2010 Annual Report

A solid foundation built on a legacy of caring
Since 1986 the Irving S. Gilmore Foundation has helped to make Kalamazoo County a better place to live through its support of many local nonprofit agencies and programs. In 2010 a number of these Foundation "partners" achieved significant milestones. For example:

- The Arts Council of Greater Kalamazoo presented All Ears Theatre's 100th episode, "The War of the Worlds." In its ninth season, this unique series offered live, 1940s-style radio dramas at no cost to the general public, performances that were recorded live and subsequently broadcast on WMUK 102.1 FM. As always, the series catalyzed diverse and inclusive community participation, not only by engaging audiences, but by recruiting, training and presenting community members as writers, directors, actors, musicians, sound engineers and sound effects artists, the latter often utilizing authentic and historically-significant sound effects props from the "Golden Age of Radio."

- The Irving S. Gilmore International Keyboard Festival, best known as "The Gilmore," celebrated its 20th year of operations and its 10th Festival, featuring a number of musical luminaries, among them its sixth Gilmore Artist, Kirill Gerstein. As usual, the Kalamazoo community warmly embraced two wonderful weeks in April and May.

- The Black Arts and Cultural Center produced its 25th Black Arts Festival, an event open to the entire Kalamazoo community. Consistent with its mission, the Festival celebrated black history and culture, while encouraging interaction among diverse groups in the community.

- Also celebrating its 25th anniversary, New Year's Fest of Kalamazoo again presented a unique showcase of community performing artists in a family-centered, alcohol-free environment. At only $5 per person for an evening's worth of premium entertainment, the Fest offered great value for the whole family.

- Meanwhile, the Kalamazoo Concert Band not only presented its 25th Annual Holiday Concert, but celebrated its 50th year as an organization. As always, this fine symphonic ensemble of over 100 local musicians collaborated with top-flight entertainers (including Kathy Mattea, its 2010 Holiday Concert headliner) in offering high-quality, diverse and imaginative artistry, all free-of-charge to the public.

- Finally, the Kalamazoo Nature Center celebrated 50 years of nurturing the dream of its founder, Dr. H. Lewis Batts. Since its inception the Center has inspired people of all ages to care for the environment by delivering diverse and impactful learning experiences. In 2010, the Center's efforts to assist individuals in understanding their personal "connections to the natural world" were brought into a unique developmental focus. Indeed, the Center was selected as one of only three Michigan-based pilot sites for the "No Child Left Inside Community Action Plan," work that will be vital to early childhood education and youth development well into the future.

As the above illustrate, Kalamazoo is blessed with an abundance of wonderful opportunities made possible by its nonprofit organizations. The Irving S. Gilmore Foundation is privileged to be among those who support their work.
Irving S. Gilmore demonstrated a sincere commitment to Kalamazoo through his caring, kindness and support. In simple, elegant ways, Mr. Gilmore inspired the community to pursue a strong sense of social and cultural awareness for the benefit of all people.

A truly unique individual, Irving Gilmore was a merchant, art patron, concert-quality pianist, business leader, and military veteran. He was also a gentle man with a dry sense of humor who showed heartfelt compassion for others around him. Throughout his life, Mr. Gilmore helped by sharing his good fortune with others less fortunate. In many ways he was a man of action and not merely of words.

Irving Gilmore shunned the spotlight, preferring instead to contribute in a quiet, dignified manner. He showed his concern through frequent and often anonymous gifts which embraced a wide range of needs. In addition to bestowing numerous financial gifts upon the community, he worked to help others gain the skills needed to help themselves.

Mr. Gilmore found his greatest joy in the arts, for which he showed unwavering support. He not only helped gifted individuals express their unique talents, but encouraged others to support the creative expressions of the human spirit as both artists and audience. He knew that cultural and performing arts needed support to grow. He also knew that the arts offered powerful instrumental benefits. Indeed, Mr. Gilmore understood that the arts catalyze imaginative practices in and across community sectors.

Amidst all of his other virtues, Mr. Gilmore wanted to provide for his community in perpetuity, ensuring that his special personal philanthropy would live on. In 1972, Mr. Gilmore established the Irving S. Gilmore Foundation and arranged for it to receive the bulk of his estate upon his death. Mr. Gilmore passed away in 1986 at the age of 85, leaving Kalamazoo a wonderful legacy.

