

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

**COMPONENT UNIT
FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

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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, 2017 and 2016, 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, 2017 and 2016, 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.

Report on Supplementary Information

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 17 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.

Wormer, Rogers, Dorian & Auzon, L.L.C.

May 10, 2018

RIALTO SQUARE THEATRE FOUNDATION

Statements of Financial Position
June 30,

ASSETS

	<u>2017</u>	<u>2016</u>
Current Assets		
Cash	\$ 191,525	\$ 193,029
Pledges Receivable - Current	6,050	8,200
Accrued Interest Receivable	4	4
Grant Advance	9,456	9,456
Inventory	10,032	9,362
Due from WCMEAA	<u>678,014</u>	<u>166,193</u>
Total Current Assets	<u>895,081</u>	<u>386,244</u>
Non-Current Assets		
Endowment Investments	519,788	1,083,399
Pledges Receivable - Non-Current	<u>1,500</u>	<u>-</u>
Total Non-Current Assets	<u>521,288</u>	<u>1,083,399</u>
Total Assets	<u>\$ 1,416,369</u>	<u>\$ 1,469,643</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Custodial Accounts	\$ 86,368	\$ 110,848
Due to WCMEAA	42,436	43,589
Deferred Revenue	<u>98</u>	<u>2,098</u>
Total Current Liabilities and Total Liabilities	<u>128,902</u>	<u>156,535</u>
Net Assets		
Unrestricted	272,283	304,935
Permanently Restricted	<u>1,015,184</u>	<u>1,008,173</u>
Total Net Assets	<u>1,287,467</u>	<u>1,313,108</u>
Total Liabilities and Net Assets	<u>\$ 1,416,369</u>	<u>\$ 1,469,643</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>2017</u>	<u>2016</u>
Support and Revenue:		
Direct Support		
Grants	\$ 164,139	\$ 48,268
Fundraising, Net	48,874	85,828
Sustaining Fund	56,677	52,403
Donations	<u>60,386</u>	<u>48,129</u>
Total Direct Support	<u>330,076</u>	<u>234,628</u>
Revenue		
Dividends	7,873	8,831
Other Income	11,941	12,714
Interest	118	121
Net Realized and Unrealized Gain on Long-Term Investments	<u>49,143</u>	<u>7,117</u>
Total Revenue	<u>69,075</u>	<u>28,783</u>
Total Support and Revenue	<u>399,151</u>	<u>263,411</u>
Expenses		
Program Services	414,825	240,590
Support Services		
Management and General	12,205	26,052
Fundraising	<u>4,773</u>	<u>4,514</u>
Total Expenses	<u>431,803</u>	<u>271,156</u>
Decrease in Unrestricted Net Assets	<u>(32,652)</u>	<u>(7,745)</u>

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

CHANGES IN PERMANENTLY RESTRICTED NET ASSETS

	<u>2017</u>	<u>2016</u>
Direct Support		
Fundraising, Net	(1,822)	(754)
Endowment Donations	2,535	1,168
Preservation Dues	<u>6,298</u>	<u>5,823</u>
Increase in Permanently Restricted Net Assets	<u>7,011</u>	<u>6,237</u>
Decrease in Net Assets	(25,641)	(1,508)
Net Assets, Beginning of Year	<u>1,313,108</u>	<u>1,314,616</u>
Net Assets, End of Year	<u>\$ 1,287,467</u>	<u>\$ 1,313,108</u>

RIALTO SQUARE THEATRE FOUNDATION

Statement of Functional Expenses For the Year Ended June 30, 2017

	<u>Program Services</u>	<u>Management and General</u>	<u>Support Services Fund Raising</u>
Support to Primary Government	\$ 414,825	\$ -	\$ -
Office Supplies	-	3,275	-
Development Expenditures	-	-	111
Sustaining Fund Expenditures	-	-	4,662
Trust Fees	-	6,581	-
Insurance	-	646	-
Miscellaneous	-	1,703	-
	<u>\$ 414,825</u>	<u>\$ 12,205</u>	<u>\$ 4,773</u>
Total Functional Expenses	<u>\$ 414,825</u>	<u>\$ 12,205</u>	<u>\$ 4,773</u>

Statement of Functional Expenses For the Year Ended June 30, 2016

	<u>Program Services</u>	<u>Management and General</u>	<u>Support Services Fund Raising</u>
Support to Primary Government	\$ 240,590	\$ -	\$ -
Professional Fees	-	6,400	-
Office Supplies	-	3,687	-
Development Expenditures	-	-	134
Sustaining Fund Expenditures	-	-	4,380
Trust Fees	-	8,652	-
Conferences and Meetings	-	150	-
Insurance	-	636	-
Printing	-	509	-
Souvenir	-	534	-
Miscellaneous	-	5,484	-
	<u>\$ 240,590</u>	<u>\$ 26,052</u>	<u>\$ 4,514</u>
Total Functional Expenses	<u>\$ 240,590</u>	<u>\$ 26,052</u>	<u>\$ 4,514</u>

The Accompanying Notes are an Integral Part of These Statements.

