

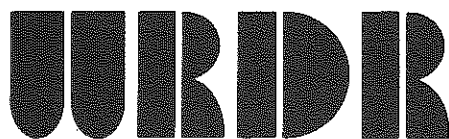
**RIALTO SQUARE THEATRE FOUNDATION
(AN ILLINOIS NOT-FOR-PROFIT CORPORATION)**

**COMPONENT UNIT
FINANCIAL STATEMENTS
JUNE 30, 2011**

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WERMER, ROGERS, DORAN & RUZON LLC CERTIFIED PUBLIC ACCOUNTANTS

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To the Board of Directors
Rialto Square Theatre Foundation
Joliet, Illinois

Independent Auditor's Report

We have audited the accompanying statements of financial position of Rialto Square Theatre Foundation (an Illinois not-for-profit corporation), a component unit of Will County Metropolitan Exposition And Auditorium Authority, as of June 30, 2011 and 2010, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of Rialto Square Theatre Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rialto Square Theatre Foundation, as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Organization Data on page 16 is 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.

Wermar, Rogers, Doran + Ruzon, LLC

February 13, 2012

RIALTO SQUARE THEATRE FOUNDATION

Statements Of Financial Position June 30,

ASSETS	2011	2010
Current Assets		
Cash	\$ 231,977	\$ 336,024
Investments	92,583	81,056
Pledges Receivable - Current	16,052	37,512
Accrued Interest Receivable	5	4
Grant Advance	9,732	9,732
Inventory	6,877	6,119
Due From WCMEAA	98,812	4,414
Total Current Assets	<u>456,038</u>	<u>474,861</u>
Non-Current Assets		
Endowment Investments	676,492	581,835
Pledges Receivable - Non-Current	<u>20,548</u>	<u>28,668</u>
Total Non-Current Assets	<u>697,040</u>	<u>610,503</u>
Total Assets	<u><u>\$ 1,153,078</u></u>	<u><u>\$ 1,085,364</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Custodial Accounts	\$ 148,712	\$ 122,501
Due To WCMEAA	12,162	10,452
Deferred Revenue	<u>6,098</u>	<u>5,098</u>
Total Current Liabilities And Total Liabilities	<u>166,972</u>	<u>138,051</u>
Net Assets		
Unrestricted	327,740	149,353
Temporarily Restricted	101,775	256,236
Permanently Restricted	<u>556,591</u>	<u>541,724</u>
Total Net Assets	<u>986,106</u>	<u>947,313</u>
Total Liabilities And Net Assets	<u><u>\$ 1,153,078</u></u>	<u><u>\$ 1,085,364</u></u>

The Accompanying Notes Are An Integral Part Of These Statements.

RIALTO SQUARE THEATRE FOUNDATION

Statements Of Activities
For The Years Ended June 30,

CHANGES IN UNRESTRICTED NET ASSETS	<u>2011</u>	<u>2010</u>
Support And Revenue:		
Direct Support		
Grants	\$ -	\$ 5,000
Government Grants	35,254	272,772
Sustaining Fund	61,091	61,108
Donations	<u>12,376</u>	<u>3,925</u>
Total Direct Support	<u>108,721</u>	<u>342,805</u>
Revenue		
Dividends	4,086	1,905
Other Income	11,928	11,873
Interest	330	2,525
Net Realized And Unrealized Gain On Long-Term Investments	<u>98,552</u>	<u>40,405</u>
Total Revenue	<u>114,896</u>	<u>56,708</u>
Net Assets Released From Restrictions	<u>377,648</u>	<u>391,128</u>
Total Support And Revenue	<u>601,265</u>	<u>790,641</u>
Expenses		
Program Services	388,906	1,191,724
Support Services		
Management And General	19,719	26,027
Fundraising	<u>14,253</u>	<u>14,167</u>
Total Expenses	<u>422,878</u>	<u>1,231,918</u>
Increase (Decrease) In Unrestricted Net Assets	<u>178,387</u>	<u>(441,277)</u>

(Continued)

The Accompanying Notes Are An Integral Part Of These Statements.

