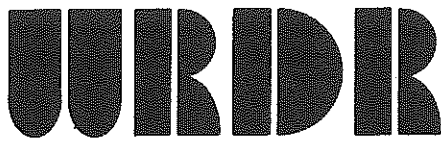


**RIALTO SQUARE THEATRE FOUNDATION
(AN ILLINOIS NOT-FOR-PROFIT CORPORATION)**

**COMPONENT UNIT
FINANCIAL STATEMENTS
JUNE 30, 2013**

Table of Contents

	Page
Independent Auditor's Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4-5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8
Notes to Financial Statements	9-16
Supplementary Information	
Schedule of Organization Data	17



WERMER, ROGERS, DORAN & RUZON LLC CERTIFIED PUBLIC ACCOUNTANTS

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

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

Independent Auditor's Report

We have audited the accompanying financial statements of Rialto Square Theatre Foundation (an Illinois not-for-profit corporation), a component unit of Will County Metropolitan Exposition and Auditorium Authority, which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities, functional expenses, 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.

Auditor's 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 audit 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 auditor's 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 Rialto Square Theatre Foundation as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were 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.

Werner, Rogers, Doran + Rogers, LLC

February 6, 2014

RIALTO SQUARE THEATRE FOUNDATION

Statements of Financial Position June 30,

ASSETS	2013	2012
Current Assets		
Cash	\$ 175,151	\$ 212,449
Investments	-	92,440
Pledges Receivable - Current	32,350	11,245
Accrued Interest Receivable	10	3
Grant Advance	9,456	9,455
Inventory	11,615	6,877
Due from WCMEAA	381,113	291,101
Total Current Assets	<u>609,695</u>	<u>623,570</u>
Non-Current Assets		
Endowment Investments	1,011,225	781,725
Pledges Receivable - Non-Current	71,099	11,002
Total Non-Current Assets	<u>1,082,324</u>	<u>792,727</u>
Total Assets	<u>\$ 1,692,019</u>	<u>\$ 1,416,297</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Custodial Accounts	\$ 140,726	\$ 144,181
Due to WCMEAA	209,693	178,647
Deferred Revenue	98	98
Total Current Liabilities and Total Liabilities	<u>350,517</u>	<u>322,926</u>
Net Assets		
Unrestricted	395,394	364,515
Temporarily Restricted	19,174	47,013
Permanently Restricted	926,934	681,843
Total Net Assets	<u>1,341,502</u>	<u>1,093,371</u>
Total Liabilities and Net Assets	<u>\$ 1,692,019</u>	<u>\$ 1,416,297</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>2013</u>	<u>2012</u>
Support and Revenue:		
Direct Support		
Grants	\$ -	\$ 18,300
Government Grants	-	27,474
Fundraising, Net	83,795	-
Sustaining Fund	69,175	71,128
Donations	<u>14,700</u>	<u>11,288</u>
Total Direct Support	<u>167,670</u>	<u>128,190</u>
Revenue		
Dividends	10,046	8,682
Other Income	21,783	14,926
Interest	121	92
Net Realized and Unrealized Gain (Loss) on Long-Term Investments	<u>43,573</u>	<u>(9,698)</u>
Total Revenue	<u>75,523</u>	<u>14,002</u>
Net Assets Released from Restrictions	<u>28,768</u>	<u>56,217</u>
Total Support and Revenue	<u>271,961</u>	<u>198,409</u>
Expenses		
Program Services	196,787	130,040
Support Services		
Management and General	29,439	22,301
Fundraising	<u>14,856</u>	<u>9,293</u>
Total Expenses	<u>241,082</u>	<u>161,634</u>
Increase in Unrestricted Net Assets	<u>30,879</u>	<u>36,775</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

CHANGES IN TEMPORARILY RESTRICTED NET ASSETS**Direct Support**

Improvement Donations

20132012

\$ 929

\$ 1,455

Total Direct Support

9291,455**Net Assets Released from Restrictions**

(\$ 28,768)

(\$ 56,217)

(Decrease) in Temporarily Restricted Net Assets

(27,839)

(54,762)