Just as he encouraged others to unlock their own potential, today the Foundation funds key organizations that help unlock the community’s potential. Through the Foundation that bears his name, Mr. Gilmore’s commitment to the people of the Kalamazoo community will endure.

Mission

The Mission of the Foundation is to support and enrich the cultural, social, and economic life of Greater Kalamazoo.
Grant Policies

In accordance with the example and directives of its founder, the Irving S. Gilmore Foundation encourages grant applications from Kalamazoo area nonprofit, tax-exempt organizations whose work benefits or will benefit the community. The Foundation does not make grants to individuals. The Foundation Trustees will make all decisions regarding the funding of proposals without discrimination on the basis of race, color, creed, gender, marital status, religion, age, orientation, handicap or disability, height, weight, or national origin of the organization’s staff or volunteers. It is expected that all beneficiaries of funding from the Irving S. Gilmore Foundation will adhere to existing state and federally mandated affirmative action policies.

2010 Grants Summary

In 2010 the Trustees approved 211 grants totaling $7,429,880, the majority benefiting the residents of the greater Kalamazoo area.

<table>
<thead>
<tr>
<th>Category</th>
<th># of Grants</th>
<th>$ Amt.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arts, Culture &amp; Humanities</td>
<td>71</td>
<td>3,880,989</td>
</tr>
<tr>
<td>Human Services</td>
<td>46</td>
<td>1,839,350</td>
</tr>
<tr>
<td>Education</td>
<td>4</td>
<td>121,500</td>
</tr>
<tr>
<td>Community Development</td>
<td>19</td>
<td>1,351,700</td>
</tr>
<tr>
<td>Health &amp; Well-being</td>
<td>5</td>
<td>204,500</td>
</tr>
<tr>
<td>Matching Gifts</td>
<td>66</td>
<td>31,841</td>
</tr>
</tbody>
</table>

Grants Since Inception

Since 1986, the Trustees have approved 3,429 grants to over 400 organizations for a grand total of $174,835,841.

<table>
<thead>
<tr>
<th>Category</th>
<th># of Grants</th>
<th>$ Amt.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arts, Culture &amp; Humanities</td>
<td>1,321</td>
<td>101,884,807</td>
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<tr>
<td>Human Services</td>
<td>878</td>
<td>31,263,689</td>
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<tr>
<td>Education</td>
<td>156</td>
<td>20,830,925</td>
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<tr>
<td>Community Development</td>
<td>356</td>
<td>15,916,785</td>
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<tr>
<td>Health &amp; Well-being</td>
<td>141</td>
<td>4,633,236</td>
</tr>
<tr>
<td>Matching Gifts</td>
<td>577</td>
<td>306,398</td>
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</tbody>
</table>
2010 Grants

**Arts, Culture & Humanities**

The Foundation promotes the enjoyment, understanding, appreciation and/or instrumental use of visual arts; performing arts; media arts; communications; humanities; and history.

**Arts Council of Greater Kalamazoo**
- Bronson Park Concerts
- Community Programs
- Management Development
- Operations
- United Teens Talents