RIALTO SQUARE THEATRE FOUNDATION

Statements Of Activities
For The Years Ended June 30,

	<u>2011</u>	<u>2010</u>
CHANGES IN TEMPORARY RESTRICTED NET ASSETS		
Direct Support		
Improvement Donations	\$ 214,380	\$ 222,830
Capital Campaign Fundraiser Donations	<u>8,807</u>	<u>10,220</u>
Total Direct Support	<u>223,187</u>	<u>233,050</u>
 Net Assets Released From Restrictions	 (\$ <u>377,648</u>)	 (\$ <u>391,128</u>)
(Decrease) In Temporarily Restricted Net Assets	(<u>154,461</u>)	(<u>158,078</u>)
 CHANGES IN PERMANENTLY RESTRICTED NET ASSETS		
Direct Support		
Endowment Donations	8,080	1,270
Preservation Dues	<u>6,787</u>	<u>6,790</u>
Increase In Permanently Restricted Net Assets	<u>14,867</u>	<u>8,060</u>
Increase (Decrease) In Net Assets	38,793 (591,295)
 Net Assets, Beginning Of Year	 <u>947,313</u>	 <u>1,538,608</u>
 Net Assets, End Of Year	 <u>\$ 986,106</u>	 <u>\$ 947,313</u>

The Accompanying Notes Are An Integral Part Of These Statements.

RIALTO SQUARE THEATRE FOUNDATION

Statement Of Functional Expense For The Year Ended June 30, 2011

	<u>Program Services</u>	<u>Management And General</u>	<u>Support Services Fund Raising</u>
Support To Primary Government	\$ 388,906	\$ -	\$ -
Fundraising	-	-	5,924
Capital Campaign Expenditures	-	-	2,900
Professional Fees	-	5,600	-
Office Supplies	-	1,247	-
Development Expenditures	-	-	175
Sustaining Fund Expenditures	-	-	5,254
Bad Debt Expenditures	-	270	-
Trust Fees	-	8,490	-
Conferences And Meetings	-	2,901	-
Miscellaneous	-	1,211	-
	<u>\$ 388,906</u>	<u>\$ 19,719</u>	<u>\$ 14,253</u>
Total Functional Expenses	<u>\$ 388,906</u>	<u>\$ 19,719</u>	<u>\$ 14,253</u>

Statement Of Functional Expense For The Year Ended June 30, 2010

	<u>Program Services</u>	<u>Management And General</u>	<u>Support Services Fund Raising</u>
Support To Primary Government	\$ 1,191,724	\$ -	\$ -
Fundraising	-	-	4,463
Capital Campaign Expenditures	-	-	5,378
Professional Fees	-	5,500	-
Office Supplies	-	1,190	-
Development Expenditures	-	-	273
Sustaining Fund Expenditures	-	-	4,053
Bad Debt Expenditures	-	10,755	-
Trust Fees	-	7,776	-
Miscellaneous	-	806	-
	<u>\$ 1,191,724</u>	<u>\$ 26,027</u>	<u>\$ 14,167</u>
Total Functional Expenses	<u>\$ 1,191,724</u>	<u>\$ 26,027</u>	<u>\$ 14,167</u>

The Accompanying Notes Are An Integral Part Of These Statements.

<u>Total Support Services</u>	<u>Total</u>
\$ -	\$ 388,906
5,924	5,924
2,900	2,900
5,600	5,600
1,247	1,247
175	175
5,254	5,254
270	270
8,490	8,490
2,901	2,901
1,211	1,211
<u>\$ 33,972</u>	<u>\$ 422,878</u>

<u>Total Support Services</u>	<u>Total</u>
\$ -	\$ 1,191,724
4,463	4,463
5,378	5,378
5,500	5,500
1,190	1,190
273	273
4,053	4,053
10,755	10,755
7,776	7,776
806	806
<u>\$ 40,194</u>	<u>\$ 1,231,918</u>