CHANGES IN PERMANENTLY RESTRICTED NET ASSETS**Direct Support**

Fundraising, Net

5,893

3,915

Endowment Donations

231,512

113,435

Preservation Dues

7,6867,902

Increase in Permanently Restricted Net Assets

245,091125,252

Increase In Net Assets

248,131

107,265

Net Assets, Beginning of Year1,093,371986,106**Net Assets, End of Year**\$ 1,341,502\$ 1,093,371

RIALTO SQUARE THEATRE FOUNDATION

Statement of Functional Expenses For the Year Ended June 30, 2013

	Program Services	Management and General	Support Services Fund Raising
Support to Primary Government	\$ 196,787	\$ -	\$ -
Capital Campaign Expenditures	-	-	80
Professional Fees	-	5,800	-
Office Supplies	-	4,224	-
Development Expenditures	-	-	230
Sustaining Fund Expenditures	-	-	9,818
Trust Fees	-	9,618	-
Conferences and Meetings	-	2,998	-
Insurance	-	582	-
Printing	-	2,340	3,538
Souvenir	-	-	1,190
Miscellaneous	-	3,877	-
	<u> </u>	<u> </u>	<u> </u>
Total Functional Expenses	<u>\$ 196,787</u>	<u>\$ 29,439</u>	<u>\$ 14,856</u>

Statement of Functional Expenses For the Year Ended June 30, 2012

	Program Services	Management and General	Support Services Fund Raising
Support to Primary Government	\$ 130,040	\$ -	\$ -
Capital Campaign Expenditures	-	-	683
Professional Fees	-	6,800	-
Office Supplies	-	5,660	-
Development Expenditures	-	-	2,194
Sustaining Fund Expenditures	-	-	6,416
Trust Fees	-	8,897	-
Conferences and Meetings	-	344	-
Insurance	-	560	-
Miscellaneous	-	40	-
	<u> </u>	<u> </u>	<u> </u>
Total Functional Expenses	<u>\$ 130,040</u>	<u>\$ 22,301</u>	<u>\$ 9,293</u>

The Accompanying Notes are an Integral Part of These Statements.

<u>Total Support Services</u>	<u>Total</u>
\$ -	\$ 196,787
80	80
5,800	5,800
4,224	4,224
230	230
9,818	9,818
9,618	9,618
2,998	2,998
582	582
5,878	5,878
1,190	1,190
<u>3,877</u>	<u>3,877</u>
<u>\$ 44,295</u>	<u>\$ 241,082</u>

<u>Total Support Services</u>	<u>Total</u>
\$ -	\$ 130,040
683	683
6,800	6,800
5,660	5,660
2,194	2,194
6,416	6,416
8,897	8,897
344	344
560	560
<u>40</u>	<u>40</u>
<u>\$ 31,594</u>	<u>\$ 161,634</u>

RIALTO SQUARE THEATRE FOUNDATION

Statements of Cash Flows For the Years Ended June 30,

Increase (Decrease) in Cash	2013	2012
Cash Flows from Operating Activities		
Increase in Net Assets	\$ 248,131	\$ 107,265
Adjustments to Reconcile Increase in Net Assets to		
Net Cash Provided by (Used in) Operating Activities		
Unrealized (Appreciation) Depreciation on Investments	(43,573)	9,698
Changes in Assets and Liabilities		
Pledges Receivable	(81,202)	14,353
Accrued Interest Receivable	(7)	2
Grant Advance	(1)	277
Inventory	(4,738)	-
Due from WCMEAA	(90,012)	(192,289)
Custodial Accounts	(3,455)	(4,531)
Due to WCMEAA	31,046	166,485
Deferred Revenue	-	(6,000)
Total Adjustments	(191,942)	(12,005)
Net Cash Provided by Operating Activities	56,189	95,260
Cash Flows from Investing Activities		
Purchase of Investments	(264,394)	(114,788)
Proceeds from Sale of Investments	170,907	-
Net Cash (Used in) Investing Activities	(93,487)	(114,788)
Net (Decrease) in Cash	(37,298)	(19,528)
Cash, Beginning of Year	212,449	231,977
Cash, End of Year	\$ 175,151	\$ 212,449

The Accompanying Notes are an Integral Part of These Statements.

