



Baker Tilly Virchow Krause, LLP
225 S Sixth St, Ste 2300
Minneapolis, MN 55402-4661
tel 612 876 4500
fax 612 238 8900
bakertilly.com

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

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

We have completed our audit of the financial statements of Jerome Foundation, Inc. (the "Foundation") for the year ended April 30, 2013, and have issued our report thereon dated August 26, 2013. 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.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our letter dated June 21, 2013.

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 the Foundation 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 2013.

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 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. The most sensitive estimate affecting the financial statements was valuation of investments that are not readily marketable.

- > *Valuation of Investments That Are Not Readily Marketable.* Investments in timber and timberlands have been estimated using an independent appraisal by a forestry consultant. We have been informed that management reviews and monitors the forestry consultant's appraisal.

We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

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. There were no misstatements identified.

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.

Other Audit 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.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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

Baker Tilly Vinchow Kreuze, LLP

Minneapolis, Minnesota
August 26, 2013



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Minneapolis, MN 55402-4661
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fax 612 238 8900
bakertilly.com

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

In planning and performing our audit of the financial statements of Jerome Foundation, Inc. (the "Foundation") as of and for the year ended April 30, 2013, 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 audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the Foundation's internal control to be significant deficiencies:

Internal Control over the Preparation and Review of the Financial Statements Being Audited

The Foundation does not have an internal system designed to provide for the preparation and review of the financial statements being audited, specifically the notes to the financial statements. As auditors, we drafted the financial statements and accompanying notes to the financial statements. This circumstance is not unusual in an organization of your size. It is the responsibility of management and those charged with governance to make the decision whether to prepare your own financial statements.

Limited Size of Office Staff

It is desirable from a standpoint of good internal control, that the function of execution of transactions, recording of transactions, and accountability for assets be performed by different individuals. The Foundation operates its accounting and reporting function with principally one individual. This circumstance is not unusual in an organization of your size. 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 the Foundation has certain administrative controls that are in place by having a detailed second review of the monthly accounting and reporting function by the President, a tiered payment authorized signers structure that does not allow the Controller to approve payments independently, a reporting and review requirement governing any entries made by the President in the financial records, and an endowment draw structure that requires approval of the Board Chair, Treasurer, and President, which mitigate the risk of incompatible duties.

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

Baker Tilly Vinchow Krause, LLP

Minneapolis, Minnesota
August 26, 2013

JEROME FOUNDATION, INC.

Saint Paul, Minnesota

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Years Ended April 30, 2013 and 2012

JEROME FOUNDATION, INC.

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bakertilly.com

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Jerome Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of April 30, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of April 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Minneapolis, Minnesota
August 26, 2013

JEROME FOUNDATION, INC

STATEMENTS OF FINANCIAL POSITION
As of April 30, 2013 and 2012

| ASSETS | | |
|---|-----------------------------|-----------------------------|
| | 2013 | 2012 |
| Cash and cash equivalents | \$ 31,102 | \$ 225,198 |
| Prepaid expenses and other receivables | - | 2,595 |
| Prepaid excise tax | 21,315 | 24,918 |
| Investments | 84,751,593 | 77,968,907 |
| Beneficial interest in charitable remainder trust | <u>2,787,849</u> | <u>3,196,150</u> |
| TOTAL ASSETS | <u>\$ 87,591,859</u> | <u>\$ 81,417,768</u> |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Grant commitments payable | \$ 1,013,478 | \$ 736,909 |
| Accounts payable | 3,463 | 18,293 |
| Deferred excise tax payable | <u>87,360</u> | <u>3,100</u> |
| Total Liabilities | <u>1,104,301</u> | <u>758,302</u> |
| NET ASSETS | | |
| Unrestricted | | |
| Undesignated | 83,305,067 | 77,105,168 |
| Board designated | <u>394,642</u> | <u>358,148</u> |
| Total unrestricted net assets | 83,699,709 | 77,463,316 |
| Temporarily restricted | <u>2,787,849</u> | <u>3,196,150</u> |
| Total Net Assets | <u>86,487,558</u> | <u>80,659,466</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 87,591,859</u> | <u>\$ 81,417,768</u> |

See accompanying notes to financial statements.

JEROME FOUNDATION, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ended April 30, 2013 and 2012