<u>Total Support Services</u>	<u>Total</u>
\$ -	\$ 414,825
3,275	3,275
111	111
4,662	4,662
6,581	6,581
646	646
1,703	1,703
<u>\$ 16,978</u>	<u>\$ 431,803</u>

<u>Total Support Services</u>	<u>Total</u>
\$ -	\$ 240,590
6,400	6,400
3,687	3,687
134	134
4,380	4,380
8,652	8,652
150	150
636	636
509	509
534	534
5,484	5,484
<u>\$ 30,566</u>	<u>\$ 271,156</u>

RIALTO SQUARE THEATRE FOUNDATION

Statements of Cash Flows
For the Years Ended June 30,

	<u>2017</u>	<u>2016</u>
<u>Increase (Decrease) in Cash</u>		
Cash Flows from Operating Activities		
Decrease in Net Assets	(\$ 25,641)	(\$ 1,508)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Unrealized Appreciation on Investments	(49,143)	(7,117)
Changes in Assets and Liabilities		
Pledges Receivable	650	9,640
Accrued Interest Receivable	-	1
Inventory	(670)	485
Due from WCMEAA	(511,821)	58,318
Custodial Accounts	(24,480)	(5,826)
Due to WCMEAA	(1,153)	30,035
Deferred Revenue	(2,000)	500
Total Adjustments	(588,617)	24,966
Net Cash Provided by (Used in) Operating Activities	(614,258)	23,458
Cash Flows from Investing Activities		
Purchase of Investments	(163,300)	155,113
Proceeds from Sale of Investments	776,054	170,659
Net Cash Provided by Investing Activities	612,754	15,546
Net Increase (Decrease) in Cash	(1,504)	39,004
Cash, Beginning of Year	193,029	154,025
Cash, End of Year	<u>\$ 191,525</u>	<u>\$ 193,029</u>

The Accompanying Notes are an Integral Part of These Statements.

RIALTO SQUARE THEATRE FOUNDATION

Notes to Financial Statements
June 30, 2017 and 2016

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 16 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, 2017, 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.

Annually, the Foundation files Form 990, *Return of Organizations Exempt from Income Tax*, with the Internal Revenue Service. This form is open for public inspection. The Foundation believes that it has appropriate support for all tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

RIALTO SQUARE THEATRE FOUNDATION

Notes to Financial Statements
June 30, 2017 and 2016

1. Summary of Significant Accounting Policies

Accounting Basis

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

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 \$59,274 and \$14,900 for the years ended June 30, 2017 and 2016, respectively. These amounts include trust fees of \$6,292 and \$8,364 for the years ended June 30, 2017 and 2016, 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, 2017, \$96,986 included in "Cash" represents volunteer funds.

RIALTO SQUARE THEATRE FOUNDATION

Notes to Financial Statements
June 30, 2017 and 2016

1. Summary of Significant Accounting Policies

Deferred Revenue

Deferred revenue at June 30, 2017 consists of sponsorship revenues outstanding for Arts in Education.

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,	
	2017	2016
Receivable in Less Than One Year	\$ 6,050	\$ 8,200
Receivable in One to Five Years	1,500	-
Total Unconditional Pledges Receivable	<u>\$ 7,550</u>	<u>\$ 8,200</u>

Pledges receivable are not discounted as collection is expected within three years. Any discount is likely immaterial.

RIALTO SQUARE THEATRE FOUNDATION

Notes to Financial Statements
June 30, 2017 and 2016

4. Endowment Investments

Endowment Investments at year-end are as follows:

	2017		2016	
	Cost	Market Value	Cost	Market Value
Money Market	\$ 97,826	\$ 97,826	\$ 88,802	\$ 88,802
Government Money				
Market Funds	30,503	30,523	13,560	13,560
Equities	21,040	23,191	21,926	25,403
Mutual Funds	60,700	84,544	155,683	170,918
Fixed Income Mutual Funds	130,835	129,610	176,119	175,245
First Midwest Equity Funds	59,674	64,646	276,064	285,376
First Midwest Fixed Income Funds	88,839	89,448	317,016	324,095
Total Investments	<u>\$ 489,417</u>	<u>\$ 519,788</u>	<u>\$ 1,049,170</u>	<u>\$ 1,083,399</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, 2017 and 2016