RIALTO SQUARE THEATRE FOUNDATION

Statements Of Cash Flows
For The Years Ended June 30,

	<u>2011</u>	<u>2010</u>
<u>Increase (Decrease) In Cash</u>		
Cash Flows From Operating Activities		
Increase (Decrease) In Net Assets	\$ 38,793	(\$ 591,295)
Adjustments To Reconcile Increase (Decrease) In Net Assets		
To Net Cash (Used In) Operating Activities		
Unrealized (Appreciation) On Investments	#REF!	#REF!
Changes In Assets And Liabilities		
Pledges Receivable	29,580	97,028
Accrued Interest Receivable	(1)	12
Grant Advance	-	670
Inventory	(758)	(621)
Due From WCMEAA	(94,398)	497,513
Custodial Accounts	26,211	10,705
Due To WCMEAA	1,710	(2,983)
Accounts Payable	-	(1,500)
Deferred Revenue	1,000	-
Total Adjustments	#REF!	#REF!
Net Cash (Used In) Operating Activities	#REF!	#REF!
Cash Flows From Investing Activities		
Purchase Of Investments	(7,632)	(6,297)
Net Cash (Used In) Investing Activities	(7,632)	(6,297)
Net Decrease In Cash	#REF!	#REF!
Cash, Beginning Of Year	336,024	373,197
Cash, End Of Year	#REF!	#REF!

The Accompanying Notes Are In Integral Part Of These Statements.

RIALTO SQUARE THEATRE FOUNDATION

Notes To Financial Statements
June 30, 2011

1. Summary Of Significant Accounting Policies

Organization

The Rialto Square Theatre Foundation ("RSTF" or "Foundation") was established January 1, 1989 by the Will County Metropolitan Exposition and Auditorium Authority (WCMEAA). WCMEAA is a unit of local government created by the State of Illinois in 1978 and is the owner of the Rialto Square Theatre Complex, a grouping of commercial, office and theatre buildings in Joliet, Illinois. The RSTF currently has a 7 member Board of Directors.

The WCMEAA with the assistance of several community leaders and professional consultants, worked to establish RSTF to manage the theatre operations. As of January 1, 1994, the role of RSTF was significantly modified. This modification is a result of an agreement between WCMEAA and the City of Joliet. The revised purpose of RSTF is to conduct fundraising. All other activities that were the responsibility of the RSTF are now performed by the WCMEAA.

Financial Reporting Entity

Accounting principles generally accepted in the United States of America established by the Governmental Accounting Standards Board, defines a financial reporting entity and other entities that qualify as potential component units. The criterion for an entity to be a component unit of another entity (primary government) is for that primary government entity to have responsibility to oversee, this responsibility includes but is not limited to the following considerations: financial interdependency; selection of governing authority; designation of management; ability to significantly influence operations; accountability for fiscal matters; the scope of an organization's public service; and/or special financing relationships.

Based on the above criterion, the Rialto Square Theatre Foundation, for the year ended June 30, 2011, has met the definition as a component unit of the Will County Metropolitan Exposition And Auditorium Authority. The considerations for the Rialto Square Theatre Foundation to be a component unit of the Will County Metropolitan Exposition And Auditorium Authority are: selection of governing authority; ability to significantly influence operations; and accountability for financial matters.

Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as a charitable organization whereby only unrelated business income, as defined by Section 509(a)(1) of the Code, is subject to federal income tax. The Foundation currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded. The Foundation is not considered a private foundation.

Accounting Basis

Assets and liabilities, and revenues and expenses are accounted for on the accrual basis.

RIALTO SQUARE THEATRE FOUNDATION

Notes To Financial Statements
June 30, 2011

1. Summary Of Significant Accounting Policies

Use Of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from estimated amounts.

Endowment Investments

Endowment investments consists of all donor restricted endowment contributions as well as any undistributed earnings. Earnings of the fund are unrestricted and may be used as directed by the Foundation board of directors. The endowment investments had net income and net deficit of \$94,657 and \$40,716 for the years ended June 30, 2011 and 2010, respectively. These amounts include trust fees of \$7,131 and \$6,513 for the years ended June 30, 2011 and 2010, respectively.

Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments that are readily convertible into cash within ninety days of purchase. Cash and cash equivalents are presented on both the Statement Of Financial Position and the Statement Of Cash Flows as "Cash".

Investments

Investments of the Foundation are stated at fair value (See note 4). Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair value. Unrealized gains and losses are included in the change in net assets.

Inventory

Inventories represent souvenirs for sale purchased by the Rialto Square Theatre Volunteers Organization. Inventories are stated at the lower of cost (first-in, first-out basis) or market.

Custodial Accounts

Custodial accounts are presented as a liability on the balance sheet. They represent amounts on deposit of the Rialto Square Theatre Volunteers Organization. The Rialto Square Theatre Volunteers Organization and Fund was established by the Board of Directors of the Rialto Square Theatre Foundation. The purpose of the organization is to provide volunteer manpower and to promote and support programs of the Rialto Square Theatre. The income generated is transferred to the Will County Metropolitan Exposition and Auditorium Authority to be used as directed by the Volunteer Board of Directors. At June 30, 2011, \$153,997 included in "Cash" represents volunteer funds.

Deferred Revenue

Deferred revenue at June 30, 2011 consists of sponsorship revenues outstanding for Arts in Education.

RIALTO SQUARE THEATRE FOUNDATION

Notes To Financial Statements
June 30, 2011

1. Summary Of Significant Accounting Policies

Revenue Recognition

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the fiscal year in which the contributions are recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending upon the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. An allowance for uncollectible pledges has not been recorded. Pledges for contributions are recorded as received. Investment income that is limited to specific uses by donor restrictions is reported as increases in unrestricted net assets if the restrictions are met in the same reporting period as the income is recognized.

Functional Expenses

Functional expenses have been allocated between program services and supporting services based on a method developed by the Foundation.

2. Restrictions On Assets

Temporarily restricted net assets consist of contributions for capital purchases, and pledges to be received in future periods. Permanently restricted net assets consist of Endowment fund contributions.

3. Pledges Receivable

Unconditional pledges receivable are as follows:

	June 30,	
	2011	2010
Receivable In Less Than One Year	\$ 16,052	\$ 37,512
Receivable In One To Five Years	23,750	34,677
Total Unconditional Pledges Receivable	39,802	72,189
Less Discounts To Net Present Value	3,202	6,009
Net Uncollected Promises To Give	<u>\$ 36,600</u>	<u>66,180</u>

A 6% discount rate was used to present value long-term pledges receivable.

RIALTO SQUARE THEATRE FOUNDATION

Notes To Financial Statements
June 30, 2011

4. Investments And Endowment Investments

Investments and Endowment Investments at year-end are as follows:

	2011		2010	
	Cost	Market Value	Cost	Market Value
Money Market	\$ 55,670	\$ 55,670	\$ 55,552	\$ 55,552
Deposit Accounts	15,787	15,787	15,781	15,781
Government Money				
Market Funds	24,915	24,915	21,873	21,873
First Midwest Equity Funds	363,832	408,490	366,301	336,958
First Midwest Fixed Income Fund	260,280	264,213	223,192	232,727
Total Investments	<u>\$ 720,484</u>	<u>\$ 769,075</u>	<u>\$ 682,699</u>	<u>\$ 662,891</u>

The RSTF's investment policy requires that long-term investments may only be invested in:

- 1) Common stocks, with primary emphasis on high quality, investment grade, dividend-paying stocks in companies that are financially sound.
- 2) U.S. treasury securities, commercial paper rated A-1 or P-1, and money market securities.
- 3) Securities rated in the three highest categories by Moody's Investors Service or Standard and Poor's corporation.

Accounting principles generally accepted in the United State of America provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under US GAAP are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2 - Inputs to the valuation methodology include:

quoted prices for similar assets or liabilities in active markets;

quoted prices for identical or similar assets or liabilities in active markets;

RIALTO SQUARE THEATRE FOUNDATION

Notes To Financial Statements
June 30, 2011

4. Investments And Endowment Investments

inputs other than quoted prices that are observable for the asset or liability;
inputs that are derived principally from or corroborated by observable market data by
correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be
observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value
measurement.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels
of the fair value hierarchy. The lowest level of significant input determines the placement of the entire
fair value measurement in the hierarchy.