| | 2013 | | | 2012 | | |
|--|----------------------|------------------------|----------------------|----------------------|------------------------|----------------------|
| | Unrestricted | Temporarily Restricted | Total | Unrestricted | Temporarily Restricted | Total |
| OPERATING | | | | | | |
| SUPPORT AND REVENUE | | | | | | |
| Contributions | \$ 35,000 | \$ - | \$ 35,000 | \$ 35,096 | \$ - | \$ 35,096 |
| Spending allowance appropriation | 3,607,703 | - | 3,607,703 | 3,460,407 | - | 3,460,407 |
| Other income | 500 | - | 500 | - | - | - |
| | 3,643,203 | - | 3,643,203 | 3,495,503 | - | 3,495,503 |
| Net assets released from restrictions | 750,000 | (750,000) | - | - | - | - |
| Total Support and Revenue | 4,393,203 | (750,000) | 3,643,203 | 3,495,503 | - | 3,495,503 |
| EXPENSES | | | | | | |
| Grants awarded | 3,440,075 | - | 3,440,075 | 2,857,329 | - | 2,857,329 |
| Salaries and benefits | 649,524 | - | 649,524 | 645,781 | - | 645,781 |
| Office and other expenses | 188,459 | - | 188,459 | 158,398 | - | 158,398 |
| Total Expenses | 4,278,058 | - | 4,278,058 | 3,661,508 | - | 3,661,508 |
| CHANGE IN NET ASSETS - OPERATING | 115,145 | (750,000) | (634,855) | (166,005) | - | (166,005) |
| NONOPERATING | | | | | | |
| Interest | 710,423 | - | 710,423 | 748,987 | - | 748,987 |
| Dividends | 1,599,375 | - | 1,599,375 | 1,355,375 | - | 1,355,375 |
| Net gain (loss) on investments | 7,710,542 | - | 7,710,542 | (491,006) | - | (491,006) |
| Spending allowance appropriation | (3,607,703) | - | (3,607,703) | (3,460,407) | - | (3,460,407) |
| Federal excise tax benefit (provision) | (105,863) | - | (105,863) | 75,218 | - | 75,218 |
| Investment and agent fees | (185,526) | - | (185,526) | (169,881) | - | (169,881) |
| Change in value of beneficial interest in charitable remainder trust | - | 341,699 | 341,699 | - | 95,034 | 95,034 |
| CHANGE IN NET ASSETS - NONOPERATING | 6,121,248 | 341,699 | 6,462,947 | (1,941,714) | 95,034 | (1,846,680) |
| TOTAL CHANGE IN NET ASSETS | 6,236,393 | (408,301) | 5,828,092 | (2,107,719) | 95,034 | (2,012,685) |
| NET ASSETS - Beginning of Year | 77,463,316 | 3,196,150 | 80,659,466 | 79,571,035 | 3,101,116 | 82,672,151 |
| NET ASSETS - End of Year | \$ 83,699,709 | \$ 2,787,849 | \$ 86,487,558 | \$ 77,463,316 | \$ 3,196,150 | \$ 80,659,466 |

See accompanying notes to financial statements.

JEROME FOUNDATION, INC.

STATEMENTS OF CASH FLOWS
For the Years Ended April 30, 2013 and 2012

| | <u>2013</u> | <u>2012</u> |
|---|--------------------|--------------------|
| CASH FLOWS USED FOR OPERATING ACTIVITIES | | |
| Change in net assets | \$ 5,828,092 | \$ (2,012,685) |
| Adjustments to reconcile change in net assets to net cash used for operating activities | | |
| Depreciation | - | 2,738 |
| Net (gain) loss on investments | (7,710,542) | 505,457 |
| Change in beneficial interest in value of charitable remainder trust | 408,301 | (95,034) |
| Changes in operating assets and liabilities | | |
| Prepaid expenses and other receivables | 2,595 | (1,396) |
| Prepaid excise tax | 3,603 | 9,982 |
| Grant commitments payable | 276,569 | (36,123) |
| Accounts payable | (14,830) | 9,965 |
| Deferred excise tax payable | 84,260 | (102,200) |
| Net Cash Flows Used For Operating Activities | <u>(1,121,952)</u> | <u>(1,719,296)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of investments | (3,120,548) | (2,156,113) |
| Proceeds from sales of investments | <u>4,048,404</u> | <u>3,961,719</u> |
| Net Cash Flows From Investing Activities | <u>927,856</u> | <u>1,805,606</u> |
| Net Change in Cash and Cash Equivalents | <u>(194,096)</u> | <u>86,310</u> |
| CASH AND CASH EQUIVALENTS - Beginning of Year | <u>225,198</u> | <u>138,888</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 31,102</u> | <u>\$ 225,198</u> |
| Supplemental disclosure of cash flow information | | |
| Cash paid during the year for excise tax | <u>\$ 18,000</u> | <u>\$ 17,000</u> |

See accompanying notes to financial statements.

JEROME FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended April 30, 2013 and 2012

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 donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein 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 at April 30, 2013 and 2012.

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.

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 and cash equivalents.

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%.

JEROME FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended April 30, 2013 and 2012

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments are recorded at fair value based upon quoted market prices, when available, or estimates of fair value. Donated assets are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of sales proceeds received (which are considered a fair measure of the value at the date of donation). Those investments for which fair value is not readily determinable are carried at cost or, if donated, at fair value at the date of donation, or if no value can be estimated, at a nominal value. The Foundation records the change of ownership of bonds and stocks on the day a trade is made. Investment income or loss and unrealized gains or losses are included in the statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

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 and are depreciated using the straight-line method over their estimated useful lives. 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.

Contribution Revenue Recognition

Contributions, including unconditional promises to give, are recognized in the period received. Conditional promises are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.

The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

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.

The Foundation follows the accounting standards for contingencies in evaluating uncertain tax positions. This guidance prescribes recognition threshold principles for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. No liability has been recognized by the Foundation for uncertain tax positions as of April 30, 2013 and 2012. The Foundation's tax returns are subject to review and examination by federal and state authorities. The tax returns for fiscal years 2010 and thereafter are open to examination by federal and state authorities.

