



February 16, 2022

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 (the Foundation) for the year ended June 30, 2021 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) 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 significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as discussed below, we identified certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated February 16, 2022 on the financial statements of the Foundation. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. Our comments are summarized as follows:

#### Year-End Financial Reporting Process

*Finding:* After the beginning of our audit, numerous adjustments were needed to prepare accurate financial statements. These included adjustments identified by the Foundation as well as adjustments proposed by our audit team. We have attached a list of adjustments to the *Communication with Those Charged with Governance*.

*Recommendation:* We discussed the adjustments with the Foundation and management agreed to develop a year-end financial reporting process to ensure that all necessary adjustments are identified and posted before beginning the audit.

We believe that the implementation of these recommendations will provide the Foundation with a stronger system of internal control while also making its operations more efficient. We will be happy to discuss the details of these recommendations with you at your convenience.

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,

*William Rogers, Dean & Wagon, LLC*





February 16, 2022

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

#### **COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE**

We have audited the financial statements of Rialto Square Theatre Foundation (the Foundation) as of and for the year ended June 30, 2021, and have issued our report thereon dated February 16, 2022. Professional standards require that we advise you of the following matters relating to our audit.

#### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated January 31, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Foundation solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding matters noted during our audit in a separate letter to you dated February 16, 2022.

#### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.



## **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### ***Significant Accounting Policies***

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Entity is included in Note 1 to the financial statements. As described in Note 1 to the financial statements, during the year the entity adopted ASU No. 2014-09 and ASU No. 2018-13. The provisions adopted involve revenue recognition and fair value measurement. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### ***Significant Accounting Estimates***

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments.

The most sensitive accounting estimate affecting the financial statements is:

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 basic financial statements taken as a whole.

### ***Financial Statement Disclosures***

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

## **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

## **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Since management agreed to correct all identified misstatements, we are unaware of any uncorrected financial statement misstatements.



In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The attached material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management.

#### **Disagreements with Management**

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

#### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter dated February 16, 2022.

#### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

#### **Other Significant Matters, Findings or Issues**

In the normal course of our professional association with the Foundation, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Foundation's auditors.

This report is intended solely for the information and use of the board of directors and management of the 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, Olson & Ruger, LLC*

Client: 18553 - Riello Square Theatre Foundation  
 Engagement: 18553 - Riello Square Theatre Foundation  
 Period Ending: 6/30/2021  
 Trial Balance: 140.00 - Government Fund Trial Balance  
 Workpaper: 145.01 - A/E Report - Client Copy  
 Fund Level: All  
 Index: All

| Account | Description | W/P Ref | Debit | Credit |
|---------|-------------|---------|-------|--------|
|---------|-------------|---------|-------|--------|

**Adjusting Journal Entries**

**Adjusting Journal Entries JE # 1**

To record long-term restricted portion of endowment

|              |                                |  |                  |                  |
|--------------|--------------------------------|--|------------------|------------------|
| 1023R        | Endow FMB - Major 41-0337-01-8 |  | 39,093.00        | 39,093.00        |
| 1024R        | Endow FMB - Major Restricted   |  |                  |                  |
| <b>Total</b> |                                |  | <u>39,093.00</u> | <u>39,093.00</u> |

**Adjusting Journal Entries JE # 2**

To record restricted account activity

|              |                               |  |                  |                  |
|--------------|-------------------------------|--|------------------|------------------|
| 1662R        | JALB - HCF Restricted Portion |  | 4,877.00         |                  |
| 4161R        | JALB Dividends                |  | 3,104.00         |                  |
| 4162R        | JALB Unrealized Gain/Loss     |  | 8,324.00         |                  |
| 4163R        | JALB Realized Gain/Loss       |  | 750.00           |                  |
| 4163R        | JALB Realized Gain/Loss       |  | 56.00            |                  |
| 7085R        | Trust Fees                    |  | 157.00           |                  |
| 4161R        | JALB Dividends                |  |                  | 1,539.00         |
| 4162R        | JALB Unrealized Gain/Loss     |  |                  | 2,768.00         |
| 4163R        | JALB Realized Gain/Loss       |  |                  | 527.00           |
| 6-2-70202R   | ENDOW FUNDRAISER INCOME       |  |                  | 11,937.00        |
| 7085R        | Trust Fees                    |  |                  | 287.00           |
| <b>Total</b> |                               |  | <u>17,068.00</u> | <u>17,068.00</u> |