**Bach Festival Society of Kalamazoo, Inc.**
- Operations

**Ballet Arts Ensemble, Inc.**
- Production Support

**Black Arts & Cultural Center**
- Management Development

**Boy Scouts of America**
- Southwest Michigan Council
  - Cultural Events Program
  - Summer Arts Program

**Boys & Girls Clubs of Greater Kalamazoo, Inc.**
- Participating Arts Program

**Carnegie Center Council for the Arts**
- “Carnegie Concert Series”
- “Fourth Grade Day of Artistic Awareness”

**Church of God in Christ**
- Kalamazoo Junior Arts & Music Project

**City of Parchment**
- Summer Arts Program

**City of Portage**
- Summer Entertainment Series

**Crescendo Academy of Music**
- Management Development
- Operations

**Douglass Community Association**
- Equipment

**Farmers Alley Theatre, Inc.**
- Guest Artist Program
- Program Support

**Fire Historical and Cultural Arts Collaborative**
- Operations
- Race Exhibit Programming

**Fontana Chamber Arts**
- Operations

**Grand Valley University Foundation**
- Kalamazoo Lively Arts Series
- WGVU Capital Campaign

**Grantmakers in the Arts**
- Membership Renewal

**Great Lakes Acoustic Music Association**
- Cooper’s Glen Music Festival

**Great Lakes Male Chorus Association**
- Kalamazoo Male Chorus (Operations)

**Interfaith Strategy for Advocacy and Action in the Community**
- Production Support

**International Media Exchange**
- Media Arts Academy

**Irving S. Gilmore International Keyboard Festival**
- Operations

**Julius and Esther Stulberg Competition, Inc.**
- Operations

**Kalamazoo Ballet Company**
- Production Support

**Kalamazoo Book Arts Center**
- Operations

**Kalamazoo Children’s Chorus**
- Operations

**Kalamazoo Civic Theatre**
- Operations
- Production Equipment

**Kalamazoo College**
- Equipment

**Kalamazoo Concert Band Association, Inc.**
- Administrative Support
- Holiday Concert

**Kalamazoo Institute of Arts**
- “Billboard Art” Program
- “Wyeth: Three Generations” Exhibition

**Kalamazoo Junior Symphony Society**
- Operations

**Kalamazoo Regional Educational Service Agency**
- Operations
- Student Artistic Equipment Program
- Student Arts Scholarships

**Kalamazoo Symphony Orchestra**
- Operations
- Yo-Yo Ma Performance

**Kal. Valley Community College Foundation**
- Artists Forum

**Lakeside Academy**
- Kinetic Affect (Speak It Forward) Program

**Legends Performing Arts Association, Inc.**
- Operations

**Michigan Bach Collegium**
- Operations

**Michigan Festival of Sacred Music**
- Operations

**Michigan Youth Arts Festival**
- Michigan Arts Education Survey
- Operations

**New Year’s Fest of Kalamazoo, Inc.**
- Operations
Arts, Culture & Humanities (continued)

Renaissance Enterprises Company
Kalamazoo County Programming
Shenandoah International Playwrights, Inc.
Summer Stages Program
Smartshop Metal Arts Collective
Operations
Society for Preservation & Encrgmnt of Barbershop Quartet Singing America
Production Support
Ujima Enterprises, Inc.
Juneteenth Celebration
Wellspring-Cori Terry and Dancers
Operations
RAD Festival
West Michigan Glass Society
Facility Renovation
Operations
Summer Workshop
Western Michigan University Foundation
Broadway Revisited Broadcasts
Dalton Series Concerts
Frederick W. Freund Career Development Fund
WMUK Operations

Human Services
The Foundation supports youth development; life skills; food and nutrition; public safety; parks and recreation; and other social/human services that benefit individuals, families and neighborhoods. However, the Foundation does not generally support athletics and only nominally supports housing and shelter.

Catholic Family Services
ARK Capital Campaign
CHADD, Inc.
Kalamazoo Chapter; Program Support
Community Homeworks
Operations
Dillon Complex for Independent Living
Capital Campaign
Disability Network Southwest Michigan
Independent Living Program
Ecumenical Senior Center
Operations
Fair Food Matters
Capital Campaign
Fair Housing Center of Southwest Michigan
Operations
First Congregational Church
Community Outreach Programs
Gilmore Foundation
Operations
Girl Scouts Heart of Michigan
Adventure Center Capital Campaign
Goodwill Industries of Southwestern Michigan Inc.
GAP Program
Greater Kal. Area Chapter American Red Cross
Equipment
Hispanic American Council, Inc.
Liaison Program
Housing Resources, Inc.
Operations
Junior Achievement of Southwest Michigan, Inc.
Kalamazoo County Operations
Kairos Dwelling
Operations
Kal. Communities in Schools Foundation
Freedom School
PromiseNet Conference
Kalamazoo County Government
Youth Offender Transitions Program
Kalamazoo County Parks and Recreation Development Foundation
Kalamazoo River Valley Trail
Kalamazoo Deacons Conference
Capital Campaign
Kalamazoo Gay/Lesbian Resource Center
Operations
Kalamazoo Junior Girls Organization
Operations
Kalamazoo Loaves and Fishes, Inc.
Capital Campaign
Equipment
Operations
Kal. Neighborhood Housing Services, Inc.
HomeOwnership Education Center
Kalamazoo Valley Habitat for Humanity, Inc.
Capital Campaign
Operations
Life Ministry
Transportation Services
LIFT Foundation
Summer Program
Michigan Blind Athletic Association
Operations
Michigan Foundation for the Blind and Visually Impaired
Operations
Ministry With Community
Operations
MRC Industries, Inc.
Capital Campaign
National AMBUCS, Inc.
AmTryke® Project
Human Services (continued)