The following descriptions of the valuation methods and assumptions used by the Foundation to
estimate the fair values of investments apply to investments held directly by the Foundation.

Mutual Funds: The fair values of mutual fund investments are determined by obtaining quoted prices
on nationally recognized securities exchanges (level 1 inputs).

Private Bank Mutual Funds: The fair values of private bank mutual funds are determined by fund
managers based on the quoted prices of the underlying assets (level 2 inputs). Funds consist of a
investments with quoted prices on nationally recognized securities exchanges. The funds provide for
daily redemptions by the Foundation at reported unit value, with no advance notification required.

Money Market: Fair values of money market deposit account balances have been determined based
upon their quoted redemption prices and recent transaction prices of \$1.00 per share (level 2 inputs),
with no discounts for credit quality or liquidity restrictions.

Each year, the investing plan will include a spending rate. Annual distributions may not exceed 5%
equities of the fund balance after adjusting for inflation.

The reporting of major categories of assets measured at fair value was not required at June 30, 2010
and therefore has not been presented below. The following are the major categories of assets
measured at fair value on a recurring basis in the financial statements as of June 30, 2011:

	Level 1	Level 2	Level 3	Total
Deposit Accounts	\$ 15,787	\$ -	\$ -	\$ 15,787
Government Money Market Funds	24,915			24,915
First Midwest Funds:				
Domestic Equity Funds	-	408,490	-	408,490
Fixed Income Funds	-	264,213	-	264,213
Money Market	55,670	-	-	55,670
	<u>\$ 96,372</u>	<u>\$ 672,703</u>	<u>\$ -</u>	<u>\$ 769,075</u>

RIALTO SQUARE THEATRE FOUNDATION

Notes To Financial Statements
June 30, 2011

4. Investments And Endowment Investments

Endowment net asset composition by type of fund as of June 30, 2011 is as follows:

	Unrestricted	Permanently Restricted	Total Net Endowment Assets
Endowment Net Assets, Beginning Of Year	\$ 12,652	\$ 541,724	\$ 554,376
Contributions	-	14,867	14,867
Investment Income	14,316	-	14,316
Net Appreciation	87,464	-	87,464
Interest Appropriated To WCMEAA	(94,521)	-	(94,521)
Trust Fees	(7,131)	-	(7,131)
Endowment Net Assets, End Of Year	<u>\$ 12,780</u>	<u>\$ 556,591</u>	<u>\$ 569,371</u>

Implementation Of FSP FAS 117-1

In August 2008, the Financial Accounting Standards Board (FASB) issued FASB Staff Position No. FAS 117-1, "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds" (FSP FAS 117-1). FSP FAS 117-1 provides guidance on the net asset classification of donor-restricted endowment funds of a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management Institutional Funds Act of 2006 (UPMIFA). FSP FAS 117-1 also requires additional disclosures about an organization's endowment funds (both donor restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

The State of Illinois enacted UPMIFA effective June 30, 2009, the provisions of which apply to endowment funds existing or established after that date. The Foundation adopted FSP FAS 117-1 for the year ending June 30, 2011. The board of directors has determined that the Foundation's permanently restricted net assets meet the definition of endowment funds under UPMIFA.

RIALTO SQUARE THEATRE FOUNDATION

Notes To Financial Statements
June 30, 2011

5. Return On Investments

Return on investments consists of the following:

	June 30, 2011	2010
Interest Earned On Cash Equivalents	\$ 220	\$ 2,288
Dividends And Interest	16,115	14,015
Unrealized Gain (Loss), Net	98,552	40,405
Management Fees	(8,490)	(7,776)
 Return On Investments	 <u>\$ 106,397</u>	 <u>\$ 48,932</u>

Reconciliation of above note to Statement of Activities:

	June 30, 2011	2010
Dividends	\$ 4,086	\$ 1,905
Other Income	11,919	11,873
Interest	330	2,525
Management And General - Trust Fees	(8,490)	(7,776)
Net Unrealized And Realized Gain (Loss) On Long-Term Investments	<u>98,552</u>	<u>40,405</u>
 Return On Investments	 <u>\$ 106,397</u>	 <u>\$ 48,932</u>

6. Transactions With Primary Government

During the current year, the Rialto Square Theatre Foundation transferred \$404,867 to the Will County Metropolitan Exposition And Auditorium Authority (Primary Government). Of that amount, \$15,961 was transferred from the RSTF agency fund to purchase equipment.