**Adjusting Journal Entries JE # 3**

To Record 10% of star dues receivable

|              |                                 |  |                  |                  |
|--------------|---------------------------------|--|------------------|------------------|
| 1623R        | Endow Fund - Due from General F |  | 5,898.00         |                  |
| 7120R        | Endowment Grant to Gen Fund     |  | 5,898.00         |                  |
| 2112R        | Gen Fund - Due to Endowment     |  |                  | 5,898.00         |
| 6-2-70012R   | (I) ENDOW %AGE OF PR2RVTN DUES  |  |                  | 5,898.00         |
| <b>Total</b> |                                 |  | <u>11,796.00</u> | <u>11,796.00</u> |

**Adjusting Journal Entries JE # 4**

To record endowment support to primary government

|              |                                 |  |                 |                 |
|--------------|---------------------------------|--|-----------------|-----------------|
| 7121R        | Donation/Sponsorship to WCMEEAA |  | 6,000.00        |                 |
| 7120R        | Endowment Grant to Gen Fund     |  |                 | 6,000.00        |
| <b>Total</b> |                                 |  | <u>6,000.00</u> | <u>6,000.00</u> |

**Adjusting Journal Entries JE # 5**

To record balance in major endowment fund

|              |                                |  |               |               |
|--------------|--------------------------------|--|---------------|---------------|
| 1024R        | Endow FMB - Major Restricted   |  | 609.00        |               |
| 4124R        | Endowment Unrealized Gain/Loss |  |               | 609.00        |
| <b>Total</b> |                                |  | <u>609.00</u> | <u>609.00</u> |

**Adjusting Journal Entries JE # 6**

PBC entry to agree trial balance to corporate office

|              |                                 |  |            |               |
|--------------|---------------------------------|--|------------|---------------|
| 1021.2R      | Endow Fund - BMO MMA Restricted |  | 250.00     |               |
| 1021R        | Endow Fund - Checking           |  | 475.00     |               |
| 1024R        | Endow FMB - Major Restricted    |  | 255,590.00 |               |
| 1215R        | Gen Fund - CYPres Loan -WCMEEAA |  | 40,887.00  |               |
| 1623R        | Endow Fund - Due from General F |  | 8,270.00   |               |
| 3122R        | Endow Fund - Unrestricted       |  | 57,534.00  |               |
| 3131R        | Vol Fund - Restricted           |  | 47,346.00  |               |
| 3200R        | Members Equity                  |  | 353,773.00 |               |
| 3300.3       | Retained Earnings Volunteer     |  | 12,082.00  |               |
| 7046.1R      | Vol Fund - Outside Expenses     |  | 2,858.00   |               |
| 7081.1R      | Bank Fees                       |  | 36.00      |               |
| 1021.1R      | Gen Fund - BMO Checking #13838  |  |            | 40,887.00     |
| 1021.1R      | Endow Chkg BMO # 0502003791     |  |            | 637.00        |
| 1023R        | Endow FMB - Major 41-0337-01-8  |  |            | 280,815.00    |
| 2112R        | Gen Fund - Due to Endowment     |  |            | 8,270.00      |
| <b>Total</b> |                                 |  |            | <u>130.05</u> |



