

JEROME FOUNDATION, INC.
Saint Paul, Minnesota

FINANCIAL STATEMENTS
Including Independent Auditors' Report
As of and for the Years Ended April 30, 2015 and 2014

JEROME FOUNDATION, INC.

TABLE OF CONTENTS

Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	3
Statements of Cash Flows	4
Notes to Financial Statements	5 - 13

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, 2015 and 2014, 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, 2015 and 2014, 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 20, 2015

JEROME FOUNDATION, INC

STATEMENTS OF FINANCIAL POSITION
As of April 30, 2015 and 2014

	ASSETS	
	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 146,821	\$ 97,567
Prepaid excise tax (Note 7)	13,537	27,359
Investments (Notes 2 & 3)	94,802,961	91,218,789
Beneficial interest in charitable remainder trust (Notes 2 & 11)	3,439,992	3,206,351
Property and equipment, net (Note 5)	<u>4,915</u>	<u>6,600</u>
TOTAL ASSETS	<u>\$ 98,408,226</u>	<u>\$ 94,556,666</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Grant commitments payable (Note 6)	\$ 696,584	\$ 629,608
Accounts payable	33,827	3,654
Deferred excise tax payable (Note 7)	<u>66,857</u>	<u>99,930</u>
Total Liabilities	<u>797,268</u>	<u>733,192</u>
NET ASSETS		
Unrestricted		
Undesignated	93,928,314	90,286,470
Board designated	<u>242,652</u>	<u>330,653</u>
Total unrestricted net assets	94,170,966	90,617,123
Temporarily restricted	<u>3,439,992</u>	<u>3,206,351</u>
Total Net Assets	<u>97,610,958</u>	<u>93,823,474</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 98,408,226</u>	<u>\$ 94,556,666</u>

See accompanying notes to financial statements.

JEROME FOUNDATION, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ended April 30, 2015 and 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
OPERATING						
SUPPORT AND REVENUE						
Contributions	\$ 30,000	\$ -	\$ 30,000	\$ 35,000	\$ -	\$ 35,000
Spending allowance appropriation	4,033,432	-	4,033,432	3,777,019	-	3,777,019
Total Support and Revenue	4,063,432	-	4,063,432	3,812,019	-	3,812,019
EXPENSES						
Grants awarded, net of cancellations and refunds of \$4,000 in 2015 (Note 6)	3,837,293	-	3,837,293	3,213,390	-	3,213,390
Salaries and benefits	688,177	-	688,177	679,077	-	679,077
Office and other expenses	352,579	-	352,579	182,764	-	182,764
Total Expenses	4,878,049	-	4,878,049	4,075,231	-	4,075,231
CHANGE IN NET ASSETS - OPERATING	(814,617)	-	(814,617)	(263,212)	-	(263,212)
NONOPERATING						
Interest	597,711	-	597,711	584,908	-	584,908
Dividends	2,834,667	-	2,834,667	1,992,930	-	1,992,930
Net gain on investments (Note 3)	5,170,533	-	5,170,533	8,611,800	-	8,611,800
Spending allowance appropriation	(4,033,432)	-	(4,033,432)	(3,777,019)	-	(3,777,019)
Federal excise tax benefit (provision) (Note 7)	251	-	251	(36,526)	-	(36,526)
Investment and agent fees	(201,270)	-	(201,270)	(195,467)	-	(195,467)
Change in value of beneficial interest in charitable remainder trust	-	233,641	233,641	-	418,502	418,502
CHANGE IN NET ASSETS - NONOPERATING	4,368,460	233,641	4,602,101	7,180,626	418,502	7,599,128
TOTAL CHANGE IN NET ASSETS	3,553,843	233,641	3,787,484	6,917,414	418,502	7,335,916
NET ASSETS - Beginning of Year	90,617,123	3,206,351	93,823,474	83,699,709	2,787,849	86,487,558
NET ASSETS - End of Year	\$ 94,170,966	\$ 3,439,992	\$ 97,610,958	\$ 90,617,123	\$ 3,206,351	\$ 93,823,474

See accompanying notes to financial statements.

JEROME FOUNDATION, INC.

