnesota Saint Paul, Minnesota Equipment & Facilities Access Program and the Professional Development and Training Program	-	18,000	18,000	-
Intermedia Arts Minneapolis, Minnesota VERVE Grants for Spoken Word Poets and SASE/Jerome Grants for Writers	-	37,607	34,292	3,315
Naked Stages	34,330 (34,330)	-	-	34,330 (34,330)

JEROME FOUNDATION, INC.

SCHEDULE OF GRANT COMMITMENTS AND PAYMENTS
Year Ended April 30, 2010

	Grant Commitments Payable at Beginning of Year	Commitments Made During Year	Paid During Year	Grant Commitments Payable End of Year
ISSUE Project Room Brooklyn, New York Participation of emerging composers in the Artist in Residency Program	4,000	12,000	10,000	6,000
Jazz Gallery (The) New York, New York Commissions to emerging composers for new vocal works	-	22,500	22,500	-
Jerome Foundation Saint Paul, Minnesota (Foundation-Administered Programs)				
Jerome Hill Centennial Program	3,110	-	566	2,544
Minnesota Film and Video Program	44,036	107,214	91,287	59,963
New York City Film and Video Program	34,217	194,183	189,419	38,981
Initiative to broaden access to Jerome regrant programs	6,303	-	-	6,303
New Initiatives	9,612	-	-	9,612
Program Evaluation and Accessment	15,000	(1,594)	13,406	-
Strategic Development Program	2,021	-	824	1,197
Travel and Study Grant Program	65,387	161,980	170,625	56,742
Kitchen (The) (a.k.a. Haleakala, Inc.) New York, New York Emerging Artists' Commissions	-	15,000	15,000	-
Lark Play Development Center (The) New York, New York Developmental programs serving emerging playwrights	-	10,800	10,800	-
Live Action Set Minneapolis, Minnesota Creation and production of a new work	-	5,000	5,000	-
Loft Literary Center (The) Minneapolis, Minnesota Mentor Series	24,500	45,000	69,500	-
Minnesota Writers' Career Initiative Program	-	45,000	45,000	-

JEROME FOUNDATION, INC.

SCHEDULE OF GRANT COMMITMENTS AND PAYMENTS
Year Ended April 30, 2010

	Grant Commitments Payable at Beginning of Year	Commitments Made During Year	Paid During Year	Grant Commitments Payable End of Year
Lower East Side Printshop New York, New York Keyholder and Special Editions Residencies	-	15,300	15,300	-
Lower Manhattan Cultural Council New York, New York Workspace Studio Residency Program	-	23,000	23,000	-
Mabou Mines New York, New York Suite Resident Artist Program	-	60,000	30,000	30,000
Meet The Composer New York, New York Creative Connections Program	-	15,000	15,000	-
Milkweed Editions Minneapolis, Minnesota Publication of books by emerging writers	-	20,700	20,700	-
Minneapolis College of Art and Design Minneapolis, Minnesota MCAD/Jerome Fellowships for Emerging Artists	-	71,100	71,100	-
Minneapolis Institute of Arts (The) Minneapolis, Minnesota Minnesota Artists Exhibition Program	-	20,000	20,000	-
Minnesota Center for Book Arts Minneapolis, Minnesota Book Arts Mentorship and Fellowship Programs	22,750	-	22,750	-
Minnesota Council on Foundations Minneapolis, Minnesota General support and membership	5,055	-	5,055	-
Minnesota Historical Society Saint Paul, Minnesota Hill Family Papers	27,500	-	27,500	-
Mixed Blood Theatre Company Minneapolis, Minnesota Emerging playwrights' commissions and development of new works	2,500	-	2,500	-
Mizna Minneapolis, Minnesota Artists' fees and the publication of the Mizna Journal	-	32,000	16,000	16,000

JEROME FOUNDATION, INC.

SCHEDULE OF GRANT COMMITMENTS AND PAYMENTS
Year Ended April 30, 2010

	Grant Commitments Payable at Beginning of Year	Commitments Made During Year	Paid During Year	Grant Commitments Payable End of Year
Momenta Art Brooklyn, New York Participation of emerging artists in the Exhibition Program	-	13,500	13,500	-
Movement Research New York, New York Performance Journal writers' fees and publication	12,000	-	12,000	-
Artist-in-Residence Program	-	25,000	25,000	-
Mu Performing Arts Minneapolis, Minnesota New Performance Program (Phase I)	7,000	-	7,000	-
Museum of Modern Art (The) New York, New York Acquisition of Jerome supported films and videos for the permanent collection	-	6,300	6,300	-
New Dramatists New York, New York Playwrights Lab and the Composer-Librettist Studio	-	36,000	36,000	-
New Georges New York, New York Development and production of new works by emerging playwrights	15,000	-	15,000	-
New Radio and Performing Arts Staten Island, New York Emerging artists' commissions to create networked art for the Turbulence website	-	14,400	14,400	-
New York Mills Arts Retreat and Regional Cultural Center New York Mills, Minnesota Artists Retreat Program	-	8,000	8,000	-
New York Theatre Workshop New York, New York Creation, development and production of new plays by emerging playwrights	-	18,000	18,000	-
Northern Clay Center Minneapolis, Minnesota Jerome Ceramic Artist Project Grants Program	-	23,850	23,850	-
Northern Lights Shoreview, Minnesota Art(ists) On The Verge II Fellowship Program	-	58,500	58,500	-

JEROME FOUNDATION, INC.

