Mission

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

A Legacy

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 cultural and social awareness for the benefit of all people.

He was a gentle man with a good 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 also 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.

A truly unique individual, Irving Gilmore was a merchant, art patron, concert-quality pianist, business leader, military veteran and philanthropist. So that his special philosophy of giving could live on, he established a foundation in 1972. Upon his death in 1986 at the age of 85, the bulk of his estate was given to the Foundation as a way to perpetuate his personal philanthropy. 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, his commitment to the people of the Kalamazoo community will endure.
Foundation Priorities

Arts, Culture, and Humanities

Education and Youth Activities

Human Services

Community Development

Health and Well-Being
In 2007 the Irving S. Gilmore Foundation hosted a "Creativity Conference" exploring the importance of imagination, creativity and innovation on a broad scale. That conference, featuring Sir Ken Robinson, focused upon the need for communities to nurture imagination through art and through inclusive collaboration.

In 2008 the Foundation continued to explore these themes by focusing on the connection between art and science, a connection that presents a powerful case for arts’ intrinsic and instrumental benefits. In studying this connection, the Foundation hosted an event: Exploring the "Art in Science": A Journey of Discovery, featuring Dr. Robert Root-Bernstein, an internationally respected scientist, humanist, artist and author (Dr. Root-Bernstein’s discussions of The Art in Science, as excerpted from the event book, as well as his bio, are set forth on page 5 & 6 of this Annual Report).

Dr. Root-Bernstein’s thoughts provided us with invaluable information and inspiration. Additionally, the Air Zoo's Michigan Space Science Center offered a number of enlightening side trips, those involving hands-on science exhibits and experiments, as well as interactive briefings on imaginative breakthroughs in space exploration and related civilian spin-offs. Dr. Root-Bernstein, with the assistance of the Air Zoo, also exhibited the art of Nobel science laureates, as well as his own visual creations. Further, local painter, Joe Mockbee, presented a new piece that the Foundation commissioned for this event (A reduced reproduction of that piece appears left).

The Art in Science event offered a terrific start to our journey; but it was only just a start. If you attended the event, we hope that you will continue the journey with us well into the future. If you were unable to attend, please join us now. Indeed, there remains much more to experience, much more to explore.

Richard M. Hughey, Jr.
Executive Vice-President/CEO
Bob Root-Bernstein
MacArthur Fellow and Professor of Physiology
Michigan State University

Bob Root-Bernstein earned his bachelor’s degree in Biochemistry and his doctorate in the History of Science at Princeton University before joining Jonas Salk, M.D. as a Post-doctoral Fellow in Theories in Biology. While at the Salk Institute, he received one of the first MacArthur “Genius” fellowships, which allowed him to invent and test new theories of autoimmunity and also to investigate what makes some scientists more creative than others. These themes continue to intrigue him today.

He began drawing and building things before he could read or write and has never stopped. Growing up in a household in which both his parents did research and made art, it did not occur to Bob that arts and sciences were perceived by most people to be incompatible until he reached graduate school. There he studied with Thomas Kuhn (of “paradigm” and “scientific revolutions” fame) who maintained that the sciences and arts have completely different methods. Bob was not convinced. He kept finding that the people he studied in his courses—Darwin, Pasteur, Banting and Best, J. H. van’t Hoff and Wilhem Ostwald, for example—were invariably extraordinary writers, poets, musicians, artists, and/or craftsmen who often melded the “two cultures” in their lives and research. The contradiction between what he was being taught and what he observed for himself drove him to begin formal studies of the relations of sciences and arts, which he has pursued ever since.

Bob has written four books, including Discovering (Harvard, 1989), which was a nominee for the LA Times Book Award. Bob and his wife Michele Root-Bernstein co-wrote the book Sparks of Genius (Houghton Mifflin, 1999) and co-write a blog about creativity for Psychology Today called “Imagine That!”: www.psychologytoday.com/blog/imagine.