Oakwood Neighborhood Association
  Summer Arts Program
Open Door and Next Door Shelters
  Operations
Portage Community Outreach Center
  Middle School Summer Program
Salvation Army
  Equipment
Seeding Change
  Operations
Vineyard Outreach Ministry
  Operations
Y.W.C.A.
  Homeless Child Care Program
  Summit on Racism
  Women of Achievement Award

Education
The Foundation supports educational programs and activities that enhance the capacity for life-long learning. However, the Foundation does not generally support core operations and programming of K-12 educational institutions.

Greater Kalamazoo United Way
  Kalamazoo County "Ready 4s" Program
Kalmanzoo Literacy Council
  Adult Literacy Initiative
Kalmanzoo Public Schools
  Kalamazoo Arts Integration Initiative
Specialized Language Development Learning Center, Inc.
  Kalamazoo County Operations

Community Development
The Foundation promotes quality of life through appropriate investments that strengthen, unify and build community spirit, and enhance capacity for innovation and growth.

Association of Fundraising Professionals, West MI Chapter
  National Philanthropy Day
Building Blocks of Kalamazoo
  Operations
Calhoun County Guardian
  Community Promise Federal Credit Union Capital Campaign

Comstock Community Center, Inc.
  Capital Campaign
Council of Michigan Foundations
  Membership Renewal
Council on Foundations
  Membership Renewal
Greater Kalamazoo United Way
  Annual Campaign
  Leadership Campaign Challenge
Kalamazoo Astronomical Society
  Astronomy Day
Kalamazoo Community Foundation
  Irving S. Gilmore Estate Fund
Kalamazoo County Poverty Reduction Initiative
  Operations
Kalamazoo in Bloom, Inc.
  Operations
Kalamazoo Nature Center, Inc.
  Capital Campaign
Kalamazoo Public Library
  OnePlace Renovations
  Reading Together Series
Kalamazoo Valley Habitat for Humanity, Inc.
  Community Service Project
Pride of Scots
  Community Center Capital Campaign
Southwest Michigan First Corporation
  Operations
Volunteer Services of Greater Kalamazoo, Inc.
  Board Connect Program

Health & Well-being
The Foundation promotes health and wellness programs and activities that enhance the physical, mental and emotional needs of individuals.

Alzheimer Disease and Related Disorders Association, Inc
  Annual Conference
Community AIDS Resource & Education Services of Southwest Michigan
  Operations
Gryphon Place
  Kalamazoo County Suicide Prevention Plan
Kalamazoo County Juvenile Home Foundation
  Music Therapist Program
Residential Opportunities, Inc.
  Great Lakes Center for Autism Capital Campaign
In 1972, Irving Gilmore created this Foundation with $5,000 to continue his commitment to the arts and the critical needs of the community. Upon Mr. Gilmore’s death on January 17, 1986, his will provided for the distribution of the majority of his assets to the Foundation, valued at $67,010,041. On December 31, 2010, Foundation investments were valued at 205,766,731.

<table>
<thead>
<tr>
<th>Date</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 17, 1986</td>
<td>$ 67,010,041</td>
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<tr>
<td>December 1987</td>
<td>85,758,470</td>
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<td>December 1988</td>
<td>103,791,630</td>
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<td>December 1989</td>
<td>117,285,049</td>
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<td>December 1990</td>
<td>113,996,787</td>
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<td>December 1991</td>
<td>133,900,051</td>
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<td>December 1992</td>
<td>137,835,297</td>
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<td>December 1993</td>
<td>145,799,054</td>
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<td>December 1994</td>
<td>138,348,236</td>
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<td>December 1995</td>
<td>169,300,277</td>
</tr>
<tr>
<td>December 1996</td>
<td>186,627,651</td>
</tr>
<tr>
<td>December 1997</td>
<td>216,039,809</td>
</tr>
<tr>
<td>December 1998</td>
<td>232,607,510</td>
</tr>
<tr>
<td>December 1999</td>
<td>249,289,322</td>
</tr>
<tr>
<td>December 2000</td>
<td>234,537,749</td>
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<tr>
<td>December 2001</td>
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<td>December 2002</td>
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<td>December 2003</td>
<td>199,531,013</td>
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<td>December 2004</td>
<td>209,656,101</td>
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<td>December 2005</td>
<td>210,448,140</td>
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<td>December 2006</td>
<td>220,085,004</td>
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<td>December 2007</td>
<td>226,852,792</td>
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<td>December 2008</td>
<td>150,370,712</td>
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<tr>
<td>December 2009</td>
<td>185,486,635</td>
</tr>
<tr>
<td>December 2010</td>
<td>205,766,731</td>
</tr>
</tbody>
</table>
Financial Statements