4. 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, 2017 and 2016

4. 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, 2017 and 2016, respectively:

	Level 1	Level 2	Level 3	Total
Equities	\$ 23,191	\$ -	\$ -	\$ 23,191
Government Money Market Funds	30,523	-	-	30,523
Mutual Funds	-	84,544	-	84,544
Fixed Income Mutual Funds	-	129,610	-	129,610
First Midwest Funds:				
Domestic Equity Funds	-	64,646	-	64,646
Fixed Income Funds	-	89,448	-	89,448
Money Market	97,826	-	-	97,826
	<u>\$ 151,540</u>	<u>\$ 368,248</u>	<u>\$ -</u>	<u>\$ 519,788</u>

	Level 1	Level 2	Level 3	Total
Equities	25,403	\$ -	\$ -	25,403
Government Money Market Funds	13,560	-	-	13,560
Mutual Funds	-	170,918	-	170,918
Fixed Income Mutual Funds	-	175,245	-	175,245
First Midwest Funds:				
Domestic Equity Funds	-	285,376	-	285,376
Fixed Income Funds	-	324,095	-	324,095
Money Market	88,802	-	-	88,802
	<u>\$ 127,765</u>	<u>\$ 955,634</u>	<u>\$ -</u>	<u>\$ 1,083,399</u>

Endowment net asset composition by type of fund as of June 30, 2017 is as follows:

	Unrestricted	Permanently Restricted	Total Endowment Net Assets
Endowment Net Assets, Beginning of Year	\$ 91,165	\$ 1,008,173	\$ 1,099,338
Contributions	-	7,011	7,011
Investment Income	14,161	-	14,161
Net Appreciation	51,405	-	51,405
Interest Appropriated to General Fund	(30,000)	-	(30,000)
Trust Fees	(6,292)	-	(6,292)
Administrative Expenses	(5)	-	(5)
Endowment Net Assets, End of Year	<u>\$ 120,434</u>	<u>\$ 1,015,184</u>	<u>\$ 1,135,618</u>

RIALTO SQUARE THEATRE FOUNDATION

Notes to Financial Statements
June 30, 2017 and 2016

4. 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.

During fiscal year 2017, the Endowment Fund loaned \$600,000 to the Will County Metropolitan Exposition and Auditorium Authority (Primary Government) for the specific purpose of paying past due bills. Beginning December 31, 2017, the Primary Government shall pay a minimum of \$50,000 on the outstanding principal and accrued interest on an annual basis. Interest accrues at 1% annually.

5. Return on Investments

Return on investments consists of the following:

	June 30,	
	2017	2016
Interest Earned on Cash Equivalents	\$ 118	\$ 121
Dividends and Interest	19,812	21,545
Unrealized Gain, Net	49,143	7,117
Management Fees	(6,581)	(8,652)
Return on Investments	<u>\$ 62,492</u>	<u>\$ 20,131</u>

Reconciliation of Above Note to Statement of Activities:

	June 30,	
	2017	2016
Dividends	\$ 7,873	\$ 8,831
Other Income	11,939	12,714
Interest	118	121
Management and General - Trust Fees	(6,581)	(8,652)
Net Unrealized and Realized Gain on Long-Term Investments	<u>49,143</u>	<u>7,117</u>
Return on Investments	<u>\$ 62,492</u>	<u>\$ 20,131</u>

RIALTO SQUARE THEATRE FOUNDATION

Notes to Financial Statements
June 30, 2017 and 2016

6. Transactions with Primary Government

The Rialto Square Theatre Foundation transferred \$406,687 and \$284,351 (net) to the Will County Metropolitan Exposition and Auditorium Authority (Primary Government) for the years ended June 30, 2017 and 2016, respectively. Of that amount, \$35,967 and \$1,778 was transferred from the RSTF agency fund to purchase equipment for the years ended June 30, 2017 and 2016, respectively.

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. Subsequent Events

Subsequent events were evaluated through May 10, 2018 which is the date the financial statements were available to be issued.