Bob is also at work on a pair of new books tentatively entitled “Scientists as Visual Artists” and “How the Arts Foster the Sciences.” As part of those projects, he has been gathering art by eminent scientists and interviewing them about what roles the arts play in their lives and in their sciences. [And...] this is just the tip of an immense and largely unsuspected iceberg! Sciences and arts, and scientists and artists, owe much more to each other than anyone lets on...
The Art in Science
By Dr. Robert Root–Bernstein

Before there was Reading, Writing or Arithmetic, there was Art. Although modern cultures have separated these disciplines, the arts still underpin all human knowledge, including science and technology. Art is not, therefore, something that can be done merely for its own sake, for entertainment, or blithely discarded from our core curricula as “non-academic.” Art remains an essential component of all education in a knowledge economy.

The fundamental importance of arts and crafts to knowledge can best be illustrated by their intimate relationship to scientific and technological creativity. Innumerable Nobel laureates have argued that the creative scientist requires the skills and imagination of the artist. Various studies by Robert Root-Bernstein and his collaborators have demonstrated that the preposition is true. Eminent scientists, such as Nobel Prize winners, are many times more likely to be practicing musicians, composers, artists, craftsmen, actors, dancers, poets, playwrights, and other types of artistic creators than are typical scientists or members of the general public. Moreover, many of these highly successful scientists can pinpoint specific ways in which their arts stimulate their sciences. Arts and crafts develop visual ability and hand-eye coordination; they teach basic techniques and properties of materials; they teach problem raising and problem solving; they familiarize practitioners with the creative process; they improve communications skills; and they develop an aesthetic sensibility that is just as valuable to a scientist or inventor as it is to any artist.

Those art-science connections reveal a failure in modern curricula. One of the untested assumptions of modern education is that understanding acquired in one discipline does not transfer to practice in another: what is learned in English does not impact mathematical learning; artistic skills compete with scientific ones. Root-Bernstein’s work demonstrates the opposite: to be a great scientist requires the skills and knowledge of a great artist and vice-versa. What we need are not specialized curricula, but integrated ones in which the Arts are equal partners with Reading, Writing and Arithmetic.

(Multiple solutions) Robert Root–Bernstein (b. 1953). "Multiple Solutions 1", 2007, paper. “Multiple Solutions” (upper left) evolved out of explorations of how forms could “self assemble” into particular aggregates (see “Self Assembly”). Somewhat to his surprise, Bob discovered that this set of forms could be assembled into three different aggregates. This set him on a search for further sets of forms with multiple solutions (he has found one set of six forms that can be combined into 112 different aggregates!). Chemically, this collage is the equivalent of using the same nine elements to make several isomeric compounds. Bob therefore thinks of his Multiple Solutions series as exploring the way that “elements” or “data” of any kind can have different meanings depending how one links them together. Art is a particularly interesting way to learn to perceive such multiple meanings.
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.

2008 Grants Summary

<table>
<thead>
<tr>
<th>Category</th>
<th>Grants</th>
<th>Granted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arts, Culture &amp; Humanities</td>
<td>75</td>
<td>$3,806,425</td>
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<tr>
<td>Human Services</td>
<td>56</td>
<td>1,942,398</td>
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<tr>
<td>Education and Youth Activities</td>
<td>8</td>
<td>318,500</td>
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<tr>
<td>Community Development</td>
<td>17</td>
<td>897,340</td>
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<tr>
<td>Health &amp; Well-being</td>
<td>10</td>
<td>155,700</td>
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<tr>
<td>Matching Grants</td>
<td>50</td>
<td>23,909</td>
</tr>
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</table>

2008 Grants Summary

Grants Since Inception

Since 1986, the Trustees have approved 2,995 grants to over 400 organizations for a grand total of $160,935,368. In 2008, the Trustees approved 216 grants totaling $7,144,272, the majority benefiting the residents of the greater Kalamazoo area.