|  |                                 |                     |                     |
|--|---------------------------------|---------------------|---------------------|
| 3121R  | Endow Fund - Restricted         | 24,087.00           |                     |
| 3123R  | Endow-Assigned -Budgetary Defic | 33,447.00           |                     |
| 3200.2R  | Endow Fund - Members Equity     | 65,594.00           |                     |
| 3300.1R  | Retained Earnings General       | 251,875.00          |                     |
| 3300.2R  | Retained Earnings Endowment     | 70,576.00           |                     |
| 7046R  | Outside Expenses                | 2,856.00            |                     |
| 7081R  | Bank Fees                       | 35.00               |                     |
| <b>Total</b>   |                                 | <b>779,079.00</b>   |                     |
| <b>Adjusting Journal Entries JE # 7</b>                |                                 |                     |                     |
| To record volunteer due from WCMEEA                    |                                 |                     |                     |
| 4131R  | Volunteer Other Income          | 60.00               |                     |
| 1631R  | Vol Fund - Due from WCMEEA      |                     | 60.00               |
| <b>Total</b>   |                                 | <b>60.00</b>        |                     |
| <b>Adjusting Journal Entries JE # 8</b>                |                                 |                     |                     |
| To record equity accounts                              |                                 |                     |                     |
| 3131R  | Vol Fund - Restricted           | 12,062.00           |                     |
| 3300.1R  | Retained Earnings General       | 251,875.00          |                     |
| 3300.2R  | Retained Earnings Endowment     | 70,576.00           |                     |
| 3112R  | Gen Fund - Unrestricted         |                     | 261,875.00          |
| 3122R  | Endow Fund - Unrestricted       |                     | 70,576.00           |
| 3300.3   | Retained Earnings Volunteer     |                     | 12,062.00           |
| <b>Total</b>   |                                 | <b>334,513.00</b>   | <b>334,513.00</b>   |
| <b>Adjusting Journal Entries JE # 9</b>                |                                 |                     |                     |
| To record unrestricted deposits                        |                                 |                     |                     |
| 1021.1R  | Endow Chkg BMO # 0502003791     | 250.00              |                     |
| 1021.2R  | Endow Fund - BMO MMA Restricted |                     | 250.00              |
| <b>Total</b>   |                                 | <b>250.00</b>       | <b>250.00</b>       |
| <b>Adjusting Journal Entries JE # 10</b>               |                                 |                     |                     |
| To record equity accounts                              |                                 |                     |                     |
| 3111R  | Gen Fund - Restricted           | 201,417.00          |                     |
| 3200.2R  | Endow Fund - Members Equity     | 65,594.00           |                     |
| 3112R  | Gen Fund - Unrestricted         |                     | 201,417.00          |
| 3122R  | Endow Fund - Unrestricted       |                     | 65,594.00           |
| <b>Total</b>   |                                 | <b>267,011.00</b>   | <b>267,011.00</b>   |
| <b>Adjusting Journal Entries JE # 11</b>               |                                 |                     |                     |
| To recognize income earned in current year             |                                 |                     |                     |
| 2410R  | Gen Fund - Unearned Revenue     | 12,500.00           |                     |
| 4116R  | Gen Fund - Sponsorship Donation |                     | 12,500.00           |
| <b>Total</b>   |                                 | <b>12,500.00</b>    | <b>12,500.00</b>    |
| <b>Adjusting Journal Entries JE # 12</b>               |                                 |                     |                     |
| To record pledge payments received                     |                                 |                     |                     |
| 4112R  | Gen Fund - Donations            | 350.00              |                     |
| 1612R  | Gen Fund - Pledges Receivable   |                     | 350.00              |
| <b>Total</b>   |                                 | <b>350.00</b>       | <b>350.00</b>       |
| <b>Total Adjusting Journal Entries</b>                 |                                 |                     |                     |
|  |                                 | <b>1,468,329.00</b> | <b>1,468,329.00</b> |
| <b>Reclassifying Journal Entries</b>                   |                                 |                     |                     |
| <b>Reclassifying Journal Entries JE # 101</b>          |                                 |                     |                     |
| To record nonspendable endowment fund balance - WCMEEA |                                 |                     |                     |
| 3122R  | Endow Fund - Unrestricted       | 223,354.00          |                     |
| 3121R  | Endow Fund - Restricted         |                     | 24,135.00           |
| 3123R  | Endow-Assigned -Budgetary Defic |                     | 133,624.00          |
| 3200.2R  | Endow Fund - Members Equity     |                     | 65,594.00           |
| <b>Total</b>   |                                 | <b>223,354.00</b>   | <b>223,354.00</b>   |
| <b>Total Reclassifying Journal Entries</b>             |                                 |                     |                     |
|  |                                 | <b>223,354.00</b>   | <b>223,354.00</b>   |
| <b>Total All Journal Entries</b>                       |                                 |                     |                     |
|  |                                 | <b>1,691,683.00</b> | <b>1,691,683.00</b> |

February 16, 2022

Wermer, Rogers, Doran & Ruzon LLC  
755 Essington Road  
Joliet, IL 60435

#### MANAGEMENT REPRESENTATION LETTER

This representation letter is provided in connection with your audit of the financial statements of Rialto Square Theatre Foundation (the Foundation), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information such that, in the light of surrounding circumstances, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Except where otherwise stated below, immaterial matters less than \$1,027 collectively are considered trivial and are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to or disclosure in the financial statements.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of February 16, 2022:

#### Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 31, 2022, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- We acknowledge our responsibility for 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the organization's accounts.