RIALTO SQUARE THEATRE FOUNDATION

Schedule of Organization Data
June 30, 2017

Board of Directors

Tricia Simpson	President
Steve Randich	Vice President
Jeff Hettrick	Treasurer
Ed Jarot	Secretary
Sally Bagley	Director
Jane Condon	Director
Rex Easton	Director
Sandra Fleck	Director
Jen Howard	Director
Kurt Johnson	Director
Lynne Lichtenauer	Director
Sue Moore	Director
Bob Navarro	Director
Tim Shanahan	Director
James V. Smith	Director
Dan Stevenson	Director

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May 10, 2018

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

Communication of a Material Weaknesses

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, 2017, 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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Organization'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 ultimate 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 to assist in preparing its financial statements and accompanying disclosures. However, as independent auditors, Wermer, Rogers, Doran & Ruzon, LLC 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 errors would be identified and corrected. The condition is limited to external financial reporting. After reviewing financial statement preparation procedures, adjusting journal entries, and financial statements with the Foundation's management, management was able to oversee WRDR's financial statement preparation and related services.

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.

Sincerely,

Werner, Roger, Durant & Arzon, L.L.C.



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, 2017 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 May 10, 2018, 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.

Authorized Bank Signers

Finding: A deceased board member has signature authority for the BMO Harris Bank account.

Recommendation: We recommend the Foundation contact all institutions where funds are held in the name of the RSTF to determine that signers on file are current.

Authorized Bank Signers

Finding: During fiscal year 2017 and prior fiscal years, the Director of Finance was authorized to sign checks on board members' behalf.

Recommendation: We recommend the Foundation discontinue allowing the Director of Finance to sign on board members' behalf. Individuals should not be allowed to sign checks on others' behalf.

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, Rogan, Duran & Arzon, L.L.C.

May 10, 2018



December 20, 2017

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

Communication with Those Charged with Governance during Audit Planning

We are engaged to audit the financial statements of Rialto Square Theatre Foundation for the year ended June 30, 2017. 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 November 9, 2017, 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, Timing of the Audit, and Other

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 Organization 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 Organization or to acts by management or employees acting on behalf of the Organization. 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 November 1, 2017 and issue our report on approximately December 31, 2017. Mary Lancaster is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

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, L.L.C.



May 10, 2018

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 of the Rialto Square Theatre Foundation for the year ended June 30, 2017, and have issued our report thereon dated May 10, 2018. 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 November 9, 2017. 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 ended June 30, 2017. We noted no transactions entered into by the Organization 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:

Management's 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 in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

Due to Foundation personnel changes, the Foundation often took longer than originally expected to respond to audit follow-up questions which delayed completion of the 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. In addition, 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 May 10, 2018.

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 Organization'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 Organization'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,

Werner, Rogan, Dwyer & Arizon, L.L.C.

Client: 23915/18563 - WCMEAA/RSTF
Engagement: 23915 - WCMEAA/RSTF
Period Ending: 6/30/2017
Trial Balance: 140.00 - Government Fund Trial Balance
Worksheet: 145 - Combined Journal Entries Report
Fund Level: All
Index: All