<table>
<thead>
<tr>
<th>Category</th>
<th>Grants</th>
<th>Granted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arts, Culture &amp; Humanities</td>
<td>1,173</td>
<td>$93,936,387</td>
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<td>Human Services</td>
<td>795</td>
<td>28,512,979</td>
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<tr>
<td>Education and Youth Activities</td>
<td>143</td>
<td>20,416,925</td>
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<tr>
<td>Community Development</td>
<td>318</td>
<td>13,593,385</td>
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<tr>
<td>Health &amp; Well-being</td>
<td>131</td>
<td>4,241,736</td>
</tr>
<tr>
<td>Matching Grants</td>
<td>435</td>
<td>233,956</td>
</tr>
</tbody>
</table>
Arts, Culture & Humanities

Arts Council of Greater Kalamazoo
“All Ears” Radio Theatre
Assoc. of Arts Administration Conference
Bronson Park Concerts
Kalamazoo Artistic Development Initiative
Operational Support
Theatre Kalamazoo
United Teens Talent Show

ArtServe - Michigan
Governor’s Awards for Arts & Culture

Bach Festival Society of Kalamazoo
Operational Support

Ballet Arts Ensemble, Inc.
“Cinderella” Production

Black Arts & Cultural Center
“Fire” Program Development

Boys and Girls Clubs of Greater Kalamazoo
Participating Arts Program

Carnegie Center Council for the Arts
4th Grade Day/Artistic Awareness
Carnegie Concerts Series
Written Word Illustrated Exhibit/Workshops

Comstock Public Schools
“Second Star to the Right” Program

Congregation of the Sisters of St. Joseph
Poetry Readings and Workshops

Crescendo Academy of Music
Operational Support

"Fire" Historical and Cultural Arts Collaborative
Operational Support

Fontana Chamber Arts
Operational Support
Summer Music Festival

Grand Valley University Foundation
WGVU’s “Great Performances” Underwriting

Great Lakes Acoustic Music Association
Cooper’s Glen Music Festival

Great Lakes Male Chorus Association
Operational Support

Hamblin Personal/Community Development Inst.
Cultural Enrichment Through Dance Program

Irving S. Gilmore International Keyboard Festival
Operational Support

Julius and Esther Stulberg Competition, Inc.
Operational Support

Kalamazoo Aviation History Museum
Arts and Science Conference and Publications
Exploring Art in Science: A Journey of Discovery
Exploring Art in Science: Teacher Open House

Kalamazoo Ballet Company
Program Support

Kalamazoo Book Arts Center
Operational Support, Facility Renovation

Kalamazoo Children's Chorus
Operational Support

Kalamazoo Civic Theatre
Operational Support

Kalamazoo College
Guest Artist Diversity Series

Kalamazoo Concert Band Association, Inc.
Administrative Support
Holiday Concert

Kalamazoo Historical Society
Historical Hikes

Kalamazoo Institute of Arts
Digital Art Programs and Services

Kalamazoo Junior Symphony Society
Junior Jazz Orchestra
Operational Support

Kalamazoo Public Library
“Reading Together”

Kalamazoo Regional Educational Service Agency
EFA Artistic Equipment Program
EFA Arts Scholarships
EFA Operational Support

Kalamazoo Symphony Orchestra
10th Anniversary Commemorative CD
Operational Support

Kalamazoo Valley Community College Foundation
Artist Forum Series
Kalamazoo Animation Festival International (KAFI)

Legends Performing Arts Association, Inc.
Program Support
Arts, Culture & Humanities (cont.)

Michigan, State of
Lincoln Bicentennial Commission
Michigan Bach Collegium
Operational Support
Michigan Festival of Sacred Music
Operational Support
Michigan Youth Arts Festival
Operational Support
New Year's Fest of Kalamazoo, Inc.
Operational Support
Opus 21
Operational Support
Parchment, City of
Kindleberger Summer Arts
Portage, City of
Summer Entertainment Series
Portage District Library
Video Production
Renaissance Enterprises Company
Kalamazoo County Programming
Shenandoah International Playwrights, Inc.
Summer Stages Program
Smartshop Metal Arts Collective
Operational Support
Society of Barbershop Quartet Singing
Annual Show
Southwest Michigan Black Heritage Society
“History Detectives” Program
Southwest Michigan Council Boy Scouts of America
Arts Programming
Ujima Enterprises, Inc.
African Arts Programming
Wellspring-Cori Terry and Dancers
Operational Support
West Michigan Glass Society
Operational Support
Western Michigan University Foundation
Broadway Revisited Broadcasts
Bullock Performance Institute
Lambeth Conference
WMUK Underwriting Program
Whole Art Theater Company
Operational Support

