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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, 2014, and have issued our report thereon dated August 14, 2014. 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 February 10, 2014.

**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 2014.

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.

Board of Directors and Members  
Jerome Foundation, Inc.

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 estimates affecting the financial statements was the 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.

#### *Significant Issues*

Professional standards require us to communicate any significant issues that were discussed, or were the subject of correspondence with management. There were no additional communications or correspondence with management that have not been disclosed in this letter.

Board of Directors and Members  
Jerome Foundation, Inc.

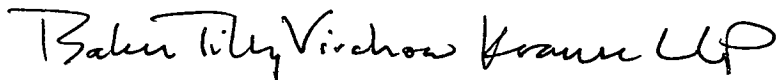
*Other Audit Issues*

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.

A handwritten signature in black ink, reading "Baker Tilly Virchow Krause LLP". The signature is written in a cursive, flowing style.

Minneapolis, Minnesota  
August 14, 2014



Baker Tilly Virchow Krause, LLP  
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To Management and the Board of Directors and Members  
Jerome Foundation, Inc.  
Saint Paul, Minnesota

In planning and performing our audit of the consolidated financial statements of Jerome Foundation, Inc. (the "Foundation") as of and for the year ended April 30, 2014, 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 consolidated 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 consolidated 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 technical review of the financial statements being audited, specifically the notes to the financial statements. As auditors, we provided assistance to management in drafting the financial statements and accompanying notes. While this circumstance is not unusual for an organization of your size, management and those charged with governance are ultimately responsible for the financial statements and notes thereto.

### *Limited Size of Office Staff*

The functions of execution of transactions, recording of transactions, and accountability for assets should be performed by different individuals. The Foundation operates its accounting and reporting function with principally one individual. While 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 constitutes a significant deficiency in the design of the system of internal controls. When a lack of adequate segregation of duties exists, the most effective mitigating controls often consist of oversight exercised by those charged with governance. We observed that the Foundation has implemented certain administrative controls, such as a detailed second review of the monthly accounting and reporting function by the President, a tiered payment authorized signer structure that does not allow the Controller to approve payments independently, a reporting and review requirement for 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 help to mitigate the risks of fraud or error that could occur due to an improper segregation of 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.

A handwritten signature in black ink, reading "Baker Tilly Virchow Krause LLP". The signature is written in a cursive, flowing style.

Minneapolis, Minnesota  
August 14, 2014

**JEROME FOUNDATION, INC.**

Saint Paul, Minnesota

**FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Years Ended April 30, 2014 and 2013

**JEROME FOUNDATION, INC.**

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Jerome Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of April 30, 2014 and 2013, and the related statements of activities and changes in net assets 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, 2014 and 2013, 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 14, 2014



**JEROME FOUNDATION, INC.**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
For the Years Ended April 30, 2014 and 2013

|  | 2014                 |                           |                      | 2013                 |                           |                      |
|--|----------------------|---------------------------|----------------------|----------------------|---------------------------|----------------------|
|  | Unrestricted         | Temporarily<br>Restricted | Total                | Unrestricted         | Temporarily<br>Restricted | Total                |
| <b>OPERATING</b>   |                      |                           |                      |                      |                           |                      |
| <b>SUPPORT AND REVENUE</b>   |                      |                           |                      |                      |                           |                      |
| Contributions  | \$ 35,000            | \$ -                      | \$ 35,000            | \$ 35,000            | \$ -                      | \$ 35,000            |
| Spending allowance appropriation                                     | 3,777,019            | -                         | 3,777,019            | 3,607,703            | -                         | 3,607,703            |
| Other income   | -                    | -                         | -                    | 500                  | -                         | 500                  |
|  | <u>3,812,019</u>     | <u>-</u>                  | <u>3,812,019</u>     | <u>3,643,203</u>     | <u>-</u>                  | <u>3,643,203</u>     |
| Net assets released from restrictions                                | -                    | -                         | -                    | 750,000              | (750,000)                 | -                    |
| Total Support and Revenue  | <u>3,812,019</u>     | <u>-</u>                  | <u>3,812,019</u>     | <u>4,393,203</u>     | <u>(750,000)</u>          | <u>3,643,203</u>     |
| <b>EXPENSES</b>  |                      |                           |                      |                      |                           |                      |
| Grants awarded   | 3,213,390            | -                         | 3,213,390            | 3,440,075            | -                         | 3,440,075            |
| Salaries and benefits  | 679,077              | -                         | 679,077              | 649,524              | -                         | 649,524              |
| Office and other expenses  | 182,764              | -                         | 182,764              | 188,459              | -                         | 188,459              |
| Total Expenses   | <u>4,075,231</u>     | <u>-</u>                  | <u>4,075,231</u>     | <u>4,278,058</u>     | <u>-</u>                  | <u>4,278,058</u>     |
| <b>CHANGE IN NET ASSETS - OPERATING</b>                              | (263,212)            | -                         | (263,212)            | 115,145              | (750,000)                 | (634,855)            |
| <b>NONOPERATING</b>  |                      |                           |                      |                      |                           |                      |
| Interest   | 584,908              | -                         | 584,908              | 710,423              | -                         | 710,423              |
| Dividends  | 1,992,930            | -                         | 1,992,930            | 1,599,375            | -                         | 1,599,375            |
| Net gain (loss) on investments                                       | 8,611,800            | -                         | 8,611,800            | 7,710,542            | -                         | 7,710,542            |
| Spending allowance appropriation                                     | (3,777,019)          | -                         | (3,777,019)          | (3,607,703)          | -                         | (3,607,703)          |
| Federal excise tax benefit (provision)                               | (36,526)             | -                         | (36,526)             | (105,863)            | -                         | (105,863)            |
| Investment and agent fees  | (195,467)            | -                         | (195,467)            | (185,526)            | -                         | (185,526)            |
| Change in value of beneficial interest in charitable remainder trust | -                    | 418,502                   | 418,502              | -                    | 341,699                   | 341,699              |
|  | <u>7,180,626</u>     | <u>418,502</u>            | <u>7,599,128</u>     | <u>6,121,248</u>     | <u>341,699</u>            | <u>6,462,947</u>     |
| <b>CHANGE IN NET ASSETS - NONOPERATING</b>                           | <u>7,180,626</u>     | <u>418,502</u>            | <u>7,599,128</u>     | <u>6,121,248</u>     | <u>341,699</u>            | <u>6,462,947</u>     |
| <b>TOTAL CHANGE IN NET ASSETS</b>                                    | <u>6,917,414</u>     | <u>418,502</u>            | <u>7,335,916</u>     | <u>6,236,393</u>     | <u>(408,301)</u>          | <u>5,828,092</u>     |
| NET ASSETS - Beginning of Year                                       | <u>83,699,709</u>    | <u>2,787,849</u>          | <u>86,487,558</u>    | <u>77,463,316</u>    | <u>3,196,150</u>          | <u>80,659,466</u>    |
| <b>NET ASSETS - End of Year</b>                                      | <u>\$ 90,617,123</u> | <u>\$ 3,206,351</u>       | <u>\$ 93,823,474</u> | <u>\$ 83,699,709</u> | <u>\$ 2,787,849</u>       | <u>\$ 86,487,558</u> |