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1				
To correct the balance of the change fund account				
5-3-52042R	VOL CONCESSIONS EXPENSE		588.00	
1-3-10500R	VOL CHANGE FUNDS			588.00
Total			<u>588.00</u>	<u>588.00</u>
Adjusting Journal Entries JE # 2				
To remove negative cash				
1-6-10000R	JALB HOLIDAY CONCERT FUND		1,821.00	
5-2-76202R	ENDOW FUNDRAISER EXPENSE		1,821.00	
1-6-10001R	JALB HCF RESTRICTED PORTION			1,821.00
4-1-30802R	GEN OTHER INCOME			1,821.00
Total			<u>3,642.00</u>	<u>3,642.00</u>
Adjusting Journal Entries JE # 3				
To reclass DIT from bank reconciliation to A/R				
1370	Due from Master (old contract)		28,359.00	
1020	Authority Box Office (MBA)			28,359.00
Total			<u>28,359.00</u>	<u>28,359.00</u>
Adjusting Journal Entries JE # 4				
To record 10% of star dues receivable				
1-2-11005R	ENDOW DUE FROM GENERAL FUND		6,298.00	
6-1-40102R	GRANT TO ENDOWMENT		6,298.00	
2-1-20120R	GEN FUND DUE TO ENDOWMENT			6,298.00
6-2-70012R	(I) ENDOW %AGE OF PRZRYTN DUES			6,298.00
Total			<u>12,596.00</u>	<u>12,596.00</u>
Adjusting Journal Entries JE # 5				
To record total received from 1st Community				
1-2-11300R	ENDOW PLEDGES RECEIVABLE		6,400.00	
1-2-11301R	ENDOW PLDGS RCVBL CURRENT			6,400.00
Total			<u>6,400.00</u>	<u>6,400.00</u>
Adjusting Journal Entries JE # 6				
To reconcile due to/for from and transfers				
2-3-20100R	VOL FUND DUE TO WCMEAA		1,219.00	
6-1-43042	RST POSTAGE		928.00	
6-1-40202R	GEN GRANTS TO WCMEAA		2,913.00	
6-1-70622	RSTC GRANTS FOR RST OPERATIONS		6,760.00	
6-1-76302R	OK FUNDRAISER EXPENSE		17,086.00	
7511	Repairs & Maintenance-HVAC		6,742.00	
7511	Repairs & Maintenance-HVAC		1,844.00	
7511	Repairs & Maintenance-HVAC		11,414.00	
7512	Repairs & Maintenance-Building		1,600.00	
7525	Tools & Small Equipment		475.00	
7525	Tools & Small Equipment		13,177.00	
7650	Contracted Services		815.00	
2-1-20100R	GEN FUND DUE TO WCMEAA			20,001.00
2010	Due to Foundation			928.00
4050	Other Income			6,760.00
5-3-52042R	VOL SALES TAX EXPENSE			1,219.00
6-1-70002	GIFTIN KWD			35,987.00
Total			<u>66,863.00</u>	<u>66,863.00</u>
Adjusting Journal Entries JE # 7				
To record long-term restricted portion				
1-2-10101R	EF MAJOR RESTRICTED PORTION		19,927.00	
1-2-10100R	MAJOR ENDOW # 41-0337-01-8			19,927.00
Total			<u>19,927.00</u>	<u>19,927.00</u>
Adjusting Journal Entries JE # 8				
To agree equity to FY FS				
3130	Retained Earnings		4.00	
6-1-43042	RST POSTAGE			4.00
Total			<u>4.00</u>	<u>4.00</u>
Adjusting Journal Entries JE # 9				
To record FY17 P&L activity before April conversion to quickbooks				
4430	Beer Sales		11,243.00	

5-1-36232	RST BAD DEBTS	90.00
5-1-40201	ENGINEER-DIRECT	3,588.00
5-1-40281	MAINTENANCE-DIRECT	3,431.00
5-1-40501	HOUSE MGR DIRECT	1,831.00
5-1-40701	STAGEHAND DIRECT	38,848.00
5-1-40801	TECH DIRECTOR DIRECT	4,712.00
5-1-40802	TECH DIRECTOR REGULAR	62.00
5-1-41312	RST REGULAR HEALTH INSURANCE	57,260.00
5-1-41314	RA REGULAR HEALTH INSURANCE	9,349.00
5-1-41316	2RS REGULAR HEALTH INSURANCE	8,881.00
5-1-41402	RST IUOE EDUCATION FUND	704.00
5-1-41404	RA IUOE EDUCATION ALLOWANCE	704.00
5-1-41405	2RS IUOE EDUCATION ALLOWANCE	704.00
5-1-42032	RST PROFESSIONAL SERVICES	51,578.00
5-1-42034	RA PROFESSIONAL SERVICES	8,491.00
5-1-42035	2RS PROFESSIONAL SERVICES	10,853.00
5-1-43022	RST EQUIPMENT RENT	565.00
5-1-43024	RA EQUIPMENT RENT	124.00
5-1-43026	2RS EQUIPMENT RENT	0.00
5-1-43032	RST SERVICE AGREEMENTS	471.00
5-1-43052	RST TRAVEL/CONFERENCE	67.00
5-1-43054	RA TRAVEL/CONFERENCE	12.00
5-1-43055	2RS TRAVEL/CONFERENCE	12.00
5-1-43112	RST MEMBERSHIP FEES	610.00
5-1-43122	RST SUBSCRIPTIONS	3,200.00
5-1-48002	RST CUSTODIAL SUPPLIES	1,139.00
5-1-48004	RA CUSTODIAL SUPPLIES	558.00
5-1-48006	2RS CUSTODIAL SUPPLIES	852.00
5-1-48605	2RS TENANT ALLOWANCE	18,171.00
5-1-50001	ARTIST FEES	75,786.00
5-1-50101	OPENING ACTS	750.00
5-1-50301	FILM RENTAL	3,067.00
5-1-51001	MARKETING EVENTS	10,783.00
5-1-51202	SHOW PROGRAM EXPENSE	4,220.00
5-1-51601	PUBLIC RELATIONS EVENT	650.00
5-1-51601	QIK SHOW EXPENSE	875.00
5-1-52052	RST DINNER PACKAGE EXPENSE	4,494.00
5-1-52092	RST SUITE LIFE EXPENSE	2,045.00
5-1-52102	TOUR EXPENSE	2,889.00
5-1-52102	TOUR EXPENSE	783.00
5-1-52202	RST BOX OFFICE HAND FEE EXPENS	683.00
5-1-52301	SECURITY	3,109.00
5-1-52402	LICENSE & PERMITS	2,369.00
5-1-52602	RST ROT EQUIP REPAIRS	3,704.00
5-1-52752	RST CASH OVERSHORT	144,870.00
5-1-52802	RST ROTUNDA RENTAL REIMB EXPEN	590.00
5-1-53001	ROYALTIES EVENT	1,367.00
5-1-53101	TRANSPORTATION EVENT	1,608.00
5-1-53201	ACCOMODATIONS EVENT	702.00
5-1-53301	CATERING EVENT	7,578.00
5-1-53501	SUPPLIES EVENT	486.00
5-1-53592	SUPPLIES REGULAR	182.00
5-1-53701	PROD EQUIP RENT EVENT	17,035.00
5-1-53702	PROD EQUIP REPAIR	96.00
5-1-53802	T-RNTL REIMB EXPENSE	6,652.00
5-1-53901	PROD EXP OTHER EVENT	269,768.00
5130	Beer COGS	10,782.00
5-1-47102	RST WTEREST EXPENSE	12.00
5-1-47105	2RS INTEREST EXPENSE	2.00
6110	Full-Time Theatre Staff	175,367.00
6110	Full-Time Theatre Staff	10,303.00
6110	Full-Time Theatre Staff	10,303.00
6110	Full-Time Theatre Staff	95,083.00
6110	Full-Time Theatre Staff	4,299.00
6110	Full-Time Theatre Staff	4,299.00
6110	Full-Time Theatre Staff	6,633.00
6110	Full-Time Theatre Staff	7,888.00
6110	Full-Time Theatre Staff	13,676.00
6110	Full-Time Theatre Staff	51,628.00
6120	Support Staff Labor	1,277.00
6131	FOH Event Staff	30.00
6131	FOH Event Staff	1,678.00
6131	FOH Event Staff	892.00
6133	Maintenance Event Staff	2,130.00
6133	Maintenance Event Staff	1,939.00
6134	Stagehands Event Staff	31,557.00
6134	Stagehands Event Staff	6,168.00
6134	Stagehands Event Staff	2,671.00
6134	Stagehands Event Staff	788.00
6200	Commercial Operations Staff	75,438.00
6200	Commercial Operations Staff	43,728.00
6200	Commercial Operations Staff	40,043.00