RIALTO SQUARE THEATRE FOUNDATION

Notes to Financial Statements
June 30, 2013

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 12 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, 2013, 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: 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, 2013

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 of \$43,328 and \$1,655 for the years ended June 30, 2013 and 2012, respectively. These amounts include trust fees of \$7,881 and \$7,409 for the years ended June 30, 2013 and 2012, 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, 2013, \$131,224 included in "Cash" represents volunteer funds.

Deferred Revenue

Deferred revenue at June 30, 2013 consists of sponsorship revenues outstanding for Arts in Education.

RIALTO SQUARE THEATRE FOUNDATION

Notes to Financial Statements
June 30, 2013

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,	
	2013	2012
Receivable in Less Than One Year	\$ 32,350	\$ 11,245
Receivable in One to Five Years	79,940	12,750
Total Unconditional Pledges Receivable	112,290	23,995
Less Discounts to Net Present Value	8,841	1,748
Net Uncollected Promises to Give	\$ 103,449	\$ 22,247

A 4% discount rate was used to present value long-term pledges receivable.

RIALTO SQUARE THEATRE FOUNDATION

Notes to Financial Statements

June 30, 2013

4. Investments and Endowment Investments

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

	2013		2012	
	Cost	Market Value	Cost	Market Value
Money Market	\$ 23,937	\$ 23,937	\$ 55,747	\$ 55,747
Deposit Accounts	241,166	241,166	15,795	15,795
Government Money				
Market Funds	-	-	11,179	11,179
Equities	25,671	25,906	-	-
Fixed Income Mutual Funds	72,661	75,677		
First Midwest Equity Funds	302,092	326,080	422,960	451,679
First Midwest Fixed				
Income Fund	323,364	318,459	331,032	339,765
Total Investments	<u>\$ 988,891</u>	<u>\$ 1,011,225</u>	<u>\$ 836,713</u>	<u>\$ 874,165</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 States of America provide 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 U.S. 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, 2013

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 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.

RIALTO SQUARE THEATRE FOUNDATION

Notes to Financial Statements
June 30, 2013

4. Investments and Endowment Investments

The following are the major categories of assets measured at fair value on a recurring basis in the financial statements as of June 30, 2013 and 2012, respectively:

	Level 1	Level 2	Level 3	Total
Deposit Accounts	\$ 15,800	\$ -	\$ -	\$ 15,800
Equities	25,906			\$ 25,906
Government Money Market Funds	8,136	-	-	8,136
First Midwest Funds:				
Domestic Equity Funds	-	326,081	-	326,081
Fixed Income Funds	-	394,136	-	394,136
Money Market	241,166	-	-	241,166
	<u>\$ 291,008</u>	<u>\$ 720,217</u>	<u>\$ -</u>	<u>\$ 1,011,225</u>

	Level 1	Level 2	Level 3	Total
Deposit Accounts	\$ 15,795	\$ -	\$ -	\$ 15,795
Government Money Market Funds	11,179	-	-	11,179
First Midwest Funds:				
Domestic Equity Funds	-	451,679	-	451,679
Fixed Income Funds	-	339,765	-	339,765
Money Market	55,747	-	-	55,747
	<u>\$ 82,721</u>	<u>\$ 791,444</u>	<u>\$ -</u>	<u>\$ 874,165</u>

Endowment net asset composition by type of fund as of June 30, 2013 is as follows:

	Unrestricted	Permanently Restricted	Total Net Endowment Assets
Endowment Net Assets, Beginning of Year	\$ 12,941	\$ 681,843	\$ 694,784
Contributions	3,750	245,091	248,841
Souvenir Sales	3,709		3,709
Investment Income	17,262	-	17,262
Net Appreciation	33,947	-	33,947
Interest Appropriated to WCMEAA	(43,226)	-	(43,226)
Trust Fees	(7,881)		(7,881)
Administrative Expenses	(5,428)	-	(5,428)
Endowment Net Assets, End of Year	<u>\$ 15,074</u>	<u>\$ 926,934</u>	<u>\$ 942,008</u>

RIALTO SQUARE THEATRE FOUNDATION

Notes to Financial Statements
June 30, 2013

4. Investments and Endowment Investments

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.