See accompanying notes to financial statements.

**JEROME FOUNDATION, INC.**

**STATEMENTS OF CASH FLOWS**  
For the Years Ended April 30, 2014 and 2013

|   | <u>2014</u>        | <u>2013</u>        |
|---|--------------------|--------------------|
| <b>CASH FLOWS USED FOR OPERATING ACTIVITIES</b>   |                    |                    |
| Change in net assets  | \$ 7,335,916       | \$ 5,828,092       |
| Adjustments to reconcile change in net assets to net cash used for operating activities |                    |                    |
| Depreciation  | 140                | -                  |
| Net (gain) loss on investments  | (8,611,800)        | (7,710,542)        |
| Change in beneficial interest in value of charitable remainder trust                    | (418,502)          | 408,301            |
| Changes in operating assets and liabilities   |                    |                    |
| Prepaid expenses and other receivables  | -                  | 2,595              |
| Prepaid excise tax  | (6,044)            | 3,603              |
| Grant commitments payable   | (383,870)          | 276,569            |
| Accounts payable  | 191                | (14,830)           |
| Deferred excise tax payable   | 12,570             | 84,260             |
| Net Cash Flows Used For Operating Activities  | <u>(2,071,399)</u> | <u>(1,121,952)</u> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                    |                    |
| Purchase of investments   | (2,747,196)        | (3,120,548)        |
| Proceeds from sales of investments  | 4,891,800          | 4,048,404          |
| Purchase of equipment   | (6,740)            | -                  |
| Net Cash Flows From Investing Activities  | <u>2,137,864</u>   | <u>927,856</u>     |
| <b>Net Change in Cash and Cash Equivalents</b>  | 66,465             | (194,096)          |
| <b>CASH AND CASH EQUIVALENTS - Beginning of Year</b>                                    | <u>31,102</u>      | <u>225,198</u>     |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>  | <u>\$ 97,567</u>   | <u>\$ 31,102</u>   |
| <b>Supplemental disclosure of cash flow information</b>                                 |                    |                    |
| Cash paid during the year for excise tax  | <u>\$ 30,000</u>   | <u>\$ 18,000</u>   |

See accompanying notes to financial statements.

**JEROME FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
As of and for the Years Ended April 30, 2014 and 2013

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**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

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*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, 2014 and 2013.

*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, 2014 and 2013

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### NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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#### *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, 2014 and 2013. The Foundation's tax returns are subject to review and examination by federal and state authorities. The tax returns for fiscal years 2011 and thereafter are open to examination by federal and state authorities.

#### *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.

**JEROME FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
As of and for the Years Ended April 30, 2014 and 2013

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**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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*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.

*Subsequent Events*

The Foundation has evaluated subsequent events through August 14, 2014 which is the date that the financial statements were approved and available to be issued.

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**NOTE 2 - FAIR VALUE MEASUREMENTS**

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*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, 2014 and 2013.