JEROME FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended April 30, 2013 and 2012

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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. Substantially all investments are held by one custodian, Vanguard.

Measure of Operations

In its Statement of Activities and Changes in Net Assets, 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 interest, dividends, net realized and unrealized gains and losses, investment and agent fees, federal excise tax provision, 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, 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.

NOTE 2 - FAIR VALUE MEASUREMENTS

Fair Value Hierarchy

Fair value is defined in the accounting guidance 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 are 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.

Financial instruments measured and reported at fair value are classified and disclosed in one of the following three categories. There have been no changes in the techniques and inputs used at April 30, 2013 and 2012.

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.

JEROME FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended April 30, 2013 and 2012

NOTE 2 - FAIR VALUE MEASUREMENTS (Continued)

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 based on the best information available in the circumstances.

Valuation Techniques and Inputs

Level 1 - Level 1 assets include investments in money market funds and short-term investments and mutual funds for which quoted prices are readily available.

Level 3 - Level 3 assets include investments in timber and timberlands and a beneficial interest in remainder trusts for which there is no readily determinable fair value as the valuations are based on significant unobservable inputs. The Foundation has estimated fair value of the timber and timberlands using an independent appraisal by a forestry consultant. The Foundation's beneficial interest in a remainder trust is administered by a third party and fair value is based on a combination of Level 2 inputs (interest rates and yield curves) and significant unobservable inputs (entity specific estimates of cash flows).

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability. The schedules within this note are not intended to indicate the volatility of the investments.

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 information about the Foundation's assets measured at fair value on a recurring basis as of April 30, 2013 based upon the three-tier hierarchy:

| | Total | Level 1 | Level 2 | Level 3 |
|---|----------------------|----------------------|-------------|---------------------|
| Money market funds and short-term investments | \$ 548,297 | \$ 548,297 | \$ - | \$ - |
| Mutual funds - domestic stocks | 47,866,252 | 47,866,252 | - | - |
| Mutual funds - international stocks | 15,468,554 | 15,468,554 | - | - |
| Mutual funds - bonds | 19,099,290 | 19,099,290 | - | - |
| Timber and timberlands | 1,769,200 | - | - | 1,769,200 |
| Beneficial interest in charitable remainder trust | 2,787,849 | - | - | 2,787,849 |
| Total | <u>\$ 87,539,442</u> | <u>\$ 82,982,393</u> | <u>\$ -</u> | <u>\$ 4,557,049</u> |

JEROME FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended April 30, 2013 and 2012

NOTE 2 - FAIR VALUE MEASUREMENTS (Continued)

The following table presents information about the Foundation's assets measured at fair value on a recurring basis as of April 30, 2012 based upon the three-tier hierarchy:

| | <u>Total</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
|---|----------------------|----------------------|----------------|---------------------|
| Money market funds and short-term investments | \$ 55,795 | \$ 55,795 | \$ - | \$ - |
| Mutual funds - domestic stocks | 44,346,580 | 44,346,580 | - | - |
| Mutual funds - international stocks | 13,422,163 | 13,422,163 | - | - |
| Mutual funds - bonds | 18,464,452 | 18,464,452 | - | - |
| Timber and timberlands | 1,679,917 | - | - | 1,679,917 |
| Beneficial interest in charitable remainder trust | 3,196,150 | - | - | 3,196,150 |
| Total | <u>\$ 81,165,057</u> | <u>\$ 76,288,990</u> | <u>\$ -</u> | <u>\$ 4,876,067</u> |

The following table presents a reconciliation of the statement of financial position amounts for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended April 30, 2013:

| | <u>Balances April 30, 2012</u> | <u>Net realized and unrealized gains included in change in net assets</u> | <u>Purchases, sales, issuances and settlement, net</u> | <u>Net transfers in (out) of Level 3</u> | <u>Balances April 30, 2013</u> |
|---|--|---|--|--|--|
| Timber and timberlands | \$ 1,679,917 | \$ 89,283 | \$ - | \$ - | \$ 1,769,200 |
| Beneficial interest in charitable remainder trust | 3,196,150 | 341,699 | (750,000) | - | 2,787,849 |
| Total | <u>\$ 4,876,067</u> | <u>\$ 430,982</u> | <u>\$ (750,000)</u> | <u>\$ -</u> | <u>\$ 4,557,049</u> |

The amount of total gains for the period included in change in net assets attributable to the change in unrealized gains relating to Level 3 assets still held at April 30, 2013

\$ 430,982

JEROME FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended April 30, 2013 and 2012

NOTE 2 - FAIR VALUE MEASUREMENTS (Continued)

The following table presents a reconciliation of the statement of financial position amounts for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended April 30, 2012:

| | Balances April 30, 2011 | Net realized and unrealized gains included in change in net assets | Purchases, sales, issuances and settlement, net | Net transfers in (out) of Level 3 | Balances April 30, 2012 |
|--|-------------------------------|--|---|---|-------------------------------|
| Timber and timberlands | \$ 1,602,200 | \$ 77,717 | \$ - | \$ - | \$ 1,679,917 |
| Beneficial interest in charitable remainder trust | <u>3,101,116</u> | <u>95,034</u> | <u>-</u> | <u>-</u> | <u>3,196,150</u> |
| Total | <u>\$ 4,703,316</u> | <u>\$ 172,751</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,876,067</u> |