6200	Commercial Operations Staff	2,811.00	
6200	Commercial Operations Staff	2,198.00	
6310	Taxes	6,774.00	
6310	Taxes	467.00	
6310	Taxes	831.00	
6310	Taxes	37,021.00	
6310	Taxes	9,217.00	
6310	Taxes	5,181.00	
6320	Benefits	7,389.00	
6320	Benefits	3,880.00	
6320	Benefits	3,605.00	
6400	Food & Beverage Labor	20,615.00	
7000	Utilities	9,429.00	
7000	Utilities	30,412.00	
7000	Utilities	67,480.00	
7000	Utilities	1,613.00	
7000	Utilities	2,848.00	
7000	Utilities	2,698.00	
7000	Utilities	7,853.00	
7000	Utilities	14,789.00	
7100	Insurance	33,583.00	
7100	Insurance	32,528.00	
7100	Insurance	38,018.00	
7200	Administrative Expenses	100.00	
7205	Office Supplies	2,998.00	
7205	Office Supplies	645.00	
7205	Office Supplies	222.00	
7210	Computer Software & Support	5,833.00	
7210	Computer Software & Support	750.00	
7210	Computer Software & Support	752.00	
7245	Employee Development & Recognition	966.00	
7255	Communications	15,174.00	
7255	Communications	5,351.00	
7255	Communications	4,089.00	
7260	Postage & Shipping	1,763.00	
7260	Postage & Shipping	289.00	
7260	Postage & Shipping	208.00	
7270	Parking	1,928.00	
7300	Credit Card Fees	10,001.00	
7512	Repairs & Maintenance-Building	4,846.00	
7512	Repairs & Maintenance-Building	5,205.00	
7512	Repairs & Maintenance-Building	10,418.00	
7512	Repairs & Maintenance-Building	10,055.00	
7525	Tools & Small Equipment	1,786.00	
7525	Tools & Small Equipment	328.00	
7525	Tools & Small Equipment	328.00	
7549	Chemical & Paper Goods F&B	2,659.00	
7600	Internal Marketing	12,983.00	
7600	Internal Marketing	338.00	
7815	Event Advertising	10.00	
8100	Interest Expense	80,926.00	
8300	Depreciation Expense	118,100.00	
8300	Depreciation Expense	181,514.00	
9300	Depreciation Expense	32,007.00	
3000	Opening Balance Equity		135,487.00
4-1-32001	TICKET INCOME		480,425.80
4-1-32011	GIK SHOW INCOME		875.00
4-1-32021	PARTICIPANT FEES		64,000.00
4-1-33002	SHOW PROGRAM ADVERTISING INCOM		3,550.00
4-1-34022	DINNER PACKAGES		6,748.00
4-1-35002	COMMISSIONS INCOME		22,078.00
4-1-35102	TOUR INCOME		4,055.00
4-1-36002	BOX OFFICE HANDLING FEES		82,476.00
4010	Rialto Office Rent Income		218,946.00
4015	Rialto Office Reimbursements		5,311.00
4015	Rialto Office Reimbursements		17,277.80
4020	2 Rialto Square Rent Income		280,168.00
4025	2 Rialto Square Reimbursements		1,304.00
4025	2 Rialto Square Reimbursements		100.00
4025	2 Rialto Square Reimbursements		3,816.00
4130	Rialto Theatre Rent		71,779.00
4200	Event Sponsorships		23,310.00
4430	Beer Sales		88,826.00
4500	Third Party F&B Commissions		88,350.00
4710	Facility Fees		43,428.00
4730	Box Office Fees		759.00
4910	Suite Life Income		5,889.00
4940	Interest		45.00
4940	Interest		8.00
5-1-43162	RST SERVICE CHARGES		2,419.00
5-1-43164	RA SERVICE CHARGES		64.00
5-1-43185	2RS SERVICE CHARGES		54.00