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.

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 market-corroborated inputs.

**JEROME FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
As of and for the Years Ended April 30, 2014 and 2013

**NOTE 2 - FAIR VALUE MEASUREMENTS (Continued)**

Level 3 - Inputs are unobservable for the asset or liability. Unobservable inputs reflect the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk) using the best information available in the circumstances, which may include using the reporting entity's own data.

*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, 2014 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     | \$ 552,159                  | \$ 552,159                  | \$ -               | \$ -                       |
| Mutual funds - domestic stocks                    | 52,174,662                  | 52,174,662                  | -                  | -                          |
| Mutual funds - international stocks               | 17,297,546                  | 17,297,546                  | -                  | -                          |
| Mutual funds - bonds                              | 19,332,422                  | 19,332,422                  | -                  | -                          |
| Timber and timberlands                            | 1,862,000                   | -                           | -                  | 1,862,000                  |
| Beneficial interest in charitable remainder trust | 3,206,351                   | -                           | -                  | 3,206,351                  |
|   | <u>3,206,351</u>            | <u>-</u>                    | <u>-</u>           | <u>3,206,351</u>           |
| <b>Total</b>                                      | <b><u>\$ 94,425,140</u></b> | <b><u>\$ 89,356,789</u></b> | <b><u>\$ -</u></b> | <b><u>\$ 5,068,351</u></b> |

**JEROME FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
As of and for the Years Ended April 30, 2014 and 2013

**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, 2013 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     | \$ 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 | <u>2,787,849</u>     | <u>-</u>             | <u>-</u>       | <u>2,787,849</u>    |
| Total   | <u>\$ 87,539,442</u> | <u>\$ 82,982,393</u> | <u>\$ -</u>    | <u>\$ 4,557,049</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, 2014:

|   | <u>Balances<br/>April 30,<br/>2013</u> | <u>Net realized<br/>and<br/>unrealized<br/>gains<br/>included in<br/>change in net<br/>assets</u> | <u>Purchases,<br/>sales,<br/>issuances and<br/>settlement,<br/>net</u> | <u>Net transfers<br/>in (out) of<br/>Level 3</u> | <u>Balances<br/>April 30,<br/>2014</u> |
|---|--|---|--|--|--|
| Timber and timberlands                            | \$ 1,769,200                           | \$ 92,800   | \$ -   | \$ -   | \$ 1,862,000                           |
| Beneficial interest in charitable remainder trust | <u>2,787,849</u>                       | <u>418,502</u>  | <u>-</u>   | <u>-</u>   | <u>3,206,351</u>                       |
| Total   | <u>\$ 4,557,049</u>                    | <u>\$ 511,302</u>   | <u>\$ -</u>  | <u>\$ -</u>                                      | <u>\$ 5,068,351</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, 2014

\$ 511,302

# JEROME FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended April 30, 2014 and 2013

### 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, 2013:

|  | Balances<br>April 30,<br>2012 | Net realized<br>and<br>unrealized<br>gains<br>included in<br>change in net<br>assets | Purchases,<br>sales,<br>issuances and<br>settlement,<br>net | Net transfers<br>in (out) of<br>Level 3 | Balances<br>April 30,<br>2013 |
|--|-------------------------------|--|---|---|-------------------------------|
| Timber and timberlands                               | \$ 1,679,917                  | \$ 89,283  | \$ -  | \$ -                                    | \$ 1,769,200                  |
| Beneficial interest in<br>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

### NOTE 3 - INVESTMENTS

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

|   | 2014                 | 2013                 |
|---|----------------------|----------------------|
| Money market funds and short-term investments | \$ 552,159           | \$ 548,297           |
| Mutual fund – domestic stocks                 | 52,174,662           | 47,866,252           |
| Mutual fund- international stocks             | 17,297,546           | 15,468,554           |
| Mutual fund - bonds                           | 19,332,422           | 19,099,290           |
| Timber and timberlands                        | 1,862,000            | 1,769,200            |
|   | <u>\$ 91,218,789</u> | <u>\$ 84,751,593</u> |

Realized gains associated with the Foundation's investments for the years ended April 30, 2014 and 2013 were \$46,900 and \$73,458, respectively. Unrealized gains associated with the Foundation's investments for the years ended April 30, 2014 and 2013 were \$8,564,900 and \$7,637,084, 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.



**JEROME FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
As of and for the Years Ended April 30, 2014 and 2013

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**NOTE 4 - PROPERTY AND EQUIPMENT**

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

|                                | <u>2014</u>     | <u>2013</u>    |
|--------------------------------|-----------------|----------------|
| Equipment                      | \$ 63,725       | \$ 56,985      |
| Vehicle                        | 23,006          | 23,006         |
| Leasehold improvements         | 66,524          | 66,524         |
| Totals                         | <u>153,255</u>  | <u>146,515</u> |
| Less: Accumulated depreciation | <u>146,655</u>  | <u>146,515</u> |
| Net Property and Equipment     | <u>\$ 6,600</u> | <u>\$ -</u>    |

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**NOTE 5 - GRANT COMMITMENTS PAYABLE**

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

|  | <u>2014</u>        | <u>2013</u>         |
|--|--------------------|---------------------|
| Grant commitments payable, beginning of year | \$ 1,013,478       | \$ 736,909          |
| Grants awarded                               | 3,213,390          | 3,440,075           |
| Payments                                     | <u>(3,597,260)</u> | <u>(3,163,506)</u>  |
| Grant commitments payable, end of year       | <u>\$ 629,608</u>  | <u>\$ 1,013,478</u> |

Grant commitments payable at April 30, 2014 are expected to be paid during the year ending April 30, 2015.