7. By-Laws Revision

During the current year, the Rialto Square Theatre Foundation by-laws were revised. Among other revisions, the by-laws establish a separate board of directors. Previously, the Will County Metropolitan Exposition And Auditorium Authority (Primary Government) and the Rialto Square Theatre Foundation shared a common board.

RIALTO SQUARE THEATRE FOUNDATION

Notes To Financial Statements
June 30, 2011

8. Donated Services

The Foundation receives a significant amount of donated services from unpaid volunteers. No amounts have been recognized because the criteria for recognition under ASC 958-605 have not been satisfied.

9. Subsequent Events

Subsequent events were evaluated through February 13, which is the date the financial statements were available to be issued.

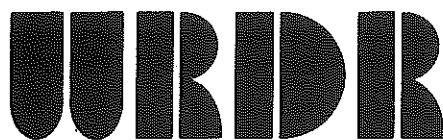
RIALTO SQUARE THEATRE FOUNDATION

June 30, 2011

BOARD OF DIRECTORS

President
Vice-President
Secretary
Treasurer
Director
Director
Director

David Hacker
James V. Smith
David Thornton
Randall Green
Mary Babich
Lee Ann Goodson
Robert Rogina



WERMER, ROGERS, DORAN & RUZON LLC CERTIFIED PUBLIC ACCOUNTANTS

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To the Board of Directors
Rialto Square Theatre Foundation
Joliet, Illinois

Communication of a Material Weakness

In planning and performing our audit of the financial statements of Rialto Square Theatre Foundation, (Foundation) as of and for the year ended June 30, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

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

Preparation of the Financial Statements

The Board of Directors and management share the responsibility for the Foundation's internal control system. While it is acceptable to outsource various accounting functions, the responsibility for internal control cannot be outsourced. The Foundation engages Wermer, Rogers, Doran & Ruzon, LLC (WRDR) to assist in preparing its financial statements and accompanying disclosures. However, as independent auditors, WRDR cannot be considered part of the Foundation's internal control system. To establish proper internal control over the preparation of its financial statements, including disclosures, the Foundation should design and implement a comprehensive review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such review procedures should be performed by an individual possessing a thorough understanding of applicable generally accepted accounting principles, and knowledge of the Foundation's activities and operations. Currently, the Foundation's personnel do not have sufficient financial reporting and accounting knowledge to perform a review of the Foundation's financial statements and related disclosures to provide a high level of assurance that any potential material omissions or other errors would be identified and corrected.

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

Wermer, Rogers, Doran & Ruzon, LLC

February 13, 2012



WERMER, ROGERS, DORAN & RUZON LLC CERTIFIED PUBLIC ACCOUNTANTS

755 ESSINGTON ROAD, JOLIET, ILLINOIS 60435 • 815/730-6250 • FAX 815/730-6257 • WWW.WRDR.COM

February 13, 2012

To the Board of Directors
Rialto Square Theatre Foundation
Joliet, Illinois

Communication with Those Charged with Governance at the Conclusion of the Audit

We have audited the financial statements Rialto Square Theatre Foundation for the year ended June 30, 2011. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 27, 2011. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Rialto Square Theatre Foundation are described in Note 1 to the financial statements. Accounting Standards (GASB Statement) No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, became effective in 2011. Because the Foundation is a component unit of the WCMEAA, GASB statement No. 54 resulted in various presentation changes for the Foundation. No other new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2011. We noted no transactions entered into by the Foundation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

The financial statement disclosures 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. Management has corrected all such misstatements. We have attached a list of adjustments at the end of this letter which were corrected by management. Many of the adjustments relate to reclassifications for financial reporting purposes.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 13, 2012.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Foundation's financial statements or a determination of the type of auditor's 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.