Report of Independent Auditors

We have audited the accompanying statements of financial position of Irving S. Gilmore Foundation as of December 31, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Irving S. Gilmore Foundation as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

[Signature]
# Statements of Financial Position

<table>
<thead>
<tr>
<th></th>
<th>December 31</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2009</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$3,628,124</td>
<td>$1,100,429</td>
</tr>
<tr>
<td>Investment income receivable</td>
<td>441,409</td>
<td>714,939</td>
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<tr>
<td>Other receivables</td>
<td>749</td>
<td>5,309</td>
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<tr>
<td>Prepaid expenses</td>
<td>55,688</td>
<td>67,653</td>
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<tr>
<td>Prepaid excise taxes</td>
<td>—</td>
<td>74,000</td>
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<tr>
<td><strong>Total current assets</strong></td>
<td>$4,125,970</td>
<td>1,962,330</td>
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<tr>
<td><strong>Investments:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>3,205,223</td>
<td>5,321,862</td>
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<tr>
<td>U.S. Government and agency securities</td>
<td>9,842,996</td>
<td>6,364,974</td>
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<tr>
<td>Equity securities</td>
<td>123,097,913</td>
<td>106,455,755</td>
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<tr>
<td>Corporate debt securities</td>
<td>17,921,205</td>
<td>19,378,872</td>
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<tr>
<td>Securitized debt instruments</td>
<td>16,339,025</td>
<td>17,376,990</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>31,732,245</td>
<td>29,487,753</td>
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<tr>
<td><strong>Total investments</strong></td>
<td>202,138,607</td>
<td>184,386,206</td>
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<tr>
<td><strong>Property and equipment:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>736,391</td>
<td>736,391</td>
</tr>
<tr>
<td>Furnishings and fixtures</td>
<td>229,192</td>
<td>229,192</td>
</tr>
<tr>
<td>Equipment</td>
<td>122,275</td>
<td>129,479</td>
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<tr>
<td><strong>Total property and equipment</strong></td>
<td>1,087,858</td>
<td>1,095,062</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>987,588</td>
<td>923,705</td>
</tr>
<tr>
<td><strong>Net property and equipment</strong></td>
<td>100,270</td>
<td>171,357</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$206,364,847</td>
<td>$186,519,893</td>
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<tr>
<td><strong>Liabilities and net assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$203,016</td>
<td>$147,367</td>
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<tr>
<td>Pension contribution payable</td>
<td>39,009</td>
<td>39,009</td>
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<tr>
<td>Excise tax payable</td>
<td>40,000</td>
<td>—</td>
</tr>
<tr>
<td>Grants payable</td>
<td>30,000</td>
<td>239,555</td>
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<tr>
<td><strong>Total current liabilities</strong></td>
<td>312,025</td>
<td>425,931</td>
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<tr>
<td><strong>Unrestricted net assets</strong></td>
<td>206,052,822</td>
<td>186,093,962</td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td>$206,364,847</td>
<td>$186,519,893</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
## Statements of Activities