6-1-47002	RST FINANCE CHARGES	17.00	
6-1-70622	RSTC GRANTS FOR RST OPERATIONS	375,720.00	
6-1-80000	CITY OF JOLIET/STATE OF IL	270,490.00	
Total		<u>2,294,374.00</u>	<u>2,294,374.00</u>

Adjusting Journal Entries JE # 10 2500.84
To agree capital lease payment schedule

6-1-47104	RA INTEREST EXPENSE	754.00	
2510	Marlin Business Bank 1387798		754.00
Total		<u>754.00</u>	<u>754.00</u>

Adjusting Journal Entries JE # 12 130.07
PSC AJEs

1350	Other Receivables	1,733.00	
1410	N/A Beverage Inventory	1,125.00	
1610	Due From RST Corporation	26,129.00	
1610	Due From RST Corporation	31.00	
1610	Due From RST Corporation	35.00	
1710	Buildings	61,643.00	
2120	Accrued Payroll	157,772.00	
2420	Tickets on Account	113.00	
2460	Unearned Building Deposits	120.00	
2460	Other Unearned Revenue	876.00	
2460	Other Unearned Revenue	104.00	
2460	Other Unearned Revenue	174.00	
2460	Other Unearned Revenue	172.00	
2460	Other Unearned Revenue	130.00	
3000	Opening Balance Equity	2,418.00	
3000	Opening Balance Equity	27,074.00	
6-1-50001	ARTIST FEES	11,250.00	
5120	Food COGS	2,292.00	
5130	Beer COGS	604.00	
5140	Wine COGS	532.00	
5160	Liquor COGS	270.00	
6-1-70622	RSTC GRANTS FOR RST OPERATIONS	6,000.00	
6310	Taxes	256.00	
6320	Benefits	10.00	
7555	Cash Short (Over)	319.00	
7555	Cash Short (Over)	734.00	
7555	Cash Short (Over)	1,553.00	
7555	Cash Short (Over)	3,100.00	
7555	Cash Short (Over)	170.00	
7690	Miscellaneous Event Expense	1,568.00	
7690	Miscellaneous Event Expense	1,568.00	
9300	Depreciation Expense	1,975.00	
1220	Rialto Theatre AIR		318.00
1220	Rialto Theatre AIR		794.00
1220	Rialto Theatre AIR		876.00
1220	Rialto Theatre AIR		1,653.00
1350	Other Receivables		3,100.00
1420	Food Inventory		2,292.00
1430	Beer Inventory		604.00
1440	Wine Inventory		532.00
1450	Liquor Inventory		270.00
1610	Due From RST Corporation		5,000.00
1760	Construction in Process - RA		61,643.00
1810	Accum Depr - Buildings		1,978.00
2130	APV Settlements		3,136.00
2140	Insurance Payable		2,418.00
2160	WCMEEA Payroll Liabilities		10.00
2160	WCMEEA Payroll Liabilities		1,733.00
2160	WCMEEA Payroll Liabilities		250.00
2200	Sales Tax Payable		170.00
2610	Due to Foundation		2,570.00
2610	Due to Foundation		3,010.00
2610	Due to Foundation		3,335.00
2610	Due to Foundation		3,360.00
2610	Due to Foundation		1,244.00
2610	Due to Foundation		9,840.00
2610	Due to Foundation		3,975.00
3000	Opening Balance Equity		26,129.00
4950	Other Income		120.00
4950	Other Income		104.00
4950	Other Income		174.00
4950	Other Income		172.00
4950	Other Income		130.00
5-1-51001	MARKETING EVENTS		11,250.00
6110	N/A Beverage COGS		1,125.00
6110	Full-Time Theatre Staff		63,738.00
6110	Full-Time Theatre Staff		6,835.00
6110	Full-Time Theatre Staff		6,835.00
6110	Full-Time Theatre Staff		21,326.00