Other Audit Findings or Issues

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

Other Information in Documents Containing Audited Financial Statements

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 U.S. generally accepted accounting principles, 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 use of the Board of Directors and management of Rialto Square Theatre Foundation and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Werner, Rogers, Doran + Rogers, LLC

Adjusting Journal Entries
Fund 60 - General Rialto
WCMEAA/RSTC
June 30, 2011

AJE No.	Account Description	W/P Ref	Account Number	Lead	Sublead	Debits	Credits
1	GENERAL FUND BALANCE	3000.01	3-1-29800R	56000			4,876.51
1	ENDOW RESTRICTED FUND BALANCE		3-2-29800R	56000		19,568.28	
1	VOL FUND RESTRICTED FUND BAL		3-3-29800R	56000			10,705.17
1	DS FUND BALANCE		3-4-29000	5700			97.56
1	RETAINED EARNINGS		3-1-29800	5700		97.56	
1	CAP CAMP PLEDGES RECEIVABLE		1-4-11300R	23200		91,341.60	
1	CC PLDGE RCVBLE CURRENT PORTIO		1-4-11301R	23200			102,096.60
1	CAP CAMP PLDGE RCVBLE DISCOUNT		1-4-11310R	23200		6,768.40	
1	ENDOW FUND DUE FRM CC FUND		1-2-11009R	23500			315.00
1	CAP CAMP DUE TO ENDOWMENT FUND		2-4-20120R	45250		315.00	

To adjust one sided entries made by the client and prior year adjustment not booked by client

3	CAP CAMP PLDGE RCVBLE DISCOUNT	1200.07	1-4-11310R	23200		817.47	
3	CAP CAMP IMPROVEMENT DONATIONS		6-4-70002R	060080			817.47
3	CAP CAMP PLDGE RCVBLE DISCOUNT		1-4-11310R	23200		111.97	
3	CAP CAMP IMPROVEMENT DONATIONS		6-4-70002R	060080			111.97
3	CAP CAMP PLDGE RCVBLE DISCOUNT		1-4-11310R	23200		525.55	
3	CAP CAMP IMPROVEMENT DONATIONS		6-4-70002R	060080			525.55
3	CAP CAMP PLDGE RCVBLE DISCOUNT		1-4-11310R	23200		1,352.57	
3	CAP CAMP IMPROVEMENT DONATIONS		6-4-70002R	060080			1,352.57

Amortize the discount over the future years

4	CAP CAMP PLEDGES RECEIVABLE	1200.06	1-4-11300R	23200		21,459.70	
4	CC PLDGE RCVBLE CURRENT PORTIO		1-4-11301R	23200			21,459.70

To reclassify pledge receivable current portion

5	GEN SUSTAINING FUND DONATION	4000.045	6-1-70902R	060040		6,787.85	
5	ENDOW %AGE OF PRZRVIN DUES		6-2-70012R	060110			6,787.85
5	ENDOW DUE FROM GENERAL		1-2-11006R	23850		6,787.85	
5	GEN FUND DUE TO ENDOWMENT		2-1-20120R	44750			6,787.85

To record allocation of endowment portion of STAR donations

9	CAP CAMP DUE TO WCMEAA		2-4-20100R	44500		115,156.56	
9	CAP CAMP IMPROVEMENT DONATIONS		6-4-70002R	060080			115,156.56

To reclass 2005-2011 capital campaign promotional expense payable to WCMEAA and record WCMEAA contribution to underwrite the same

12	CAP CAMP GRANT TO WCMEAA		6-4-40202R	66010		16,112.43	
12	CAP CAMP DUE FROM WCMEAA		1-4-11005R	35000			16,050.00
12	CAP CAMP PLEDGES RECEIVABLE		1-4-11300R	23200			62.43

To record RSTF general fund check #6120 grant to WCMEAA from General fund from cap camp fund paid by authority deposits into general fund and not previously recorded into cap camp fund.