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**NOTE 6 - FEDERAL EXCISE TAX**

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

|           | <u>2014</u>        | <u>2013</u>         |
|-----------|--------------------|---------------------|
| Provision |                    |                     |
| Current   | \$ (23,956)        | \$ (21,603)         |
| Deferred  | <u>(12,570)</u>    | <u>(84,260)</u>     |
| Totals    | <u>\$ (36,526)</u> | <u>\$ (105,863)</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, 2014 and 2013.

**JEROME FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
As of and for the Years Ended April 30, 2014 and 2013

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**NOTE 7 - RETIREMENT PLAN**

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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, 2014 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, 2014 and 2013, respectively. Retirement plan expense was \$39,924 and \$42,903 for the years ended April 30, 2014 and 2013, respectively.

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**NOTE 8 - FUNCTIONAL EXPENSES**

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

|                        | <u>2014</u>         | <u>2013</u>         |
|------------------------|---------------------|---------------------|
| Programs               | \$ 3,281,125        | \$ 3,509,145        |
| Management and general | <u>794,106</u>      | <u>768,913</u>      |
| Totals                 | <u>\$ 4,075,231</u> | <u>\$ 4,278,058</u> |

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**NOTE 9 - LEASE COMMITMENT**

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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 \$61,568 and \$58,669 for the years ended April 30, 2014 and 2013, respectively. At April 30, 2014, the minimum lease payments were as follows:

|                         |                   |
|-------------------------|-------------------|
| Year Ending April 30:   |                   |
| 2015                    | \$ 53,566         |
| 2016                    | 54,371            |
| 2017                    | 55,175            |
| 2018                    | 55,980            |
| 2019                    | <u>23,465</u>     |
| Total Lease Commitments | <u>\$ 242,557</u> |

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**NOTE 10 - NET ASSETS**

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Temporarily restricted net assets as of April 30, 2014 and 2013 consist of funds related to the Foundation's beneficial interest in a charitable remainder trust.

|   | <u>2014</u>         | <u>2013</u>         |
|---|---------------------|---------------------|
| Beneficial interest in a charitable remainder trust | <u>\$ 3,206,351</u> | <u>\$ 2,787,849</u> |

There was a release of restrictions totaling \$750,000 for the year ended April 30, 2013.

## 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, 2014 and 2013 and have issued our report thereon dated August 14, 2014, 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, 2014 and 2013 and Schedule of Grant Commitments and Payments for the year ended April 30, 2014 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 14, 2014

**JEROME FOUNDATION, INC.**

**SCHEDULE OF ADMINISTRATIVE EXPENSES**  
For the Years Ended April 30, 2014 and 2013

|   | <u>2014</u>       | <u>2013</u>       |
|---|-------------------|-------------------|
| <b>Salaries and benefits expenses</b>                               |                   |                   |
| Salaries and temporary services                                     | \$ 536,208        | \$ 509,834        |
| Health, dental, and other insurance                                 | 68,111            | 63,617            |
| Retirement plan expense   | 39,924            | 42,903            |
| Payroll taxes   | <u>34,834</u>     | <u>33,170</u>     |
| Total salaries and benefits expenses                                | 679,077           | 649,524           |
| <b>Office and other expenses</b>                                    |                   |                   |
| Rent  | 61,568            | 58,669            |
| Meetings and events   | 46,001            | 58,917            |
| Education program   | 2,539             | 1,405             |
| Office operations   | 23,866            | 14,482            |
| Travel  | 19,324            | 16,974            |
| Telephone and internet  | 4,532             | 4,041             |
| Professional fees   | 17,160            | 16,585            |
| Insurance   | 6,889             | 7,129             |
| Legal services  | 745               | 10,257            |
| Depreciation  | <u>140</u>        | <u>-</u>          |
| Total office and other expenses                                     | <u>182,764</u>    | <u>188,459</u>    |
| <b>Total expenses</b>   | <u>861,841</u>    | <u>837,983</u>    |
| <b>Less administrative expenses allocated to program activities</b> |                   |                   |
| General Program   | 22,975            | 24,380            |
| Service   | 32,350            | 31,000            |
| Minnesota Film and Video Program                                    | 2,070             | 2,780             |
| New York City Film and Video Program                                | 4,220             | 4,330             |
| Travel and Study Grant Program                                      | <u>6,120</u>      | <u>6,580</u>      |
| Total administrative expenses allocated to program activities       | <u>67,735</u>     | <u>69,070</u>     |
| <b>Total administrative expenses</b>                                | <u>\$ 794,106</u> | <u>\$ 768,913</u> |