The amount of total gains for the period included in change in net assets attributable to the change in unrealized gains relating to Level 3 assets still held at April 30, 2012

\$ 172,751

NOTE 3 - SECURITIES LENDING

Prior to March 17, 2010, the Foundation, through its custodial bank, Wells Fargo lent its investment securities to registered broker-dealers. The borrower provided Wells Fargo collateral in an amount initially in excess of the loaned securities' aggregate value. Collateral was held and invested by investment custodian. 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. As a part of the exit from this program during 2010, the Foundation was required to purchase a portion of the collateral. The carrying value of such collateral was written down to zero value in 2010 due to the uncertainty of its value.

For the years ended April 30, 2013 and 2012, the Foundation received \$167,980 and \$182,546, respectively from the previously impaired purchased collateral account and this amount is recorded as dividend revenue. Any subsequent receipts from this account will be similarly recorded as revenue in the year received.

JEROME FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended April 30, 2013 and 2012

NOTE 4 - INVESTMENTS

Long-term investments held by the Foundation at April 30 are as follows:

| | <u>2013</u> | <u>2012</u> |
|---|----------------------|----------------------|
| Money market funds and short-term investments | \$ 548,297 | \$ 55,795 |
| Mutual fund – domestic stocks | 47,866,252 | 44,346,580 |
| Mutual fund- international stocks | 15,468,554 | 13,422,163 |
| Mutual fund - bonds | 19,099,290 | 18,464,452 |
| Timber and timberlands | <u>1,769,200</u> | <u>1,679,917</u> |
| | <u>\$ 84,751,593</u> | <u>\$ 77,968,907</u> |

Realized gains associated with the Foundation's investments for the years ended April 30, 2013 and 2012 were \$73,458 and \$230,560, respectively. Unrealized gains (losses) associated with the Foundation's investments for the years ended April 30, 2013 and 2012 were \$7,637,084 and (\$721,566), respectively.

Investments, in general, are subject to various risks, including credit, interest, concentration 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 property costs and accumulated depreciation at April 30 is as follows:

| | <u>2013</u> | <u>2012</u> |
|--------------------------------|----------------|----------------|
| Equipment | \$ 56,985 | \$ 56,985 |
| Vehicle | 23,006 | 23,006 |
| Leasehold improvements | <u>66,524</u> | <u>66,524</u> |
| Totals | <u>146,515</u> | <u>146,515</u> |
| Less: Accumulated depreciation | <u>146,515</u> | <u>146,515</u> |
| Net Property and Equipment | <u>\$ -</u> | <u>\$ -</u> |

JEROME FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended April 30, 2013 and 2012

NOTE 6 - GRANT COMMITMENTS PAYABLE

Grant activity for the years ended April 30 is summarized as follows:

| | <u>2013</u> | <u>2012</u> |
|--|---------------------|--------------------|
| Grant commitments payable, beginning of year | \$ 736,909 | \$ 773,032 |
| Grants awarded | 3,440,075 | 2,857,329 |
| Payments | <u>(3,163,506)</u> | <u>(2,893,452)</u> |
| Grant commitments payable, end of year | <u>\$ 1,013,478</u> | <u>\$ 736,909</u> |

Grant commitments payable at April 30, 2013 are expected to be paid as follows:

| | |
|-------------------------|---------------------|
| Year Ending April 30: | |
| 2014 | \$ 1,002,021 |
| 2015 | <u>11,457</u> |
| Total Grant Commitments | <u>\$ 1,013,478</u> |

NOTE 7 - FEDERAL EXCISE TAX

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

| | <u>2013</u> | <u>2012</u> |
|-----------|---------------------|------------------|
| Provision | | |
| Current | \$ (21,603) | \$ (26,982) |
| Deferred | <u>(84,260)</u> | <u>102,200</u> |
| Totals | <u>\$ (105,863)</u> | <u>\$ 75,218</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 benefit (expense) arises from the change in unrealized appreciation (depreciation) in fair value of investments. The deferred excise tax benefit (provision) is calculated utilizing the 1% excise tax rate for the years ended April 30, 2013 and 2012.

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, 2013 amounted to 6% of qualified compensation per individual employee. The Foundation also matched up to and including 3% of qualified compensation for any employee who contributed up to and including 3% to his/her retirement plan for the years ended April 30, 2013 and 2012, respectively. Retirement plan expense was \$42,903 and \$46,893 for the years ended April 30, 2013 and 2012, respectively.