<table>
<thead>
<tr>
<th></th>
<th>Year ended December 31</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2009</td>
</tr>
<tr>
<td><strong>Revenues and gains</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>$ 1,817,918</td>
<td>$ 2,316,286</td>
</tr>
<tr>
<td>Dividends</td>
<td>2,788,899</td>
<td>2,454,496</td>
</tr>
<tr>
<td>Net realized and unrealized gains on investments</td>
<td>24,996,676</td>
<td>40,557,844</td>
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<tr>
<td>Other income</td>
<td>67,907</td>
<td>230,700</td>
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<tr>
<td><strong>Total revenues and gains</strong></td>
<td>29,671,400</td>
<td>45,559,326</td>
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<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
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<tr>
<td>Grants</td>
<td>7,398,270</td>
<td>7,537,395</td>
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<tr>
<td>Investment management fees</td>
<td>882,909</td>
<td>692,762</td>
</tr>
<tr>
<td>Other professional services</td>
<td>264,778</td>
<td>261,274</td>
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<tr>
<td>Administrative and general expenses</td>
<td>831,303</td>
<td>877,270</td>
</tr>
<tr>
<td>Depreciation</td>
<td>91,280</td>
<td>106,071</td>
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<tr>
<td>Excise tax</td>
<td>244,000</td>
<td>41,000</td>
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<td><strong>Total expenses</strong></td>
<td>9,712,540</td>
<td>9,515,772</td>
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<td><strong>Change in net assets</strong></td>
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<td>Net assets, beginning of year</td>
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<td>150,050,408</td>
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<tr>
<td>Net assets, end of year</td>
<td>$ 206,052,822</td>
<td>$ 186,093,962</td>
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</table>

*See accompanying notes to financial statements.*
Statements of Cash Flows

<table>
<thead>
<tr>
<th></th>
<th>Year ended December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
</tr>
<tr>
<td><strong>Operating activities</strong></td>
<td></td>
</tr>
<tr>
<td>Change in net assets</td>
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<td>Adjustments to reconcile change in</td>
<td></td>
</tr>
<tr>
<td>net cash used in operating activities:</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>91,280</td>
</tr>
<tr>
<td>Net realized and unrealized gains on</td>
<td>(24,996,676)</td>
</tr>
<tr>
<td>investments</td>
<td></td>
</tr>
<tr>
<td>Changes in operating assets and</td>
<td></td>
</tr>
<tr>
<td>liabilities:</td>
<td></td>
</tr>
<tr>
<td>Investment income receivable</td>
<td>273,530</td>
</tr>
<tr>
<td>Other receivables</td>
<td>4,560</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>85,965</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>55,649</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>40,000</td>
</tr>
<tr>
<td>Grants payable</td>
<td>(209,555)</td>
</tr>
<tr>
<td>Total adjustments</td>
<td>(24,655,247)</td>
</tr>
<tr>
<td>Net cash used in operating activities</td>
<td>(4,696,387)</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Investing activities</strong></td>
<td></td>
</tr>
<tr>
<td>Purchases of investments</td>
<td>(120,160,219)</td>
</tr>
<tr>
<td>Proceeds from sales of investments</td>
<td>127,404,494</td>
</tr>
<tr>
<td>Property and equipment expenditures</td>
<td>(20,193)</td>
</tr>
<tr>
<td>Net cash provided by investing activities</td>
<td>7,224,082</td>
</tr>
<tr>
<td>Net increase (decrease) in cash and</td>
<td></td>
</tr>
<tr>
<td>cash equivalents</td>
<td>2,527,695</td>
</tr>
<tr>
<td>Cash and cash equivalents, beginning</td>
<td></td>
</tr>
<tr>
<td>of year</td>
<td>1,100,429</td>
</tr>
<tr>
<td>Cash and cash equivalents, end of year</td>
<td>$ 3,628,124</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
Note A — Summary of Significant Accounting Policies

Purpose of Foundation
The Irving S. Gilmore Foundation (the Foundation) was established to administer the assets received from the estate of Irving S. Gilmore. The Foundation’s mission is to support and enrich the cultural, social and economic life of Greater Kalamazoo.

Basis of Accounting
The financial statements have been prepared on the accrual basis of accounting which includes recognition of dividends and interest as earned and expenses as incurred.

Use of Estimates
Management uses estimates and assumptions in preparing the Foundation’s financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents
The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments
Investments of the Foundation are maintained with outside investment management companies. Investments are stated at their fair values. Fair values are determined by reference to quoted prices in active markets for identical assets, which is Level 1 of the fair value hierarchy established under the accounting literature for fair value measurement. Realized gains and losses are computed using the specific identification method. Unrealized gains and losses are included in the change in net assets.

In accordance with Internal Revenue Service regulations, the Foundation is generally required to distribute at least 5% of its investable assets each year. After considering the long-term expected return on its investment assets and the possible effect of inflation, the Foundation’s Board of Trustees has established a policy of spending 5% of investable assets annually.