## JEROME FOUNDATION, INC.

SCHEDULE OF GRANT COMMITMENTS AND PAYMENTS  
For the Year Ended April 30, 2014

|  | Grant<br>Commitments<br>Payable at<br>Beginning<br>of Year | Grants<br>Awarded During<br>Year | Paid<br>During<br>Year | Grant<br>Commitments<br>Payable at<br>End of Year |
|--|--|----------------------------------|------------------------|---|
| American Composers Forum<br>Saint Paul, Minnesota<br>JFund and Minnesota Emerging Composer Awards                          | \$ -   | \$ 200,000                       | \$ 200,000             | \$ -  |
| American Composers Orchestra<br>New York, New York<br>Commissions of new works by emerging composers                       | -  | 18,000                           | 18,000                 | -   |
| Anderson Center for Interdisciplinary Studies<br>Red Wing, Minnesota<br>Emerging Artists' Residencies                      | -  | 40,250                           | 40,250                 | -   |
| Aperture Foundation<br>New York, New York<br>Publication of books by emerging photographers                                | 10,000   | -                                | 10,000                 | -   |
| Art International Radio/The Clocktower Gallery<br>New York, New York<br>Emerging Artist Residency Program                  | -  | 25,000                           | 25,000                 | -   |
| Asian American Writers' Workshop<br>New York, New York<br>Margins Fellowship for Asian American emerging writers           | -  | 24,000                           | 24,000                 | -   |
| Bronx Museum of the Arts (The)<br>Bronx, New York<br>Artists in the Marketplace Program                                    | -  | 38,000                           | 38,000                 | -   |
| Brooklyn Arts Exchange<br>Brooklyn, New York<br>Artists in Residence Program   | -  | 25,000                           | 25,000                 | -   |
| Camera Club of New York<br>New York, New York<br>Darkroom Residency Solo Exhibition Program                                | -  | 14,000                           | 14,000                 | -   |
| Cave Canem<br>Brooklyn, New York<br>Writing Workshops for emerging poets   | -  | 18,400                           | 18,400                 | -   |
| Cedar Cultural Center<br>Minneapolis, Minnesota<br>Commissioning Program for Emerging Minnesota Composers                  | -  | 21,200                           | 21,200                 | -   |
| Center for Fiction<br>New York, New York<br>Emerging Writers Fellowship Program  | -  | 85,000                           | 85,000                 | -   |
| Coffee House Press<br>Minneapolis, Minnesota<br>Publication of books by emerging writers                                   | -  | 21,000                           | 21,000                 | -   |
| Council of Literary Magazines and Presses<br>New York, New York<br>FACE OUT: Maximizing the Visibility of Emerging Writers | -  | 92,000                           | 46,000                 | 46,000  |
| Cowles Center for Dance and Performing Arts<br>Minneapolis, Minnesota<br>Momentum: New Dance Works Festival                | -  | 40,000                           | 40,000                 | -   |

JEROME FOUNDATION, INC.

SCHEDULE OF GRANT COMMITMENTS AND PAYMENTS (Continued)  
For the Year Ended April 30, 2014

|   | Grant<br>Commitments<br>Payable at<br>Beginning<br>of Year | Grants<br>Awarded During<br>Year | Paid<br>During<br>Year | Grant<br>Commitments<br>Payable at<br>End of Year |
|---|--|----------------------------------|------------------------|---|
| Danspace Project<br>New York, New York<br>Emerging choreographers' commissions  | 32,500   | 69,000                           | 101,500                | -   |
| Debate Society (The)<br>Brooklyn, New York<br>Creation and production of <i>Jacuzzi</i> and <i>The Light Years</i>                      | -  | 25,000                           | 12,500                 | 12,500  |
| Dixon Place/Open Channels<br>New York, New York<br>Mondo Cane Commissioning Program and<br>Artists in Residence Program                 | 29,000   | -                                | 29,000                 | -   |
| Ensemble Studio Theatre<br>New York, New York<br>Youngblood Program   | -  | 29,000                           | 9,000                  | 20,000  |
| Eyebeam Art + Technology Center<br>New York, New York<br>Artists @ Eyebeam Residencies  | 15,000   | -                                | 15,000                 | -   |
| Field (The)/Performance Zone<br>New York, New York<br>New work by Yanira Castro   | -  | 9,000                            | 9,000                  | -   |
| New work by Faye Driscoll Dance Group   | 8,000  | -                                | 8,000                  | -   |
| New work by Aaron Landsman  | 10,000   | -                                | 10,000                 | -   |
| New work by Lone Wolf Tribe   | -  | 8,000                            | 8,000                  | -   |
| Foundation Center<br>New York, New York<br>General support  | -  | 5,000                            | 5,000                  | -   |
| Foundry Theatre (The)<br>New York, New York<br>Creation, development, and production of new works by<br>emerging artists                | -  | 24,000                           | 24,000                 | -   |
| Four Way Books<br>New York, New York<br>Publication of books by emerging writers  | -  | 20,000                           | 20,000                 | -   |
| Franconia Sculpture Park<br>Shafer, Minnesota<br>FSP/Jerome Fellowships   | -  | 74,000                           | 37,000                 | 37,000  |
| Franklin Furnace<br>New York, New York<br>Franklin Furnace Fund   | 40,000   | -                                | 40,000                 | -   |
| Givens Foundation for African American Literature (The)<br>Minneapolis, Minnesota<br>Givens Black Writers Collaborative Retreat Program | 22,000   | -                                | 22,000                 | -   |
| Grantmakers in the Arts<br>Seattle, Washington<br>Benchmark Research Study on Support for<br>Individual Artists                         | -  | 25,000                           | 25,000                 | -   |