Human Services

Adventure Centre at Pretty Lake
Diversity Awareness/Leadership Training Program
Big Brothers Big Sisters
“Coming Together” Program
Boys and Girls Clubs of Greater Kalamazoo
Douglass Community Association Partnership
Catholic Family Services
ARK Capital Campaign
Child Care Resource & Referral
Program Development
Community Advocates-Persons/Dev. Disabilities
Community Participation Initiative
Comstock Community Center, Inc.
Facility Renovation
Transition Center Project
Covenant Senior Day Program
Technical Assistance Support
Disability Network Southwest Michigan
Independent Living/Life Management Program
Ecumenical Senior Center
Facility Renovation
Operational Support
First Congregational Church
Community Outreach Programming
First United Methodist Church/Kalamazoo
Food Pantry
Food Bank of South Central Michigan
Critical Crossroads Project
Friendship House
Emergency Relief Fund
Gilmore Foundation
Operational Support
Glowing Embers Girl Scout Council
Camp Equipment
Goodwill Industries of Southwest Michigan
Family Literacy Center
GAP Program
Greater Kalamazoo Area Chapter American Red Cross
Facility Renovation
Kalamazoo County Flood Relief
Greater Kalamazoo United Way
Eviction Diversion Partnership
Human Services (cont.)

Housing Resources, Inc.
- Facility Renovation
- Operational Support

Kairos Dwelling
- Operations, Facility Renovations

Kalamazoo Community Mental Health/Substance Abuse Services
- Arts Program Support

Kalamazoo Eastside Neighborhood Association
- Summer Arts Program

Kalamazoo Gay/Lesbian Resource Center
- Operational Support

Kalamazoo Junior Girls
- Operational Support

Kalamazoo Loaves and Fishes, Inc.
- Operational Support

Kalamazoo Valley Habitat for Humanity, Inc.
- Operational Support

LIFT Foundation
- Capital Campaign

Michigan Blind Athletic Association
- Operational Support

Michigan Foundation for Blind/Visually Impaired
- Program Support

Ministry with Community
- Operational Support

Mount Zion Baptist Church
- “Stop the Madness” Forum

Oakwood Neighborhood Association
- Summer Arts Programs

Old House Network
- Old House Expo 2009

Open Door and Next Door Shelters
- Operational Support

Portage Community Outreach Center
- Summer Recreation Program

Prevention Works of Southwest Michigan, Inc.
- Capacity Building Support

Professional Development Training Center of Southwest Michigan
- Equipment Acquisition

Richland Area Community Center
- Strategic Planning Project

Second Reformed Church of Kalamazoo
- DeYoung Community Fund

Senior Services, Inc.
- Meals on Wheels Program

Sherman Lake Y.M.C.A. Outdoor Center
- Capital Campaign

South County Community Services
- “Art of the Americas” Youth Art Summer Camp

The First Day Shoe Fund
- Operational Support

Vineyard Outreach Ministry
- Operational Support
- Transportation Support

W.E. Upjohn Unemployment Trustee Corp.
- Kalamazoo County Tax Counseling Initiative
- PromiseNet Conference

Y.M.C.A. of Kalamazoo
- Facility Renovation

Y.W.C.A.
- Women of Achievement Celebration

Education and Youth Activities

Accel-Tech Reach & Teach
- Facility Renovations

Galesburg-Augusta Community Schools
- FamliLinks Programming

Junior Achievement of Southwest Michigan
- Kalamazoo County High-School Program

Kalamazoo Communities in Schools Foundation
- Freedom School Program
- Health Initiatives Program

Kalamazoo Public Schools
- Kalamazoo Arts Integration Initiative (KAlII)

Specialized Language Development Learning Center
- Program Support

Western Michigan University Foundation
- Upjohn Company Papers Archival Project
Community Development

Association of Fundraising Professionals
National Philanthropy Day
Building Blocks of Kalamazoo
Operational Support
Council of Michigan Foundations
Membership Renewal
Council on Foundations
Membership Renewal
Douglass Community Association
Management Development
Foundation Center
Operational Support
Greater Kalamazoo United Way
Annual Campaign
Leadership Campaign Challenge
Junior League of Kalamazoo
19th Festival of Trees
Kalamazoo Community Foundation
Irving S. Gilmore Estate Fund
Kalamazoo Deacons Conference
Operational Support
Kalamazoo in Bloom, Inc.
Operational Support
Kalamazoo Public Library
Nonprofit Management Support Center
Kalamazoo Regional Chamber Foundation
Leadership Summit Speaker Fees
Michigan Association for Deaf, Hearing/Speech Services
Camp Chris Williams
Southwest Michigan First Corporation
Operational Support
Volunteer Services of Greater Kalamazoo
BoardConnect Program