SCHEDULE OF GRANT COMMITMENTS AND PAYMENTS
Year Ended April 30, 2010

	Grant Commitments Payable at Beginning of Year	Commitments Made During Year	Paid During Year	Grant Commitments Payable End of Year
Pangea World Theater Minneapolis, Minnesota Development of new works by emerging artists	7,350	-	7,350	-
Patrick's Cabaret Minneapolis, Minnesota Emerging artists' fees to develop and present new works	-	15,120	15,120	-
Penumbra Theatre Company Saint Paul, Minnesota OKRA: New Play Development Program	-	22,500	22,500	-
Performance Space 122 New York, New York Commissioning of new works by emerging artists	-	31,600	31,600	-
Philanthropy New York New York, New York General support and membership	-	800	800	-
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	5,880	9,000	14,880	-
Naked Stages	34,330	36,500	70,830	-
Non-English Speaking Spoken Here: The Late Nite Series	-	65,550	65,550	-
Playwrights' Center (The) Minneapolis, Minnesota Many Voices Fellowship Program	35,000	32,500	67,500	-
Jerome Playwright Fellowship Program	61,000	59,400	120,400	-
Playwrights Horizons New York, New York Development and production of new works by emerging playwrights in the American Voice Program	-	20,700	20,700	-
Queens Theatre in the Park Flushing, New York Immigrant Voices Program	10,000	-	10,000	-
Red Eye Theater Minneapolis, Minnesota New Works 4 Weeks Festival, Isolated Acts, Works-in-Progress, and Critical Core Programs	-	30,000	30,000	-
Rhizome New York, New York Commissions Program	-	13,500	13,500	-

JEROME FOUNDATION, INC.

SCHEDULE OF GRANT COMMITMENTS AND PAYMENTS
Year Ended April 30, 2010

	Grant Commitments Payable at Beginning of Year	Commitments Made During Year	Paid During Year	Grant Commitments Payable End of Year
Roulette Intermedium New York, New York Contemporary Music Series and the Emerging Composer Commissioning Program	-	39,600	39,600	-
James Sewell Ballet Minneapolis, Minnesota Ballet Works Project	-	10,800	10,800	-
Smack Mellon Brooklyn, New York Participation of emerging artists in the Exhibition Program	15,000	-	15,000	-
Soap Factory (The) Minneapolis, Minnesota Participation of emerging artists in the Exhibition Program	-	45,600	45,600	-
Socrates Sculpture Park Long Island City, New York Emerging Artist Fellowship Program	23,000	-	23,000	-
SOHO REP New York, New York Creation, development and production of new works by emerging playwrights	13,000	30,000	28,000	15,000
Springboard for the Arts Saint Paul, Minnesota Artists' Services Program and Diversity and Accessibility Initiative	31,000	-	31,000	-
BodyCartography Project	10,000	-	10,000	-
STREB/Ringside Brooklyn, New York Emerging Artists Commissioning Program	10,290	-	10,290	-
Studio Museum in Harlem (The) New York, New York Artist-in-Residence Program	-	12,500	12,500	-
Textile Center Minneapolis, Minnesota Jerome Fiber Artists Project Grant Program	-	18,000	18,000	-
Programs and services for emerging fiber artists	-	10,800	10,800	-
Tofte Lake Center Ely, Minnesota Emerging Artists' Residencies	-	14,600	14,600	-

JEROME FOUNDATION, INC.

SCHEDULE OF GRANT COMMITMENTS AND PAYMENTS
Year Ended April 30, 2010

	Grant Commitments Payable at Beginning of Year	Commitments Made During Year	Paid During Year	Grant Commitments Payable End of Year
Voice & Vision New York, New York ENVISION Retreat	-	8,000	8,000	-
VSA arts of Minnesota Minneapolis, Minnesota Artist Recognition Grant Program and services to professional artists with disabilities	19,000	-	19,000	-
Walker Art Center Minneapolis, Minnesota Momentum: New Dance Works for emerging choreographers	-	28,000	28,000	-
Writers Room (The) New York, New York Space access and services for emerging writers	16,500	-	16,500	-
Young Jean Lee's Theater Company Brooklyn, New York Creation and production of new work	-	10,800	10,800	-
Zeitgeist Saint Paul, Minnesota Zeitgeist/Composer Workshop	-	12,150	12,150	-
Zenon Dance Company and School Minneapolis, Minnesota Emerging choreographers' commissions for new works	-	25,000	25,000	-
	<u>\$ 796,431</u>	<u>\$ 2,455,307</u>	<u>\$ 2,899,081</u>	<u>\$ 352,657</u>