13	CAP CAMP DUE FROM WCMEAA		1-4-11005R	35000		249.72	
13	CAP CAMP PLEDGES RECEIVABLE		1-4-11300R	23200			249.72

To record payroll deduction received from WCMEAA

14	CAP CAMP DUE FROM WCMEAA		1-4-11005R	35000		57.43	
14	CAP CAMP PLEDGES RECEIVABLE		1-4-11300R	23200			57.43

To record 6/20/11 P/R deduction yet to be received by WCMEAA check # 38922 dated 7/13/11

15	CAP CAMP PLEDGES RECEIVABLE		1-4-11300R	23200		4,750.00	
15	CAP CAMP DUE FROM WCMEAA		1-4-11005R	35000			4,750.00

To reclass Biedron cc endowment pledge receivable and to record \$250 receivable fromo WCMEAA

16	CAP CAMP PLEDGES RECEIVABLE		1-4-11300R	23200		350.00	
16	CAP CAMP DUE FROM WCMEAA		1-4-11005R	35000			350.00

To reclass Sept 2010 duplicate entries

17	CAP CAMP PLEDGES RECEIVABLE		1-4-11300R	23200		50.00	
17	CAP CAMP DUE FROM WCMEAA		1-4-11005R	35000			50.00

To reclass original CCF pedge received and paid by WCMEAA to RSTF CCF but should have been closed as a WCMEAA refund for FOT

Totals

292,659.94	292,659.94
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Adjusting Journal Entries
Fund 80 - Endowment Rialto
WCMEAA/RSTC
June 30, 2011

AJE No.	Account Description	W/P Ref	Account Number	Lead	Sublead	Debits	Credits
1	GENERAL FUND BALANCE	3000.01	3-1-29800R	56000			4,876.51
1	ENDOW RESTRICTED FUND BALANCE		3-2-29800R	56000		19,568.28	
1	VOL FUND RESTRICTED FUND BAL		3-3-29800R	56000			10,705.17
1	DS FUND BALANCE		3-4-29000	5700			97.56
1	RETAINED EARNINGS		3-1-29800	5700		97.56	
1	CAP CAMP PLEDGES RECEIVABLE		1-4-11300R	23200		91,341.60	
1	CC PLDGE RCVBLE CURRENT PORTIO		1-4-11301R	23200			102,096.60
1	CAP CAMP PLDGE RCVBLE DISCOUNT		1-4-11310R	23200		6,768.40	
1	ENDOW FUND DUE FRM CC FUND		1-2-11009R	23500			315.00
1	CAP CAMP DUE TO ENDOWMENT FUND		2-4-20120R	45250		315.00	
To adjust one sided entries made by the client and prior year adjustment not booked by client							
5	GEN SUSTAINING FUND DONATION	4000.045	6-1-70902R	060040		6,787.85	
5	ENDOW %AGE OF PRZRVTN DUES		6-2-70012R	060110			6,787.85
5	ENDOW DUE FROM GENERAL		1-2-11006R	23850		6,787.85	
5	GEN FUND DUE TO ENDOWMENT		2-1-20120R	44750			6,787.85
To record allocation of endowment portion of STAR donations							
10	ENDOW CHKG # 0502003791		1-2-10000R	020000			1,965.00
10	EF MMA RESTRICTED PORTION		1-2-10001R	20500		1,965.00	
10	MAJOR ENDOW # 41-0337-01-8		1-2-10100R	29000			40,413.50
10	EF MAJOR UNRESTRICTED PORTION		1-2-10101R	029000		40,413.50	
To reclassify endowment funds as recorded in prior year							
11	MAJOR ENDOW # 41-0337-01-8	140.20	1-2-10100R	29000			94,531.44
11	ENDOW RESTRICTED FUND BALANCE		3-2-29800R	56000			27,628.11
11	EF MAJOR UNRESTRICTED PORTION		1-2-10101R	029000		94,531.44	
11	ENDOW UNRESTRICTED FUND BALANC		3-2-29850R	056000		27,628.11	
To balance endowment funds							
Totals						296,204.59	296,204.59