- We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation, claims, or assessments.
- We have complied with all contractual agreements, grants, and donor restrictions.
- We have maintained an appropriate composition of assets in amounts needed to comply with all donor restrictions.
- We have accurately presented the entity's position regarding taxation and tax-exempt status.
- The bases used for allocation of functional expenses are reasonable and appropriate.
- We have included in the financial statements all assets and liabilities under the entity's control.
- We have designed, implemented, and maintained adequate internal controls over the receipt and recording of contributions.
- Reclassifications between net asset classes are proper.
- The governing board's interpretations concerning whether laws place restrictions on net appreciation of donor-restricted endowments are reasonable and have been disclosed to you.
- Methods and significant assumptions used by management to determine fair values, their consistency in application, and the completeness and adequacy of fair value information for financial statement measurement and disclosure purposes are appropriate.
- With respect to nonattest services provided, we have performed the following:
  - Made all management decisions and performed all management functions;
  - Assigned a competent individual to oversee the services;
  - Evaluated the adequacy of the services performed;
  - Evaluated and accepted responsibility for the result of the service performed; and
  - Established and maintained internal controls, including monitoring ongoing activities.

#### Information Provided

- We have provided you with:
  - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters;
  - Additional information that you have requested from us for the purpose of the audit;
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence;
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have provided to you our analysis of the entity's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others when the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators, or others
- We have no knowledge of any noncompliance or suspected noncompliance with laws, regulations, contracts, and grant agreements whose effects should be considered when preparing financial statements.
- We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of all the entity's related parties and the nature of all the related party relationships and transactions of which we are aware.

**Supplementary Information in Relation to the Financial Statements as a Whole**

With respect to the Supplementary Information accompanying the financial statements:

- We acknowledge our responsibility for the presentation of the Supplementary Information in accordance with U.S. GAAP.
- We believe the Supplementary Information, including its form and content, is fairly presented in accordance with U.S. GAAP.
- The methods of measurement or presentation have not changed from those used in the prior period.
- We are not aware of any significant assumptions or interpretations underlying the measurement or presentation of the Supplementary Information.
- When the Supplementary Information is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the Supplementary Information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.

  
\_\_\_\_\_  
(Name of Chief Executive Officer and Title)

President

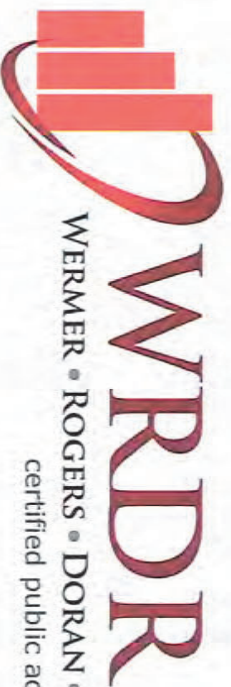
  
\_\_\_\_\_  
(Name of Chief Financial Officer and Title)

Vice President



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

**COMPONENT UNIT  
FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**



WERMER • ROGERS • DORAN • RUZON  
certified public accountants

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

### **Independent Auditor's Report**

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Rialto Square Theatre Foundation (an Illinois not-for-profit corporation) (the Foundation), a component unit of Will County Metropolitan Exposition and Auditorium Authority, which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Rialto Square Theatre Foundation as of June 30, 2021 and 2020, 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.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Change in Accounting Principle***

As discussed in Note 1 to the financial statements, in 2021 the entity adopted new accounting guidance as issued by the Financial Accounting Standards Board (FASB) under Accounting Standards Update (ASU) No. 2014-9, Revenue from Contracts with Customers, and ASU No. 2018-13, Changes to the Disclosure Requirements for Fair Value Measurements, in 2021. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.



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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date that the financial statements are issued.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Rialto Square Theatre Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rialto Square Theatre Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### ***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 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.

February 16, 2022

*William Rogers, Charan & Rogers, LLC*



# **RIALTO SQUARE THEATRE FOUNDATION**

Statements of Financial Position  
June 30,

## **ASSETS**

|   | 2021         | 2020         |
|---|--------------|--------------|
| <b>Current Assets</b>                           |              |              |
| Cash  | \$ 599,270   | \$ 507,468   |
| Contributions Receivable - Current              | -            | 5,000        |
| Pledges Receivable - Current                    | -            | 350          |
| Accrued Interest Receivable                     | 4            | 4            |
| Grant Advance                                   | 9,456        | 9,456        |
| Inventory                                       | 18,162       | 18,162       |
| Prepaid Expenses                                | 2,791        | 2,791        |
| Due from WCMEAA                                 | 435,862      | 434,672      |
| Total Current Assets                            | 1,065,545    | 977,903      |
| <b>Non-Current Assets</b>                       |              |              |
| Endowment Investments                           | 988,024      | 842,213      |
| Total Non-Current Assets                        | 988,024      | 842,213      |
| Total Assets                                    | \$ 2,053,569 | \$ 1,820,116 |
| <b>LIABILITIES AND NET ASSETS</b>               |              |              |
| <b>Current Liabilities</b>                      |              |              |
| Custodial Accounts                              | \$ 49,673    | \$ 52,619    |
| Deferred Revenue                                | 98           | 16,998       |
| Total Current Liabilities and Total Liabilities | 49,771       | 69,617       |
| <b>Net Assets</b>                               |              |              |
| Without Donor Restrictions                      | 940,641      | 705,327      |
| With Donor Restrictions                         | 1,063,157    | 1,045,172    |
| Total Net Assets                                | 2,003,798    | 1,750,499    |
| Total Liabilities and Net Assets                | \$ 2,053,569 | \$ 1,820,116 |