6110	Full-Time Theatre Staff		588.00	
6110	Full-Time Theatre Staff		689.00	
6110	Full-Time Theatre Staff		492.00	
6110	Full-Time Theatre Staff		637.00	
6110	Full-Time Theatre Staff		594.00	
6110	Full-Time Theatre Staff		27,512.00	
6120	Support Staff Labor		75.00	
6131	FOH Event Staff		185.00	
6133	Maintenance Event Staff		421.00	
6134	Stagehands Event Staff		8,529.00	
6134	Stagehands Event Staff		330.00	
6135	Security Event Staff		242.00	
6200	Commercial Operations Staff		9,115.00	
6200	Commercial Operations Staff		5,711.00	
6200	Commercial Operations Staff		5,115.00	
6200	Commercial Operations Staff		338.00	
6400	Food & Beverage Labor		389.00	
7260	Postage & Shipping		31.00	
7260	Postage & Shipping		35.00	
7555	Cash Short (Over)		113.00	
Total			<u>310,913.00</u>	<u>310,913.00</u>
Adjusting Journal Entries JE # 13				
To agree to PDC delay		1259.03		
5-1-53001	ROYALTIES EVENT		1,733.00	
1350	Other Receivables			1,733.00
Total			<u>1,733.00</u>	<u>1,733.00</u>
Adjusting Journal Entries JE # 14				
To adjust for check 5021 that was paid out on June 30, 2017,		2809.02		
2500	Notes Payable FCB 100001079		5,934.00	
9100	Interest Expense		9,849.00	
2000	Accounts Payable			15,783.00
Total			<u>15,783.00</u>	<u>15,783.00</u>
Adjusting Journal Entries JE # 15				
To record P&L activity reversed by management company		3000.02		
4430	Beer Sales		421.00	
6110	Full-Time Theatre Staff		14,692.00	
6110	Full-Time Theatre Staff		8,095.00	
6310	Taxes		944.00	
6310	Taxes		3,372.00	
3000	Opening Balance Equity			27,524.00
Total			<u>27,524.00</u>	<u>27,524.00</u>
Adjusting Journal Entries JE # 16				
To eliminate opening balance equity		3099.02		
7690	Miscellaneous Event Expense		1,406.00	
3000	Opening Balance Equity			1,406.00
Total			<u>1,406.00</u>	<u>1,406.00</u>
Adjusting Journal Entries JE # 17				
To account for no uncollectible receivable		1260.06a		
4-1-32001	TICKET INCOME		39,094.00	
1370	Due from TMaster (old contract)			39,094.00
Total			<u>39,094.00</u>	<u>39,094.00</u>
Adjusting Journal Entries JE # 18				
To correct Accrued Payroll balance,		2100.01		
6110	Full-Time Theatre Staff		2,659.00	
2120	Accrued Payroll			2,659.00
Total			<u>2,659.00</u>	<u>2,659.00</u>
Adjusting Journal Entries JE # 19				
To record CY Pledges Receivable		1200.075		
1-1-11300R	GEN FUND PLEDGES RCVBLE		3,500.00	
1-1-11000R	GEN FUND ACCTYS RECEIVABLE			3,500.00
Total			<u>3,500.00</u>	<u>3,500.00</u>
Total Adjusting Journal Entries			<u>2,836,099.00</u>	<u>2,836,099.00</u>
Total All Journal Entries			<u>2,836,099.00</u>	<u>2,836,099.00</u>