JEROME FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended April 30, 2013 and 2012

NOTE 9 - FUNCTIONAL EXPENSES

The functional allocation of expenses for the years ended April 30 is as follows:

| | <u>2013</u> | <u>2012</u> |
|------------------------|---------------------|---------------------|
| Programs | \$ 3,509,145 | \$ 2,924,318 |
| Management and general | <u>768,913</u> | <u>737,190</u> |
| Totals | <u>\$ 4,278,058</u> | <u>\$ 3,661,508</u> |

NOTE 10 - LEASE COMMITMENT

The Foundation has a non-cancelable operating lease for office space that expires September 30, 2018. The Foundation is required to pay base rent and its share of operating expenses. Rent expense related to this lease was \$58,669 and \$57,503 for the years ended April 30, 2013 and 2012, respectively. At April 30, 2013, the minimum lease payments were as follows:

| | |
|-------------------------|-------------------|
| Year Ending April 30: | |
| 2014 | \$ 52,762 |
| 2015 | 53,566 |
| 2016 | 54,371 |
| 2017 | 55,175 |
| 2018 | 55,980 |
| 2019 | <u>23,465</u> |
| Total Lease Commitments | <u>\$ 295,319</u> |

NOTE 11 - NET ASSETS

Temporarily restricted net assets as of April 30, 2013 and 2012 consist of funds related to the Foundation's beneficial interest in a charitable remainder trust.

| | <u>2013</u> | <u>2012</u> |
|---|---------------------|---------------------|
| Beneficial interest in a charitable remainder trust | <u>\$ 2,787,849</u> | <u>\$ 3,196,150</u> |

There was a release of restrictions totaling \$750,000 for the year ended April 30, 2013. There was no release of restrictions for the year ended April 30, 2012.

NOTE 12 - SUBSEQUENT EVENTS


The Foundation has evaluated subsequent events through August 26, 2013 which is the date that the financial statements were approved and available to be issued.

Baker Tilly Virchow Krause, LLP
225 S Sixth St, Ste 2300
Minneapolis, MN 55402-4661
tel 612 876 4500
fax 612 238 8900
bakertilly.com

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

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

We have audited the financial statements of Jerome Foundation, Inc. (the "Foundation") as of and for the years ended April 30, 2013 and 2012 and have issued our report thereon dated August 26, 2013, which contained an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Administrative Expenses for the years ended April 30, 2013 and 2012 and Schedule of Grant Commitments and Payments for the year ended April 30, 2013 are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.


Minneapolis, Minnesota
August 26, 2013

JEROME FOUNDATION, INC.

SCHEDULE OF ADMINISTRATIVE EXPENSES
For the Years Ended April 30, 2013 and 2012

| | <u>2013</u> | <u>2012</u> |
|---|-------------------|-------------------|
| Salaries and benefits expenses | | |
| Salaries and temporary services | \$ 509,834 | \$ 503,161 |
| Health, dental, and other insurance | 63,617 | 63,738 |
| Retirement plan expense | 42,903 | 46,893 |
| Payroll taxes | <u>33,170</u> | <u>31,989</u> |
| Total salaries and benefits expenses | 649,524 | 645,781 |
| Office and other expenses | | |
| Rent | 58,669 | 57,503 |
| Meetings and events | 58,917 | 33,993 |
| Education program | 1,405 | 6,179 |
| Office operations | 14,482 | 14,576 |
| Travel | 16,974 | 11,138 |
| Telephone and internet | 4,041 | 3,963 |
| Professional fees | 16,585 | 16,285 |
| Insurance | 7,129 | 6,719 |
| Legal services | 10,257 | 5,304 |
| Depreciation | <u>-</u> | <u>2,738</u> |
| Total office and other expenses | <u>188,459</u> | <u>158,398</u> |
| Total expenses | <u>837,983</u> | <u>804,179</u> |
| Less administrative expenses allocated to program activities | | |
| General Program | 24,380 | 24,154 |
| Service | 31,000 | 29,600 |
| Minnesota Film and Video Program | 2,780 | 2,780 |
| New York City Film and Video Program | 4,330 | 3,880 |
| Travel and Study Grant Program | <u>6,580</u> | <u>6,575</u> |
| Total administrative expenses allocated to program activities | <u>69,070</u> | <u>66,989</u> |
| Total administrative expenses | <u>\$ 768,913</u> | <u>\$ 737,190</u> |

JEROME FOUNDATION, INC.

SCHEDULE OF GRANT COMMITMENTS AND PAYMENTS
For the Year Ended April 30, 2013

| | Grant Commitments Payable at Beginning of Year | Grants Awarded During Year | Paid During Year | Grant Commitments Payable at End of Year |
|--|--|----------------------------------|------------------------|---|
| American Composers Forum Saint Paul, Minnesota JFund and Minnesota Emerging Composer Awards | \$ - | \$ 100,000 | \$ 100,000 | \$ - |
| Aperture Foundation New York, New York Publication of books by emerging photographers | 20,000 | - | 10,000 | 10,000 |
| Art in General New York, New York New Commissions Program (2-year) | - | 38,000 | 38,000 | - |
| Bronx Museum of the Arts (The) Bronx, New York Artist in the Marketplace Program | - | 18,000 | 18,000 | - |
| Brooklyn Arts Exchange Brooklyn, New York Artist in Residence Program | - | 10,000 | 10,000 | - |
| Camera Club (The) New York, New York Darkroom Residency Program | - | 14,000 | 14,000 | - |
| Cave Canem Brooklyn, New York Writing Workshops for emerging poets | - | 18,000 | 18,000 | - |
| Center for Fiction New York, New York Emerging Writers' Fellowship Program | - | 38,500 | 38,500 | - |
| Chez Bushwick/Jonah Bokaer Brooklyn, New York Creation and production of new work | - | 9,000 | 9,000 | - |
| Coffee House Press Minneapolis, Minnesota Publication of books by emerging writers | - | 26,000 | 26,000 | - |
| Cultural Data Project Philadelphia, Pennsylvania Cultural Data Project in New York and Minnesota | 20,000 | - | 20,000 | - |
| Danspace Project New York, New York Emerging choreographers' commissions (2-year) | - | 65,000 | 32,500 | 32,500 |
| Debate Society (The) Brooklyn, New York Creation, development, and production of <i>Blood Play</i> | - | 10,000 | 10,000 | - |
| Dixon Place/Open Channels New York, New York Mondo Cane! Commissioning Program and Artist-in-Residence Program (2-year) | 11,000 | 58,000 | 40,000 | 29,000 |
| Ensemble Studio Theatre New York, New York Youngblood Program | - | 17,000 | 17,000 | - |