The Foundation’s investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Funds are invested in a well diversified asset mix, which includes primarily equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds if possible. Investment risk is measured in terms of the total investment portfolio; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk. It is the Foundation’s policy that no more than 8% of the total stock portfolio may be invested in the common stock of any one corporation. Not more than 10% of the outstanding shares of any one company may be held. With the exception of securities issued by the U.S. Government and its agencies, no single fixed income issue should represent more than 5% of the total fixed income portfolio. Not more than 5% of any individual issue may be held.

Property, Equipment and Depreciation
Property and equipment are stated at cost. Purchases in excess of $1,000 are capitalized. Depreciation is recognized over the estimated useful lives of the assets on a straight-line basis.

Fair Value
The carrying amounts reflected in the statements of financial position for cash, receivables and payables approximate the respective fair values due to the short-term nature of those instruments.
Tax Status
The Internal Revenue Service has determined that the Foundation is a private non-operating foundation which is exempt from income tax under Section 501(a) as an organization described in Section 501(c)(3) of the Internal Revenue Code.

Reclassifications
Certain amounts related to the year ended December 31, 2009 have been reclassified to conform with the presentation for the year ended December 31, 2010.

Subsequent Events
Subsequent events were evaluated through April 4, 2011, which is the date the financial statements were available to be issued

Note B—Grants

The Foundation periodically makes conditional grants to donees (i.e., matching and challenge grants). These grants are not recorded as a liability until all grant conditions have been met by the donee. Several conditional grants to various donees totaling approximately $122,000 were outstanding at December 31, 2010.

Note C—Retirement Plan
The Foundation has a non-contributory qualified defined contribution retirement plan covering substantially all employees. The Foundation makes a contribution to the plan each year of at least 5% of participants’ compensation, as defined. Total contributions to the plan were $39,009 in both 2010 and 2009.

Note D—Leases
The Foundation leases its office facilities and an automobile under noncancelable operating leases that expire at various dates through April 2013. The office facilities lease contains three renewal options for additional five year terms. Subsequent to year end, the Foundation informed the lessor that it plans to renew the office facilities lease which expires in September 2011. Rent expense for the leases totaled in $64,400 in 2010 and $59,100 in 2009.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of December 31, 2010 are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>$60,144</td>
</tr>
<tr>
<td>2012</td>
<td>60,144</td>
</tr>
<tr>
<td>2013</td>
<td>57,048</td>
</tr>
<tr>
<td>2014</td>
<td>55,000</td>
</tr>
<tr>
<td>2015</td>
<td>56,000</td>
</tr>
<tr>
<td>Thereafter</td>
<td>42,000</td>
</tr>
<tr>
<td>Total</td>
<td>$330,336</td>
</tr>
</tbody>
</table>

Note E—Excise Taxes
The Foundation is exempt from federal income taxes and is classified as a private foundation under Section 501 of the Internal Revenue Code (IRC). It is subject to a 2% (1% if certain criteria are met) federal excise tax on net investment income, including realized gains, as defined by the IRC.

The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation’s Forms 990-PF, Federal Return of Private Foundation, for 2007, 2008 and 2009 are subject to examination by the IRS, generally for three years after they were filed.
History of Trustee Service

Harold Jacobson   September 1972—October 1976
Arthur Homer   September 1972—October 1982
Richard M. Hughey, Sr.   September 1972 – Present (Emeritus)
Floyd L. Parks   October 1982 – Present
W. Jack Keiser   January 1986 – October 1990
Russell L. Gabier   November 1989 – Present
Frederick W. Freund   September 1999 – June 2007
Charles D. Wattles   January 2006 – Present
Howard D. Kalleward   October 2007 – Present
Judith H. Moore   April 2010 – Present

Staff Members

Richard M. Hughey, Jr.   Executive Vice President/CEO
Janice C. Elliott   Vice President–Administration
Bryan G. Zocher   Program Officer
Bonnie L. Boekeloo   Office Manager
Faye A. Drenth-Thurman   Administrative

Board of Trustees

Floyd L. Parks   President
Howard D. Kalleward   First Vice President
Charles D. Wattles   Treasurer
Russell L. Gabier   Secretary
Judith H. Moore   Trustee
Richard M. Hughey, Sr.   Trustee Emeritus

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