The Accompanying Notes are an Integral Part of These Statements.

# **RIALTO SQUARE THEATRE FOUNDATION**

Statements of Activities  
For the Years Ended June 30,

|   | 2021         | 2020         |
|---|--------------|--------------|
| <b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>             |              |              |
| Support and Revenue:  |              |              |
| Direct Support  |              |              |
| Grants  | \$ 19,055    | \$ 99,500    |
| Fundraising, Net  | -            | 27,940       |
| Donations   | 159,011      | 363,065      |
| Total Direct Support  | 178,066      | 490,505      |
| Revenue   |              |              |
| Dividends   | 3,671        | 9,003        |
| Other Income  | 55,617       | 47,426       |
| Interest  | 5,571        | 7,142        |
| Net Realized and Unrealized Gain (Loss) on<br>Long-Term Investments | 69,010       | (15,188)     |
| Total Revenue   | 133,869      | 48,383       |
| Expenses  |              |              |
| Program Services  | 50,873       | 239,807      |
| Support Services  |              |              |
| Management and General  | 25,748       | 80,590       |
| Fundraising   | -            | 1,628        |
| Total Expenses  | 76,621       | 322,025      |
| Increase in Net Assets without Donor Restrictions                   | 235,314      | 216,863      |
| <b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>                |              |              |
| Direct Support  |              |              |
| Fundraising, Net  | 11,937       | (2,961)      |
| Endowment Donations   | 150          | 492          |
| Preservation Dues   | 5,898        | 8,370        |
| Increase in Net Assets with Donor Restrictions                      | 17,985       | 5,901        |
| Increase in Net Assets  | 253,299      | 222,764      |
| Net Assets, Beginning of Year                                       | 1,750,499    | 1,527,735    |
| Net Assets, End of Year   | \$ 2,003,798 | \$ 1,750,499 |

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



## RIALTO SQUARE THEATRE FOUNDATION

### Statement of Functional Expenses For the Year Ended June 30, 2021

|                               | <u>Program<br/>Services</u> | <u>Management<br/>and General</u> | <u>Support Services<br/>Fund<br/>Raising</u> |
|-------------------------------|-----------------------------|-----------------------------------|--|
| Support to Primary Government | \$ 50,873                   | \$ -                              | \$ -   |
| Professional Fees             | -                           | 14,250                            | -  |
| Office Supplies               | -                           | 3,112                             | -  |
| Licensing and Permits         | -                           | 510                               | -  |
| Public Relations              | -                           | 78                                | -  |
| Miscellaneous                 | -                           | 7,798                             | -  |
| Total Functional Expenses     | <u>\$ 50,873</u>            | <u>\$ 25,748</u>                  | <u>\$ -</u>                                  |

### Statement of Functional Expenses For the Year Ended June 30, 2020

|                               | <u>Program<br/>Services</u> | <u>Management<br/>and General</u> | <u>Support Services<br/>Fund<br/>Raising</u> |
|-------------------------------|-----------------------------|-----------------------------------|--|
| Support to Primary Government | \$ 239,807                  | \$ -                              | \$ -   |
| Professional Fees             | -                           | 36,748                            | -  |
| Office Supplies               | -                           | 2,759                             | -  |
| Licensing and Permits         | -                           | 515                               | -  |
| Development Expenditures      | -                           | -                                 | 1,628  |
| Catering                      | -                           | 11,050                            | -  |
| Marketing                     | -                           | 2,574                             | -  |
| Public Relations              | -                           | 2,395                             | -  |
| Insurance                     | -                           | 1,397                             | -  |
| Miscellaneous                 | -                           | 23,152                            | -  |
| Total Functional Expenses     | <u>\$ 239,807</u>           | <u>\$ 80,590</u>                  | <u>\$ 1,628</u>                              |