JEROME FOUNDATION, INC.

SCHEDULE OF GRANT COMMITMENTS AND PAYMENTS (Continued)
For the Year Ended April 30, 2013

| | Grant Commitments Payable at Beginning of Year | Grants Awarded During Year | Paid During Year | Grant Commitments Payable at End of Year |
|--|--|----------------------------------|------------------------|---|
| ETHEL's Foundation for the Arts New York, New York HomeBaked Commissioning Program | - | 16,000 | 16,000 | - |
| Eyebeam Art + Technology Center New York, New York Artists @ Eyebeam Residency Program (2-year) | - | 30,000 | 15,000 | 15,000 |
| Losses and damages/Superstorm Sandy | - | 10,000 | 10,000 | - |
| Field (The)/Performance Zone New York, New York New work by luciana achugar | - | 10,000 | 10,000 | - |
| New work by Kimberly Bartosik | 10,000 | - | 10,000 | - |
| New work by Aaron Landsman (2-year) | - | 20,000 | 10,000 | 10,000 |
| New work by Faye Driscoll Dance Group (2-year) | - | 20,000 | 12,000 | 8,000 |
| Forecast Public Art Saint Paul, Minnesota Artist Services Grant Program (2-year) | - | 68,000 | 68,000 | - |
| Foundation Center New York, New York General support (2-year) | - | 4,000 | 4,000 | - |
| Foundry Theatre (The) New York, New York Creation, development, and production of new works by emerging artists | - | 24,000 | 24,000 | - |
| Four Way Books New York, New York Publication of books by emerging writers | - | 15,000 | 15,000 | - |
| Fractured Atlas New York, New York New work by Reid Farrington | - | 12,000 | 12,000 | - |
| Franconia Sculpture Park Shafer, Minnesota Jerome Fellowships for emerging artists | 35,000 | - | 35,000 | - |
| Franklin Furnace New York, New York Franklin Furnace Fund (2-year) | - | 80,000 | 40,000 | 40,000 |
| Givens Foundation for African American Literature (The) Minneapolis, Minnesota Givens Black Writers Collaborative Retreat Program (2-year) | - | 44,000 | 22,000 | 22,000 |
| Grantmakers in the Arts Seattle, Washington Planning for a national benchmark study on funding for individual artists | - | 2,500 | 2,500 | - |
| Harlem Stage (Aaron Davis Hall) New York, New York Emerging artists' commissions in the Fund for New Work | 25,000 | - | 25,000 | - |

JEROME FOUNDATION, INC.

SCHEDULE OF GRANT COMMITMENTS AND PAYMENTS (Continued)
For the Year Ended April 30, 2013

| | Grant Commitments Payable at Beginning of Year | Grants Awarded During Year | Paid During Year | Grant Commitments Payable at End of Year |
|--|--|----------------------------------|------------------------|---|
| Harvestworks New York, New York Creative Residencies Program | - | 17,000 | 17,000 | - |
| Heart of the Beast Puppet and Mask Theatre Minneapolis, Minnesota PuppetLab Program | - | 18,000 | 18,000 | - |
| Henry Street Settlement/Abrons Art Center New York, New York Emerging Artist Commissioning Program | - | 18,000 | 18,000 | - |
| HERE Arts Center New York, New York HERE Artist Residency Program (2-year) | - | 40,000 | 20,000 | 20,000 |
| Independent Feature Project Minnesota Saint Paul, Minnesota Training & Professional Development, scholarships, equipment & facility rental subsidies & memberships (2-year) | - | 40,000 | 20,000 | 20,000 |
| MNTV | 33,000 | - | 33,000 | - |
| International Contemporary Ensemble Brooklyn, New York Creation, development, and performance of new works in ICElab | - | 12,000 | 12,000 | - |
| ISSUE Project Room Brooklyn, New York Artist-in-Residence Program | - | 16,000 | 16,000 | - |
| Jazz Gallery (The) New York, New York Commissioning and Residency Program | - | 25,000 | 25,000 | - |
| Jerome Foundation Saint Paul, Minnesota (Foundation-Administered Programs) 50th Anniversary | - | 20,000 | 323 | 19,677 |
| Jerome Hill Centennial Program | 2,544 | - | 540 | 2,004 |
| Jerome Hill Papers and Collection | - | 154,460 | 154,460 | - |
| Minnesota Film and Video Program | 58,450 | 101,902 | 144,485 | 15,867 |
| New York City Film and Video Program | 175,889 | 164,611 | 284,983 | 55,517 |
| New Initiatives and Special Needs | 10,453 | - | 1,000 | 9,453 |
| Travel and Study Grant Program | 58,573 | 146,993 | 143,756 | 61,810 |
| Kitchen (The) New York, New York Emerging Artists' Commissions | - | 20,000 | 20,000 | - |
| Losses and damages/Superstorm Sandy | - | 10,000 | 10,000 | - |
| Lark Play Development Center (The) New York, New York Developmental programs and fellowship for emerging playwrights (2-year) | - | 36,000 | 36,000 | - |