STATEMENTS OF CASH FLOWS
For the Years Ended April 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS USED FOR OPERATING ACTIVITIES		
Change in net assets	\$ 3,787,484	\$ 7,335,916
Adjustments to reconcile change in net assets to net cash used for operating activities		
Depreciation	1,685	140
Net gain on investments	(5,170,533)	(8,611,800)
Change in beneficial interest in value of charitable remainder trust	(233,641)	(418,502)
Changes in operating assets and liabilities		
Prepaid excise tax	13,822	(6,044)
Grant commitments payable	66,976	(383,870)
Accounts payable	30,173	191
Deferred excise tax payable	(33,073)	12,570
Net Cash Flows Used For Operating Activities	<u>(1,537,107)</u>	<u>(2,071,399)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(3,775,568)	(2,747,196)
Proceeds from sales of investments	5,361,929	4,891,800
Purchase of equipment	-	(6,740)
Net Cash Flows From Investing Activities	<u>1,586,361</u>	<u>2,137,864</u>
Net Change in Cash and Cash Equivalents	49,254	66,465
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>97,567</u>	<u>31,102</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 146,821</u>	<u>\$ 97,567</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for excise tax	<u>\$ 19,000</u>	<u>\$ 30,000</u>

See accompanying notes to financial statements.

JEROME FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended April 30, 2015 and 2014

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, digital media, 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 and New York City Film, Video, and Digital Production Grant Programs and the Travel and Study Grant 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, 2015 and 2014.

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, 2015 and 2014

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 change in net assets.

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, 2015 and 2014. The Foundation's tax returns are subject to review and examination by federal and state authorities. The tax returns for fiscal years 2012 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, 2015 and 2014

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 20, 2015 which is the date that the financial statements were approved and available to be issued.

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, 2015 and 2014.

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, 2015 and 2014

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, 2015 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	\$ 523,963	\$ 523,963	\$ -	\$ -
Mutual funds - domestic stocks	54,206,219	54,206,219	-	-
Mutual funds - international stocks	17,589,220	17,589,220	-	-
Mutual funds - bonds	20,469,059	20,469,059	-	-
Timber and timberlands	2,014,500	-	-	2,014,500
Beneficial interest in charitable remainder trust	<u>3,439,992</u>	<u>-</u>	<u>-</u>	<u>3,439,992</u>
Total	<u>\$ 98,242,953</u>	<u>\$ 92,788,461</u>	<u>\$ -</u>	<u>\$ 5,454,492</u>

JEROME FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended April 30, 2015 and 2014

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, 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	<u>3,206,351</u>	<u>-</u>	<u>-</u>	<u>3,206,351</u>
 Total	 <u>\$ 94,425,140</u>	 <u>\$ 89,356,789</u>	 <u>\$ -</u>	 <u>\$ 5,068,351</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, 2015:

	<u>Balances April 30, 2014</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, 2015</u>
Timber and timberlands	\$ 1,862,000	\$ 152,500	\$ -	\$ -	\$ 2,014,500
Beneficial interest in charitable remainder trust	<u>3,206,351</u>	<u>233,641</u>	<u>-</u>	<u>-</u>	<u>3,439,992</u>
 Total	 <u>\$ 5,068,351</u>	 <u>\$ 386,141</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 5,454,492</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, 2015

\$ 386,141

JEROME FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended April 30, 2015 and 2014

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, 2014:

	Balances April 30, 2013	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, 2014
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>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

NOTE 3 - INVESTMENTS

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

	<u>2015</u>	<u>2014</u>
Money market funds and short-term investments	\$ 523,963	\$ 552,159
Mutual fund – domestic stocks	54,206,219	52,174,662
Mutual fund- international stocks	17,589,220	17,297,546
Mutual fund - bonds	20,469,059	19,332,422
Timber and timberlands	<u>2,014,500</u>	<u>1,862,000</u>
	<u>\$ 94,802,961</u>	<u>\$ 91,218,789</u>

Realized gains associated with the Foundation's investments for the years ended April 30, 2015 and 2014 were \$87,871 and \$46,900, respectively. Unrealized gains associated with the Foundation's investments for the years ended April 30, 2015 and 2014 were \$5,082,662 and \$8,564,900, 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, 2015 and 2014