5. Return on Investments

Return on investments consists of the following:

	June 30, 2013	2012
Interest Earned on Cash Equivalents	\$ 121	\$ 18
Dividends and Interest	24,720	23,682
Unrealized Gain (Loss), Net	43,573	(9,698)
Management Fees	(9,618)	(8,897)
Return on Investments	<u>\$ 58,796</u>	<u>\$ 5,105</u>

Reconciliation of Above Note to Statement of Activities:

	June 30, 2013	2012
Dividends	\$ 10,046	\$ 8,682
Other Income	14,674	14,926
Interest	121	92
Management and General - Trust Fees	(9,618)	(8,897)
Net Unrealized and Realized Gain (Loss) on Long-Term Investments	<u>43,573</u>	<u>(9,698)</u>
Return on Investments	<u>\$ 58,796</u>	<u>\$ 5,105</u>

6. Transactions With Primary Government

During the current year, the Rialto Square Theatre Foundation transferred \$238,361 to the Will County Metropolitan Exposition and Auditorium Authority (Primary Government). Of that amount, \$41,574 was transferred from the RSTF agency fund to purchase equipment.

RIALTO SQUARE THEATRE FOUNDATION

Notes to Financial Statements
June 30, 2013

7. 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.

8. Concentration of Credit Risk

The Foundation's cash deposits exceeded the Federal Deposit Insurance Corporation limits at various times during the fiscal year ended June 30, 2013.

9. Subsequent Events

Subsequent events were evaluated through February 6, 2014 which is the date the financial statements were available to be issued.

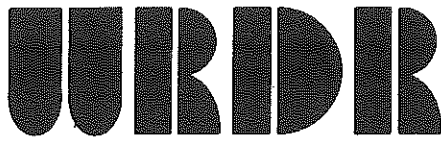
RIALTO SQUARE THEATRE FOUNDATION

Schedule of Organization Data
June 30, 2013

Board of Directors

Tricia Simpson	President
Steve Randich	Vice President
Randall Green	Treasurer
Don Cordano	Secretary
Lee Bailey	Director
Rex Easton	Director
Sandra Fleck	Director
Mohra Gavankar	Director
Ed Jarot	Director
Lynne Lichtenauer	Director
James Smith	Director

This Page Intentionally Left Blank.



WERMER, ROGERS, DORAN & RUZON LLC CERTIFIED PUBLIC ACCOUNTANTS

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

October 28, 2013

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

Communication With Those Charged With Governance During Planning

We are engaged to audit the financial statements of Rialto Square Theatre Foundation for the year ended June 30, 2013. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated May 15, 2012, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the Foundation 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. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the Foundation. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

We expect to begin our audit on approximately October 28, 2013 and issue our report on approximately January 31, 2014.

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 & Ruzon, LLC



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 6, 2014

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

Communication With Those Charged With Governance at or Near the Conclusion of the Audit

We have audited the financial statements of Rialto Square Theatre Foundation for the year ended June 30, 2013, and have issued our report thereon dated February 6, 2014. 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 28, 2013. 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. No new accounting policies were adopted and the application of existing policies was not changed during the year. 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.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Managements estimate of the market value of investments is based on quoted market prices for securities traded on national exchanges and on estimated fair value for securities that do not have an established market. We evaluated the key factors and assumptions used to develop the estimate.

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 misstatements identified during the audit, other than those that are clearly 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 reclassification for financial reporting purposes. None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements With Management

For purposes of this letter, a disagreement with management is 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 6, 2014.