JEROME FOUNDATION, INC.

SCHEDULE OF GRANT COMMITMENTS AND PAYMENTS (Continued)  
For the Year Ended April 30, 2014

|   | Grant<br>Commitments<br>Payable at<br>Beginning<br>of Year | Grants<br>Awarded During<br>Year | Paid<br>During<br>Year | Grant<br>Commitments<br>Payable at<br>End of Year |
|---|--|----------------------------------|------------------------|---|
| Graywolf Press<br>Minneapolis, Minnesota<br>Publication of books by emerging writers  | -  | 20,000                           | 20,000                 | -   |
| Harlem Stage (Aaron Davis Hall)<br>New York, New York<br>Emerging artists' commissions in the Fund for New Work                             | -  | 50,000                           | 25,000                 | 25,000  |
| Harvestworks<br>New York, New York<br>Creative Residency Program  | -  | 17,000                           | 17,000                 | -   |
| Heart of the Beast Puppet and Mask Theatre<br>Minneapolis, Minnesota<br>PuppetLab Program   | -  | 18,000                           | 18,000                 | -   |
| Henry Street Settlement/Abrons Art Center<br>New York, New York<br>Emerging Artist Commissioning Program                                    | -  | 18,000                           | 18,000                 | -   |
| HERE Arts Center<br>New York, New York<br>HERE Artist Residency Program   | 20,000   | -                                | 20,000                 | -   |
| Highpoint Center for Printmaking<br>Minneapolis, Minnesota<br>Emerging Printmakers' Residency Program                                       | -  | 40,000                           | 40,000                 | -   |
| Independent Feature Project Minnesota<br>Saint Paul, Minnesota<br>Training & Professional Development for emerging artists                  | 20,000   | -                                | 20,000                 | -   |
| Intermedia Arts<br>Minneapolis, Minnesota<br>VERVE grants for Spoken Word Poets and the Beyond<br>the Pure Fellowships for Emerging Writers | -  | 107,000                          | 107,000                | -   |
| ISSUE Project Room<br>Brooklyn, New York<br>Artist-in-Residence Program   | -  | 17,500                           | 17,500                 | -   |
| Ivy Baldwin Dance<br>Brooklyn, New York<br>Creation and production of new work  | -  | 10,000                           | 10,000                 | -   |
| Jazz Gallery (The)<br>New York, New York<br>Commissioning and Residency Program   | -  | 25,000                           | 25,000                 | -   |
| Jerome Foundation<br>Saint Paul, Minnesota<br>(Foundation-Administered Programs)  |  |                                  |                        |   |
| Camargo Foundation  | -  | 5,000                            | 5,000                  | -   |
| 50th Anniversary  | 19,677   | (16,177)                         | 3,500                  | -   |
| Jerome Hill Components of Brigid Berlin Tape Archives   | -  | 7,000                            | 7,000                  | -   |
| Jerome Hill Centennial Program  | 2,004  | -                                | 2,004                  | -   |
| Minnesota Film and Video Program  | 15,867   | 115,647                          | 61,702                 | 69,812  |
| New York City Film and Video Program  | 55,517   | 352,537                          | 326,279                | 81,775  |
| New Initiatives and Special Needs   | 9,453  | -                                | -                      | 9,453   |
| Travel and Study Grant Program  | 61,810   | 275,803                          | 168,745                | 168,868   |

JEROME FOUNDATION, INC.

SCHEDULE OF GRANT COMMITMENTS AND PAYMENTS (Continued)  
For the Year Ended April 30, 2014