NOTE 4 - RELATED PARTY TRANSACTIONS

The individual Directors who serve on the Board of the Foundation were elected as individual Trustees of the Camargo Foundation in early 2013. The two foundations are legally separate entities. The Foundation is a grant making foundation and Camargo Foundation is an operating foundation. The Camargo Foundation, constituted in New York State, conducts its program operations in Cassis, France and operates on a calendar fiscal year. The foundations were founded, in different years, by artist and philanthropist Jerome Hill. The Camargo Foundation is a residential center offering programming in the humanities and the arts. For the year ended April 30, 2015, the Foundation awarded two grants totaling \$226,375 in support of Camargo Foundation's operations in 2014 and 2015. As of April 30, 2015, the Foundation had paid \$196,053 of the grant commitments. In addition, the Foundation donated staff services, travel, and meeting support valued at \$62,450 during the year ended April 30, 2015.

Summarized unaudited financial information for Camargo as of and for the year ended December 31 is as follows:

	<u>2014</u>	<u>2013</u>
Total assets	\$ 13,415,112	\$ 13,209,625
Total liabilities	297	7,713
Total net assets	<u>\$ 13,414,143</u>	<u>\$ 13,201,912</u>
Operating revenue	\$ 482,020	\$ 366,550
Investment gains	484,385	1,809,382
Qualifying distributions	(445,835)	(337,143)
Other operating expenses	(308,339)	(158,146)
Change in net assets	<u>\$ 212,231</u>	<u>\$ 1,680,643</u>

NOTE 5 - PROPERTY AND EQUIPMENT

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

	<u>2015</u>	<u>2014</u>
Equipment	\$ 63,725	\$ 63,725
Vehicle	23,006	23,006
Leasehold improvements	66,524	66,524
Totals	<u>153,255</u>	<u>153,255</u>
Less: Accumulated depreciation	<u>148,340</u>	<u>146,655</u>
Net Property and Equipment	<u>\$ 4,915</u>	<u>\$ 6,600</u>

JEROME FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended April 30, 2015 and 2014

NOTE 6 - GRANT COMMITMENTS PAYABLE

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

	<u>2015</u>	<u>2014</u>
Grant commitments payable, beginning of year	\$ 629,608	\$ 1,013,478
Grants awarded	3,841,293	3,213,390
Payments	<u>(3,774,317)</u>	<u>(3,597,260)</u>
Grant commitments payable, end of year	<u>\$ 696,584</u>	<u>\$ 629,608</u>

Grant commitments payable at April 30, 2015 are expected to be paid during the year ending April 30, 2016.

NOTE 7 - FEDERAL EXCISE TAX

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

	<u>2015</u>	<u>2014</u>
Provision		
Current	\$ (32,822)	\$ (23,956)
Deferred	<u>33,073</u>	<u>(12,570)</u>
Totals	<u>\$ 251</u>	<u>\$ (36,526)</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, 2015 and 2014.

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, 2015 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, 2015 and 2014, respectively. Retirement plan expense was \$43,083 and \$39,924 for the years ended April 30, 2015 and 2014, respectively.

JEROME FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended April 30, 2015 and 2014

NOTE 9 - FUNCTIONAL EXPENSES

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

	<u>2015</u>	<u>2014</u>
Programs	\$ 3,891,374	\$ 3,281,125
Management and general	<u>986,675</u>	<u>794,106</u>
Totals	<u>\$ 4,878,049</u>	<u>\$ 4,075,231</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 \$63,454 and \$61,568 for the years ended April 30, 2015 and 2014, respectively. At April 30, 2015, the minimum lease payments were as follows:

Year Ending April 30:	
2016	\$ 54,371
2017	55,175
2018	55,980
2019	<u>23,465</u>
Total Lease Commitments	<u>\$ 188,991</u>

NOTE 11 - NET ASSETS

Temporarily restricted net assets as of April 30, 2015 and 2014 consist of funds related to the Foundation's beneficial interest in a charitable remainder trust.

	<u>2015</u>	<u>2014</u>
Beneficial interest in a charitable remainder trust	<u>\$ 3,439,992</u>	<u>\$ 3,206,351</u>