JEROME FOUNDATION, INC.

SCHEDULE OF GRANT COMMITMENTS AND PAYMENTS (Continued)
For the Year Ended April 30, 2013

| | Grant Commitments Payable at Beginning of Year | Grants Awarded During Year | Paid During Year | Grant Commitments Payable at End of Year |
|---|--|----------------------------------|------------------------|---|
| Loft Literary Center (The) Minneapolis, Minnesota Mentor Series (2-year) | - | 104,000 | 52,000 | 52,000 |
| Lower East Side Printshop New York, New York Keyholder Residency Program (2-year) | - | 29,000 | 14,500 | 14,500 |
| Lower Manhattan Cultural Council New York, New York Workspace Program (2-year) | - | 46,000 | 23,000 | 23,000 |
| Mabou Mines New York, New York Suite Resident Artist Program | - | 30,000 | 30,000 | - |
| Ma-Yi Theater Company New York, New York Development and production of new works (2-year) | - | 30,000 | 15,000 | 15,000 |
| Minneapolis College of Art and Design Minneapolis, Minnesota MCAD/Jerome Emerging Artists Fellowship Program (2-year) | - | 182,300 | 90,150 | 92,150 |
| Minneapolis Institute of Arts (The) Minneapolis, Minnesota Minnesota Artists Exhibition Program (2-year) | - | 40,000 | 20,000 | 20,000 |
| Minnesota Center for Book Arts Minneapolis, Minnesota Mentorship and Fellowship Programs for Emerging Artists | 23,000 | - | 23,000 | - |
| Minnesota Council on Foundations Minneapolis, Minnesota General support and membership | - | 6,750 | 6,750 | - |
| Mizna Minneapolis, Minnesota Artists' fees and publication of the Mizna Journal | 16,000 | - | 16,000 | - |
| Momenta Brooklyn, New York Emerging artists' exhibitions | - | 7,500 | 7,500 | - |
| Movement Research New York, New York Artist-in-Residence Program | - | 25,000 | 25,000 | - |
| Mu Performing Arts Saint Paul, Minnesota New Performance Program | 22,500 | - | 22,500 | - |
| New work by Sun Mee Chomet | - | 9,000 | 9,000 | - |
| New Dramatists New York, New York Playwrights Lab and Composer-Librettist Studio (2-year) | - | 80,000 | 40,000 | 40,000 |
| New Radio and Performing Arts Staten Island, New York Turbulence emerging artists' commissions (2-year) | - | 36,000 | 18,000 | 18,000 |

JEROME FOUNDATION, INC.

SCHEDULE OF GRANT COMMITMENTS AND PAYMENTS (Continued)
For the Year Ended April 30, 2013

| | Grant Commitments Payable at Beginning of Year | Grants Awarded During Year | Paid During Year | Grant Commitments Payable at End of Year |
|---|--|----------------------------------|------------------------|---|
| New York Foundation for the Arts Brooklyn, New York | | | | |
| New work by Maria Hassabi | - | 10,000 | 10,000 | - |
| Disaster Relief Fund | - | 5,000 | 5,000 | - |
| New York Live Arts New York, New York | | | | |
| Emerging choreographers' commissions | - | 36,000 | 36,000 | - |
| New York Theatre Workshop New York, New York | | | | |
| The Artists' Workshop | 20,000 | - | 20,000 | - |
| Northern Clay Center Minneapolis, Minnesota | | | | |
| Ceramic Artist Project Grants Program | - | 26,500 | 26,500 | - |
| Northern Lights.mn Minneapolis, Minnesota | | | | |
| Art(ists) On The Verge Fellowship Program (2-year) | 65,000 | 130,000 | 130,000 | 65,000 |
| Palissimo New York, New York | | | | |
| Creation and production of <i>Whispers and Tremors</i> | - | 12,000 | 12,000 | - |
| Pangea World Theater Minneapolis, Minnesota | | | | |
| Alternate Visions (2-year) | 16,000 | 36,000 | 34,000 | 18,000 |
| Patrick's Cabaret Minneapolis, Minnesota | | | | |
| New work by Chris Schlichting | 4,000 | - | 4,000 | - |
| Performance Space 122 New York, New York | | | | |
| Commissions and Residencies | - | 25,000 | 25,000 | - |
| Philanthropy New York New York, New York | | | | |
| General support and membership | - | 450 | 450 | - |
| Pillsbury House + Theatre Minneapolis, Minnesota | | | | |
| Commissioning, development, and production of new works by emerging playwrights | - | 10,000 | 10,000 | - |
| Naked Stages Program | - | 36,500 | 36,500 | - |
| <i>Late Nite Series</i> | - | 36,500 | 36,500 | - |
| Playwrights' Center (The) Minneapolis, Minnesota | | | | |
| Many Voices Fellowship Program (2-year) | - | 90,000 | 90,000 | - |
| Jerome Fellowship Program | 72,000 | - | - | 72,000 |
| Workhaus Playwrights Collective | - | 15,000 | 15,000 | - |
| Playwrights Horizons New York, New York | | | | |
| American Voice playwright development program (2-year) | - | 46,000 | 23,000 | 23,000 |

JEROME FOUNDATION, INC.