The Accompanying Notes are an Integral Part of These Statements.

| <u>Total Support Services</u> |               | <u>Total</u>     |
|-------------------------------|---------------|------------------|
| \$                            | -             | \$ 50,873        |
|                               | 14,250        | 14,250           |
|                               | 3,112         | 3,112            |
|                               | 510           | 510              |
|                               | 78            | 78               |
|                               | <u>7,798</u>  | <u>7,798</u>     |
| \$                            | <u>25,748</u> | \$ <u>76,621</u> |

| <u>Total Support Services</u> |               | <u>Total</u>      |
|-------------------------------|---------------|-------------------|
| \$                            | -             | \$ 239,807        |
|                               | 36,748        | 36,748            |
|                               | 2,759         | 2,759             |
|                               | 515           | 515               |
|                               | 1,628         | 1,628             |
|                               | 11,050        | 11,050            |
|                               | 2,574         | 2,574             |
|                               | 2,395         | 2,395             |
|                               | 1,397         | 1,397             |
|                               | <u>23,152</u> | <u>23,152</u>     |
| \$                            | <u>82,218</u> | \$ <u>322,025</u> |



# **RIALTO SQUARE THEATRE FOUNDATION**

## Statements of Cash Flows For the Years Ended June 30,

|   | 2021       | 2020       |
|---|------------|------------|
| <b>Increase (Decrease) in Cash</b>  |            |            |
| <b>Cash Flows from Operating Activities</b>   |            |            |
| Increase in Net Assets  | \$ 253,299 | \$ 222,764 |
| Adjustments to Reconcile Increase in Net Assets to<br>Net Cash Provided by Operating Activities |            |            |
| Unrealized (Appreciation) Depreciation on Investments   | ( 69,010)  | 15,188     |
| Changes in Assets and Liabilities   |            |            |
| Contributions Receivable  | 5,000 (    | 5,000)     |
| Pledges Receivable  | 350        | -          |
| Inventory   | -          | ( 6,821)   |
| Prepaid Expenses  | -          | ( 2,791)   |
| Due from WCM/EA   | ( 1,190)   | ( 9,456)   |
| Custodial Accounts  | ( 2,946)   | ( 38,160)  |
| Deferred Revenue  | ( 16,900)  | 16,900     |
| Total Adjustments   | ( 84,696)  | ( 30,140)  |
| Net Cash Provided by Operating Activities   | 168,603    | 192,624    |
| <b>Cash Flows from Investing Activities</b>   |            |            |
| Purchase of Investments   | ( 573,924) | ( 191,843) |
| Proceeds from Sale of Investments   | 497,123    | 88,969     |
| Net Cash Used in Investing Activities   | ( 76,801)  | ( 102,874) |
| <b>Net Increase in Cash</b>   | 91,802     | 89,750     |
| <b>Cash, Beginning of Year</b>  | 507,468    | 417,718    |
| <b>Cash, End of Year</b>  | \$ 599,270 | \$ 507,468 |

The Accompanying Notes are an Integral Part of These Statements.

## RIALTO SQUARE THEATRE FOUNDATION

Notes to Financial Statements  
June 30, 2021 and 2020

### 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 15 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 years ended June 30, 2021 and 2020, 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, 2021 and 2020

### **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 \$133,624 and \$43,759 for the years ended June 30, 2021 and 2020, respectively. These amounts include trust fees of \$6,330 and \$5,979 for the years ended June 30, 2021 and 2020, 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, 2021 and 2020, \$26,505 and \$29,391 included in "Cash" represents volunteer funds.



## RIALTO SQUARE THEATRE FOUNDATION

Notes to Financial Statements  
June 30, 2021 and 2020

### 1. Summary of Significant Accounting Policies

#### ***Deferred Revenue***

Deferred revenue at June 30, 2020 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 net assets without donor restrictions 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 net assets with donor restrictions. When a donor restriction expires, temporarily restricted net assets are reclassified to net assets without donor restrictions. 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 net assets without donor restrictions 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.

#### ***Adoption of New Accounting Pronouncements***

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, as amended by ASU No. 2015-14, which supersedes or replaces nearly all US GAAP revenue recognition guidance. This standard establishes a new contract and control-based revenue recognition model, changes the basis for deciding when revenue is recognized over time or at a point in time, and will expand disclosures about revenue. ASU No. 2014-09, as amended by ASU 2020-05, is effective for nonpublic companies for annual reporting periods beginning after December 15, 2019 and interim periods within the annual period beginning after December 15, 2020. The Foundation implemented this standard retrospectively for the year ended June 30, 2021.