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 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 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,

Wernau, Rogers, Downs + Rogers, LLC

Adjusting Journal Entries
Fund 60 - General Rialto
WCMEAA/RSTC
June 30, 2013

AJE No.	Account Description	W/P Ref	Account Number	Lead	Sublead	Debits	Credits
1	CAP CAMP PLDGE RCVBLE DISCOUNT	1200.07	1-4-11310R	23200		817.47	
1	CAP CAMP IMPROVEMENT DONATIONS		6-4-70002R	060080			817.47
1	CAP CAMP PLDGE RCVBLE DISCOUNT		1-4-11310R	23200		111.97	
1	CAP CAMP IMPROVEMENT DONATIONS		6-4-70002R	060080			111.97
To amortize the discount over the future years.							
2	CAP CAMP PLEDGES RECEIVABLE		1-4-11300R	23200		1,245.32	
2	CC PLDGE RCVBLE CURRENT PORTIO		1-4-11301R	23200			1,245.32
To reclassify pledge receivable current portion: \$10,000 to be received 6/30/14 and \$10,000 to be recieved 6/30/15.							
3	CAP CAMP GRANTS TO GEN FUND		6-4-40102R	060070			20,000.00
3	CAP CAMP PLEDGES RECEIVABLE		1-4-11300R	23200		20,000.00	
To reverse entry to move capital campaign receivable to the general fund.							
4	CAP CAMP GRANTS TO GEN FUND		6-4-40102R	060070			40.42
4	CAP CAMP GRANT TO WCMEAA		6-4-40202R	66010		40.42	
To reclassify amounts included in the general fund/wcmeaa interfund payables.							
8	GRANT TO ENDOWMENT		6-1-40102R	060040		7,686.13	
8	GEN FUND DUE TO ENDOWMENT		2-1-20120R	44750			7,686.13
To record the 10% star dues payable to the endowment fund at year end.							
Totals						29,901.31	29,901.31

Adjusting Journal Entries
Fund 80 - Endowment Rialto
WCMEAA/RSTC
June 30, 2013

AJE No.	Account Description	W/P Ref	Account Number	Lead	Sublead	Debits	Credits
7	ENDOW DONATIONS	1200.075	6-2-70002R	60000		8,026.00	
7	ENDOWMENT PLEDGES REC DISCOUNT		1-2-11310R	23200			8,026.00
To adjust pledge revenue for present value discount.							
9	ENDOW DUE FROM GENERAL FUND		1-2-11006R	23850		7,686.13	
9	ENDOW %AGE OF PRZRVTN DUES		6-2-70012R	060110			7,686.13
To record 10% of star dues receivable from the general fund at year end.							
11	MAJOR ENDOW # 41-0337-01-8	1100.06	1-2-10100R	29000		63,399.00	
11	EF MAJOR RESTRICTED PORTION		1-2-10101R	029000			63,399.00
To reclass restricted portion of cash as such.							
16	ENDOW PLEDGES RECEIVBLE CURRENT POR		1-2-11301R	23200		22,350.00	
16	ENDOW PLEDGES RECEIVABLE		1-2-11300R	23200			22,350.00
To reclassify current portion of endowment pledge receivable.							
Totals						101,461.13	101,461.13



WERMER, ROGERS, DORAN & RUZON LLC CERTIFIED PUBLIC ACCOUNTANTS

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

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, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified 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 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 6, 2014



WERMER, ROGERS, DORAN & RUZON LLC CERTIFIED PUBLIC ACCOUNTANTS

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

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

Management Letter

In planning and performing our audit of the financial statements of Rialto Square Theatre Foundation for the year ended June 30, 2013 in accordance with auditing standards generally accepted in the United States of America, we considered the Foundation's internal control over financial reporting for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency which are summarized below. This letter does not affect our report dated February 6, 2014, on the financial statements of the Foundation.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Foundation personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

Monthly Cash Reconciliations

Finding: Currently, monthly cash reconciliations prepared by the Foundation's Finance Manager are not being reviewed.

Recommendation: We recommend review of monthly cash reconciliations by a designated board member, including documentation of review.

Adjusting Journal Entries

Finding: Due to the limited accounting staff, the Finance Manager performs various overlapping duties. In addition, he is authorized to prepare and post all adjusting journal entries to the general ledger.

Recommendation: We recommend that a designated board member review monthly adjusting journal entries posted to the general ledger by the Finance Manager, including documentation of review.

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

Werner, Rogers, Doran + Rogers, LLC

February 6, 2014