Health & Well-being

CARES-Community AIDS Resource/Education
Kalamazoo County Operational Support
Community Healing Centers
Facility Renovations
Gryphon Place
Kalamazoo County Suicide Prevention Plan
Hospice Care of Southwest Michigan
Capital Campaign
Kalamazoo County Juvenile Home Foundation
Music Therapy Program
Make-A-Wish Foundation of Michigan
Kalamazoo Area Programming
Muscular Dystrophy Association
Summer Camp, MDA Clinic
Walking Together of Greater Kalamazoo
Operational Support
West Michigan Cancer Center
Expressive Arts Program
Financial Statements

We have audited the accompanying statements of financial position of Irving S. Gilmore Foundation as of December 31, 2008 and 2007, 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, 2008 and 2007 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.

July 9, 2009
## Statements of Financial Position

<table>
<thead>
<tr>
<th></th>
<th>December 31</th>
<th>December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2008</td>
<td>2007</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$10,886,008</td>
<td>$7,893,117</td>
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<tr>
<td>Investment income receivable</td>
<td>547,392</td>
<td>1,364,251</td>
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<tr>
<td>Other receivables</td>
<td>3,947</td>
<td>8,636</td>
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<tr>
<td>Prepaid expenses</td>
<td>164,253</td>
<td>84,448</td>
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<tr>
<td>Investment securities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Government and agency securities</td>
<td>5,495,916</td>
<td>14,941,714</td>
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<tr>
<td>Mortgage and asset backed securities</td>
<td>28,239,450</td>
<td>25,256,658</td>
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<tr>
<td>Common stocks</td>
<td>69,572,812</td>
<td>117,866,284</td>
</tr>
<tr>
<td>Equity common trust fund</td>
<td>—</td>
<td>10,763,202</td>
</tr>
<tr>
<td>Corporate obligations</td>
<td>15,870,436</td>
<td>20,511,935</td>
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<tr>
<td>Mutual funds</td>
<td>20,046,081</td>
<td>25,379,622</td>
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<tr>
<td>Other</td>
<td>260,009</td>
<td>4,240,260</td>
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<tr>
<td>Total investment securities</td>
<td>139,484,704</td>
<td>218,959,675</td>
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<tr>
<td>Total current assets</td>
<td>151,086,304</td>
<td>228,310,127</td>
</tr>
<tr>
<td>Property and equipment:</td>
<td></td>
<td></td>
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<tr>
<td>Leasehold improvements</td>
<td>736,391</td>
<td>729,116</td>
</tr>
<tr>
<td>Furnishings and fixtures</td>
<td>227,903</td>
<td>228,403</td>
</tr>
<tr>
<td>Equipment</td>
<td>127,754</td>
<td>120,669</td>
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<tr>
<td>Total property and equipment</td>
<td>1,092,048</td>
<td>1,078,188</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>818,230</td>
<td>718,612</td>
</tr>
<tr>
<td>Net property and equipment</td>
<td>273,818</td>
<td>359,576</td>
</tr>
<tr>
<td>Total assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$151,360,122</td>
<td>$228,669,703</td>
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</table>

<table>
<thead>
<tr>
<th>Liabilities and net assets</th>
<th>December 31</th>
<th>December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$133,967</td>
<td>$153,397</td>
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<td>Pension contribution payable</td>
<td>34,936</td>
<td>35,352</td>
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<td>Grants payable</td>
<td>928,533</td>
<td>1,050,000</td>
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<td>Total current liabilities</td>
<td>1,097,436</td>
<td>1,238,749</td>
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<td>Grants payable</td>
<td>212,278</td>
<td>185,916</td>
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<tr>
<td>Unrestricted net assets</td>
<td>150,050,408</td>
<td>227,245,038</td>
</tr>
<tr>
<td>Total liabilities and net assets</td>
<td>$151,360,122</td>
<td>$228,669,703</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
Statements of Activities