In August 2018, FASB issued ASU No. 2018-13, *Changes to the Disclosure Requirements for Fair Value Measurements*. This standard is intended to improve the effectiveness of disclosures in the notes to the financial statements and modify the disclosure requirements on fair value measurements in Topic 820, Fair Value Measurements. ASU No. 2018-13 is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. The Foundation implemented this standard retrospectively for the year ended June 30, 2021.

### 2. Restrictions on Assets

Net assets with donor restrictions consist of permanently restricted Endowment fund contributions.



## RIALTO SQUARE THEATRE FOUNDATION

Notes to Financial Statements  
June 30, 2021 and 2020

### 3. Pledges Receivable

Unconditional pledges receivable are as follows:

|  | June 30,<br>2021 | 2020          |
|--|------------------|---------------|
| Receivable in Less Than One Year       | \$ -             | \$ 350        |
| Receivable in One to Five Years        | -                | -             |
| Total Unconditional Pledges Receivable | <u>\$ -</u>      | <u>\$ 350</u> |

### 4. Endowment Investments

Endowment Investments at year-end are as follows:

|                           | 2021              |                   | 2020                                |
|---------------------------|-------------------|-------------------|-------------------------------------|
|                           | Cost              | Market<br>Value   | Cost      Market<br>Value           |
| Money Market              | \$ 105,384        | \$ 105,384        | \$ 105,132    \$ 105,132            |
| Government Money          |                   |                   |                                     |
| Market Funds              | 10,801            | 10,801            | 18,427      18,427                  |
| Mutual Funds              | 302,733           | 416,392           | 314,390      348,506                |
| Fixed Income Mutual Funds | 442,513           | 455,447           | 354,398      370,148                |
| Total Investments         | <u>\$ 861,431</u> | <u>\$ 988,024</u> | <u>\$ 792,347</u> <u>\$ 842,213</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:

## RIALTO SQUARE THEATRE FOUNDATION

Notes to Financial Statements  
June 30, 2021 and 2020

### 4. Endowment Investments

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;
- 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).

*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 1 inputs), with no discounts for credit quality or liquidity restrictions.

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

The following are the major categories of assets measured at fair value on a recurring basis in the financial statements as of June 30, 2021 and 2020, respectively:



## RIALTO SQUARE THEATRE FOUNDATION

Notes to Financial Statements  
June 30, 2021 and 2020

### 4. Endowment Investments

|                               | Level 1           | Level 2     | Level 3     | Total             |
|-------------------------------|-------------------|-------------|-------------|-------------------|
| Government Money Market Funds | \$ 10,801         | \$ -        | \$ -        | \$ 10,801         |
| Mutual Funds                  | 416,392           | -           | -           | 416,392           |
| Fixed Income Mutual Funds     | 455,447           | -           | -           | 455,447           |
| Money Market                  | 105,384           | -           | -           | 105,384           |
|                               | <u>\$ 988,024</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 988,024</u> |
| Government Money Market Funds | \$ 18,427         | \$ -        | \$ -        | \$ 18,427         |
| Mutual Funds                  | 348,506           | -           | -           | 348,506           |
| Fixed Income Mutual Funds     | 370,148           | -           | -           | 370,148           |
| Money Market                  | 105,132           | -           | -           | 105,132           |
|                               | <u>\$ 842,213</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 842,213</u> |

Endowment net asset composition by type of fund as of June 30, 2021 and 2020 are as follows:

|   | Net Assets<br>without Donor<br>Restrictions | Net Assets with<br>Donor Restrictions:<br>Permanently<br>Restricted | Total<br>Endowment<br>Net Assets |
|---|---|---|----------------------------------|
| Endowment Net Assets, Beginning of Year | \$ 194,036                                  | \$ 1,045,172  | \$ 1,239,208                     |
| Contributions                           | -   | 17,985  | 17,985                           |
| Investment Income                       | 70,943                                      | -   | 70,943                           |
| Net Appreciation                        | 69,011                                      | -   | 69,011                           |
| Trust Fees                              | ( 6,330)                                    | -   | ( 6,330)                         |
| Endowment Net Assets, End of Year       | <u>\$ 327,660</u>                           | <u>\$ 1,063,157</u>   | <u>\$ 1,390,817</u>              |