|   | Grant<br>Commitments<br>Payable at<br>Beginning<br>of Year | Grants<br>Awarded During<br>Year | Paid<br>During<br>Year | Grant<br>Commitments<br>Payable at<br>End of Year |
|---|--|----------------------------------|------------------------|---|
| Juxtaposition Arts<br>Minneapolis, Minnesota<br>New work by Kenna-Camara Cottman                                    | -  | 8,000                            | 8,000                  | -   |
| Kitchen (The)<br>New York, New York<br>Emerging Artists' Commissions  | -  | 20,000                           | 20,000                 | -   |
| KW Projects/Kate Weare Company<br>Brooklyn, New York<br>Creation and production of new work                         | -  | 8,000                            | 8,000                  | -   |
| Loft Literary Center (The)<br>Minneapolis, Minnesota<br>Mentor Series   | 52,000   | -                                | 52,000                 | -   |
| Minnesota Emerging Writers' Grant Program   | -  | 124,000                          | 124,000                | -   |
| Lower East Side Printshop<br>New York, New York<br>Keyholder Residency Program                                      | 14,500   | -                                | 14,500                 | -   |
| Lower Manhattan Cultural Council<br>New York, New York<br>Workspace Program   | 23,000   | -                                | 23,000                 | -   |
| Mabou Mines<br>New York, New York<br>Suite Resident Artist Program  | -  | 60,000                           | 30,000                 | 30,000  |
| Ma-Yi Theater Company<br>New York, New York<br>Development and production of new works                              | 15,000   | -                                | 15,000                 | -   |
| Milkweed Editions<br>Minneapolis, Minnesota<br>Publication of three books by emerging writers                       | -  | 20,000                           | 20,000                 | -   |
| Minneapolis College of Art and Design<br>Minneapolis, Minnesota<br>MCAD/Jerome Emerging Artists Fellowship Program  | 92,150   | -                                | 92,150                 | -   |
| Minneapolis Institute of Arts (The)<br>Minneapolis, Minnesota<br>Minnesota Artists Exhibition Program               | 20,000   | 48,000                           | 68,000                 | -   |
| Minnesota Center for Book Arts<br>Minneapolis, Minnesota<br>Mentorship and Fellowship Programs for Emerging Artists | -  | 48,000                           | 28,000                 | 20,000  |
| Minnesota Council on Foundations<br>Minneapolis, Minnesota<br>General support and membership                        | -  | 5,055                            | 5,055                  | -   |
| Mixed Blood Theatre Company<br>Minneapolis, Minnesota<br>Commissioning, development, and production of new plays    | -  | 15,400                           | 7,700                  | 7,700   |
| Movement Research<br>New York, New York<br>Artist-in-Residence Program  | -  | 50,000                           | 25,000                 | 25,000  |



JEROME FOUNDATION, INC.

SCHEDULE OF GRANT COMMITMENTS AND PAYMENTS (Continued)  
For the Year Ended April 30, 2014

|   | Grant<br>Commitments<br>Payable at<br>Beginning<br>of Year | Grants<br>Awarded During<br>Year | Paid<br>During<br>Year | Grant<br>Commitments<br>Payable at<br>End of Year |
|---|--|----------------------------------|------------------------|---|
| Mu Performing Arts<br>Saint Paul, Minnesota<br>New Performance Program                      | -  | 45,000                           | 45,000                 | -   |
| New Dramatists<br>New York, New York<br>The Playwrights' Lab and Composer-Librettist Studio | 40,000   | -                                | 40,000                 | -   |
| New Radio and Performing Arts<br>Staten Island, New York<br><i>Turbulence</i> commissions   | 18,000   | -                                | 18,000                 | -   |
| New York Live Arts<br>New York, New York<br>Emerging choreographers' commissions            | -  | 35,400                           | 35,400                 | -   |
| New York Theatre Workshop<br>New York, New York<br>Workshop Program                         | -  | 40,000                           | 40,000                 | -   |
| Northern Clay Center<br>Minneapolis, Minnesota<br>Ceramic Artist Project Grant Program      | -  | 26,500                           | 26,500                 | -   |
| Northern Lights.mn<br>Minneapolis, Minnesota<br>Art(ists) On The Verge Fellowship Program   | 65,000   | -                                | 65,000                 | -   |
| Open Eye Figure Theatre<br>Minneapolis, Minnesota<br>New work by Annie Enneking             | -  | 8,000                            | 8,000                  | -   |
| Palissimo<br>New York, New York<br>Creation and production of <i>Custodians of Beauty</i>   | -  | 20,000                           | 10,000                 | 10,000  |
| Pangea World Theater<br>Minneapolis, Minnesota<br>Alternate Visions                         | 18,000   | -                                | 18,000                 | -   |
| Patrick's Cabaret<br>Minneapolis, Minnesota<br>New work by Chris Schlichting                | -  | 10,000                           | 10,000                 | -   |
| Performance Space 122<br>Brooklyn, New York<br>Emerging Artists' Commissions                | -  | 38,000                           | 38,000                 | -   |
| Philanthropy New York<br>New York, New York<br>General support and membership               | -  | 450                              | 450                    | -   |
| Pillsbury House + Theatre<br>Minneapolis, Minnesota<br>New works by emerging playwrights    | -  | 12,000                           | 12,000                 | -   |
| Naked Stages Program  | -  | 36,500                           | 36,500                 | -   |
| <i>Late Nite Series</i>   | -  | 36,500                           | 36,500                 | -   |

JEROME FOUNDATION, INC.