SCHEDULE OF GRANT COMMITMENTS AND PAYMENTS (Continued)
For the Year Ended April 30, 2013

| | Grant Commitments Payable at Beginning of Year | Grants Awarded During Year | Paid During Year | Grant Commitments Payable at End of Year |
|---|--|----------------------------------|------------------------|---|
| Poetry Project (The) New York, New York Fellowship Program for emerging poets | - | 19,320 | 19,320 | - |
| Poets House New York, New York Emerging Poets II | - | 28,000 | 28,000 | - |
| Printed Matter New York, New York Emerging Artists' Publication Series | - | 24,000 | 24,000 | - |
| Losses and damages/Superstorm Sandy | - | 10,000 | 10,000 | - |
| Red Eye Collaboration Minneapolis, Minnesota New Works 4 Weeks Program | - | 31,500 | 31,500 | - |
| Rhizome New York, New York Emerging artists' commissions | - | 20,000 | 20,000 | - |
| Rochester Art Center Rochester, Minnesota 3rd Floor Emerging Artist Series | - | 18,000 | 18,000 | - |
| Roulette Intermedium New York, New York Emerging Composers' Commissions and Residencies | - | 60,000 | - | 60,000 |
| James Sewell Ballet Minneapolis, Minnesota Ballet Works Project (2-year) | - | 31,000 | 15,000 | 16,000 |
| Smack Mellon Brooklyn, New York Losses and damages/Superstorm Sandy | - | 20,500 | 20,500 | - |
| Artist Studio Program | - | 10,000 | 10,000 | - |
| Soap Factory (The) Minneapolis, Minnesota Exhibition and Residency Programs | - | 24,000 | 24,000 | - |
| Socrates Sculpture Park Long Island City, New York Emerging Artist Fellowship Program (2-year) | - | 46,000 | 23,000 | 23,000 |
| Soho Repertory Theater New York, New York Development and production of new works by emerging playwrights and performance ensembles (2-year) | - | 30,000 | 15,000 | 15,000 |
| Springboard for the Arts Saint Paul, Minnesota Artist Development and Resource Program (2-year) | | 64,000 | 32,000 | 32,000 |
| New work by Kathy McTavish | - | 9,000 | 9,000 | - |
| New work by Karen Sherman | 9,000 | - | 9,000 | - |
| New work by Vanessa Voskuil (2-year) | - | 20,000 | 10,000 | 10,000 |

JEROME FOUNDATION, INC.

SCHEDULE OF GRANT COMMITMENTS AND PAYMENTS (Continued)
For the Year Ended April 30, 2013

| | Grant Commitments Payable at Beginning of Year | Grants Awarded During Year | Paid During Year | Grant Commitments Payable at End of Year |
|--|--|----------------------------------|------------------------|---|
| STREB Lab for Action Mechanics Brooklyn, New York Emerging Artist Commissioning Program | - | 21,000 | 21,000 | - |
| Studio Museum of Harlem (The) New York, New York Artist-in-Residence Program (2-year) | - | 30,000 | 15,000 | 15,000 |
| Teachers & Writers Collaborative New York, New York Fellowship Program for Emerging Writers | 16,000 | - | 16,000 | - |
| TEAM (The) Brooklyn, New York Development of a new work | - | 10,000 | 10,000 | - |
| Textile Center Minneapolis, Minnesota Fiber Artist Project Grants Program and services for emerging fiber artists | - | 31,000 | 31,000 | - |
| Tickle the Sleeping Giant New York, New York New work by Trajal Harrell | - | 9,000 | 9,000 | - |
| Tofte Lake Center Ely, Minnesota Emerging Artists' Residencies | - | 25,450 | 25,450 | - |
| Vocal Essence Minneapolis, Minnesota Essentially Choral Program | - | 24,839 | 24,839 | - |
| VSA Minnesota Minneapolis, Minnesota VSA Minnesota/Jerome Foundation Project Grant for Artists with Disabilities (2-year) | - | 38,000 | 19,000 | 19,000 |
| Zeitgeist Saint Paul, Minnesota Zeitgeist Composer Workshop | 13,500 | - | 13,500 | - |
| Zenon Dance Company and School Minneapolis, Minnesota Emerging choreographers' commissions | - | 28,000 | 28,000 | - |
| | <u>\$ 736,909</u> | <u>\$ 3,440,075</u> | <u>\$ 3,163,506</u> | <u>\$ 1,013,478</u> |