## RIALTO SQUARE THEATRE FOUNDATION

Notes to Financial Statements  
June 30, 2021 and 2020

### 4. Endowment Investments

|   | Net Assets<br>without Donor<br>Restrictions | Net Assets with<br>Donor Restrictions:<br>Permanently<br>Restricted | Total<br>Endowment<br>Net Assets |
|---|---|---|----------------------------------|
| Endowment Net Assets, Beginning of Year | \$ 153,881                                  | \$ 1,039,271  | \$ 1,193,152                     |
| Contributions                           | -   | 8,862   | 8,862                            |
| Investment Income                       | 64,926                                      | -   | 64,926                           |
| Net Appreciation                        | ( 15,188)                                   | -   | ( 15,188)                        |
| Interest Appropriated to WCMEAA         | ( 3,604)                                    | -   | ( 3,604)                         |
| Trust Fees                              | ( 5,979)                                    | -   | ( 5,979)                         |
| Fundraising Expenses                    | -   | ( 2,961)  | ( 2,961)                         |
| Endowment Net Assets, End of Year       | <u>\$ 194,036</u>                           | <u>\$ 1,045,172</u>   | <u>\$ 1,239,208</u>              |

#### Implementation of FSP FAS 117-1

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

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

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. As of June 30, 2021, the Primary Government owed the Endowment Fund \$388,719.



# **RIALTO SQUARE THEATRE FOUNDATION**

## Notes to Financial Statements June 30, 2021 and 2020

### **5. Return on Investments**

Return on investments consists of the following:

|                                     | June 30,          | 2020             |
|-------------------------------------|-------------------|------------------|
| 2021                                |                   |                  |
| Interest Earned on Cash Equivalents | \$ 5,571          | \$ 7,142         |
| Dividends and Interest              | 65,618            | 62,408           |
| Unrealized (Loss) Gain, Net         | 69,010            | ( 15,188)        |
| Management Fees                     | ( 6,330)          | ( 5,979)         |
| Return on Investments               | <u>\$ 133,869</u> | <u>\$ 48,383</u> |

### *Reconciliation of Above Note to Statement of Activities:*

|   | June 30,          | 2020             |
|---|-------------------|------------------|
| 2021  |                   |                  |
| Dividends   | \$ 3,671          | \$ 9,003         |
| Other Income  | 55,617            | 47,426           |
| Interest  | 5,571             | 7,142            |
| Net Unrealized and Realized Gain (Loss)<br>on Long-Term Investments | <u>69,010</u>     | <u>( 15,188)</u> |
| Return on Investments   | <u>\$ 133,869</u> | <u>\$ 48,383</u> |

### **6. Transactions with Primary Government**

The Rialto Square Theatre Foundation transferred \$50,873 and \$239,807 (net) to the Will County Metropolitan Exposition and Auditorium Authority (Primary Government) for the years ended June 30, 2021 and 2020, 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. Liquidity and Availability**

The Foundation has not formally adopted a liquidity policy. Funds are maintained in Foundation cash accounts until needed. The following assets are available to meet cash needs for general expenditures within one year, without contractual or donor restrictions:

|                                       | June 30,          | 2020              |
|---------------------------------------|-------------------|-------------------|
| 2021                                  |                   |                   |
| Cash                                  | \$ 599,270        | \$ 507,468        |
| Contributions Receivable - Current    | -                 | 5,000             |
| Current Portion of Pledges Receivable | -                 | 350               |
|                                       | <u>\$ 599,270</u> | <u>\$ 512,818</u> |

## **RIALTO SQUARE THEATRE FOUNDATION**

Notes to Financial Statements  
June 30, 2021 and 2020

### **9. Subsequent Events**

Subsequent events were evaluated through February 16, 2022 which is the date the financial statements were available to be issued.

### **10. Risk and Uncertainties**

Due to the COVID-19 pandemic, there are economic uncertainties that could have a negative financial impact on the foundation. Management is examining the situation in order to best assess the foundation's current and future financial progress.



## RIALTO SQUARE THEATRE FOUNDATION

### Schedule of Organization Data June 30, 2021

#### Board of Directors

|                 |                |
|-----------------|----------------|
| Steve Randich   | President      |
| Jen Howard      | Vice President |
| Tim Shanahan    | Treasurer      |
| Bob Navarro     | Secretary      |
| Jane Condon     | WCM/EA Liaison |
| Pete Colarelli  | Director       |
| Dale T. Evans   | Director       |
| Ed Jarot        | Director       |
| Kurt Johnson    | Director       |
| Krystin Gilbert | Director       |
| Debbie Highland | Director       |
| Sue Moore       | Director       |
| Ava Paris       | Director       |
| Joel Powless    | Director       |
| Dan Stevenson   | Director       |