SCHEDULE OF GRANT COMMITMENTS AND PAYMENTS (Continued)  
For the Year Ended April 30, 2014

|   | Grant<br>Commitments<br>Payable at<br>Beginning<br>of Year | Grants<br>Awarded During<br>Year | Paid<br>During<br>Year | Grant<br>Commitments<br>Payable at<br>End of Year |
|---|--|----------------------------------|------------------------|---|
| Playwrights' Center (The)                                   |  |                                  |                        |   |
| Minneapolis, Minnesota                                      |  |                                  |                        |   |
| Jerome Emerging Playwright Fellowship Program               | 72,000   | 144,000                          | 216,000                | -   |
| Workhaus Playwrights Collective                             | -  | 15,000                           | 15,000                 | -   |
| Playwrights Horizons  |  |                                  |                        |   |
| New York, New York  |  |                                  |                        |   |
| American Voice Program                                      | 23,000   | -                                | 23,000                 | -   |
| Poets House   |  |                                  |                        |   |
| New York, New York  |  |                                  |                        |   |
| Emerging Poets Fellowship III Program                       | -  | 28,000                           | 28,000                 | -   |
| Rhizome   |  |                                  |                        |   |
| New York, New York  |  |                                  |                        |   |
| Emerging Artists' Commissions                               | -  | 40,000                           | 20,000                 | 20,000  |
| Rochester Art Center  |  |                                  |                        |   |
| Rochester, Minnesota  |  |                                  |                        |   |
| 3rd Floor Emerging Artist Series                            | -  | 40,000                           | 20,000                 | 20,000  |
| Roulette Intermedium  |  |                                  |                        |   |
| New York, New York  |  |                                  |                        |   |
| Emerging Composers' Commissions and Residencies             | 60,000   | -                                | 60,000                 | -   |
| James Sewell Ballet   |  |                                  |                        |   |
| Minneapolis, Minnesota                                      |  |                                  |                        |   |
| Ballet Works Project  | 16,000   | -                                | 16,000                 | -   |
| Dance USA Annual Conference                                 | -  | 8,625                            | 8,625                  | -   |
| Smack Mellon  |  |                                  |                        |   |
| Brooklyn, New York  |  |                                  |                        |   |
| Artist Studio Program                                       | -  | 20,000                           | 10,000                 | 10,000  |
| Socrates Sculpture Park                                     |  |                                  |                        |   |
| Long Island City, New York                                  |  |                                  |                        |   |
| Emerging Artist Fellowship Program                          | 23,000   | -                                | 23,000                 | -   |
| Soho Repertory Theatre                                      |  |                                  |                        |   |
| New York, New York  |  |                                  |                        |   |
| New works by emerging playwrights and performance ensembles | 15,000   | -                                | 15,000                 | -   |
| Springboard for the Arts                                    |  |                                  |                        |   |
| Saint Paul, Minnesota                                       |  |                                  |                        |   |
| Artist Development and Resource Program                     | 32,000   | -                                | 32,000                 | -   |
| New work by SuperGroup                                      | -  | 8,000                            | 8,000                  | -   |
| New work by Mad King Thomas                                 | -  | 8,000                            | 8,000                  | -   |
| New work by Vanessa Voskuil                                 | 10,000   | -                                | 10,000                 | -   |
| STREB Lab for Action Mechanics                              |  |                                  |                        |   |
| Brooklyn, New York  |  |                                  |                        |   |
| Emerging Artists Commissioning Program                      | -  | 23,000                           | 23,000                 | -   |
| Studio Museum of Harlem (The)                               |  |                                  |                        |   |
| New York, New York  |  |                                  |                        |   |
| Artist-in-Residence Program                                 | 15,000   | -                                | 15,000                 | -   |

JEROME FOUNDATION, INC.

SCHEDULE OF GRANT COMMITMENTS AND PAYMENTS (Continued)  
For the Year Ended April 30, 2014

|  | Grant<br>Commitments<br>Payable at<br>Beginning<br>of Year | Grants<br>Awarded During<br>Year | Paid<br>During<br>Year | Grant<br>Commitments<br>Payable at<br>End of Year |
|--|--|----------------------------------|------------------------|---|
| Textile Center<br>Minneapolis, Minnesota<br>Fiber Artist Project Grant Program and artists' services                       | -  | 31,800                           | 31,800                 | -   |
| thinkdance/jill sigman<br>New York, New York<br>Creation and production of <i>(Perma)Culture</i>                           | -  | 4,000                            | 4,000                  | -   |
| Tofte Lake Center<br>Ely, Minnesota<br>Emerging Artists' Residencies   | -  | 27,000                           | 27,000                 | -   |
| VSA Minnesota<br>Minneapolis, Minnesota<br>VSA Minnesota/Jerome Foundation Project Grants<br>for Artists with Disabilities | 19,000   | -                                | 19,000                 | -   |
| Zeitgeist<br>Saint Paul, Minnesota<br>Zeitgeist Composer Workshops   | -  | 33,000                           | 16,500                 | 16,500  |
| Zenon Dance Company and School<br>Minneapolis, Minnesota<br>Emerging choreographers' commissions                           | -  | 56,000                           | 56,000                 | -   |
|  | <u>\$ 1,013,478</u>  | <u>\$ 3,213,390</u>              | <u>\$ 3,597,260</u>    | <u>\$ 629,608</u>                                 |