<table>
<thead>
<tr>
<th></th>
<th>Year ended December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2008</td>
</tr>
<tr>
<td><strong>Revenues, gains and losses</strong></td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>$ 3,091,925</td>
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<tr>
<td>Dividends</td>
<td>2,112,416</td>
</tr>
<tr>
<td>Net realized and unrealized gains (losses) on investment securities</td>
<td>(71,684,410)</td>
</tr>
<tr>
<td>Other income</td>
<td>34,790</td>
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<tr>
<td>Total revenues, gains and losses</td>
<td>(66,445,279)</td>
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<tr>
<td><strong>Expenses</strong></td>
<td></td>
</tr>
<tr>
<td>Grants</td>
<td>8,494,192</td>
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<tr>
<td>Professional services</td>
<td>1,177,963</td>
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<tr>
<td>Administrative and general expenses</td>
<td>822,801</td>
</tr>
<tr>
<td>Depreciation</td>
<td>115,695</td>
</tr>
<tr>
<td>Excise tax</td>
<td>138,700</td>
</tr>
<tr>
<td>Total expenses</td>
<td>10,749,351</td>
</tr>
<tr>
<td>Change in net assets</td>
<td>(77,194,630)</td>
</tr>
<tr>
<td>Net assets, beginning of year</td>
<td>227,245,038</td>
</tr>
<tr>
<td>Net assets, end of year</td>
<td>$ 150,050,408</td>
</tr>
</tbody>
</table>

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

### Year ended December 31

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in net assets</td>
<td>$(77,194,630)</td>
<td>$6,635,398</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash used in operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>115,695</td>
<td>125,078</td>
</tr>
<tr>
<td>(Gain) loss on disposal of property and equipment</td>
<td>(91)</td>
<td>140</td>
</tr>
<tr>
<td>Net realized and unrealized (gains) losses on investment securities</td>
<td>71,684,410</td>
<td>(11,512,224)</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment income receivable</td>
<td>816,859</td>
<td>(247,690)</td>
</tr>
<tr>
<td>Other receivables</td>
<td>4,689</td>
<td>(8,636)</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(79,805)</td>
<td>(46,264)</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>(19,846)</td>
<td>(41,592)</td>
</tr>
<tr>
<td>Grants payable</td>
<td>(95,105)</td>
<td>356,613</td>
</tr>
<tr>
<td>Total adjustments</td>
<td>72,426,806</td>
<td>(11,374,575)</td>
</tr>
<tr>
<td>Net cash used in operating activities</td>
<td>(4,767,824)</td>
<td>(4,739,177)</td>
</tr>
<tr>
<td><strong>Investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchases of investment securities</td>
<td>(122,422,966)</td>
<td>(109,729,358)</td>
</tr>
<tr>
<td>Proceeds from sales of investment securities</td>
<td>130,213,527</td>
<td>117,194,456</td>
</tr>
<tr>
<td>Proceeds from sales of property and equipment</td>
<td>4,100</td>
<td>—</td>
</tr>
<tr>
<td>Purchases of property and equipment</td>
<td>(33,946)</td>
<td>(5,259)</td>
</tr>
<tr>
<td>Net cash provided by investing activities</td>
<td>7,760,715</td>
<td>7,459,839</td>
</tr>
<tr>
<td>Net increase in cash and cash equivalents</td>
<td>2,992,891</td>
<td>2,720,662</td>
</tr>
<tr>
<td>Cash and cash equivalents, beginning of year</td>
<td>7,893,117</td>
<td>5,172,455</td>
</tr>
<tr>
<td>Cash and cash equivalents, end of year</td>
<td>$10,886,008</td>
<td>$7,893,117</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 the Greater Kalamazoo area.

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.

Method 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.

Investment Securities
The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Unrealized gains and losses are included in the increase or decrease in net assets in the accompanying statements of activities.

Property, Equipment and Depreciation
Property and equipment are stated at cost. Depreciation is recognized over the estimated useful lives of the assets on a straight-line basis.

Financial Instruments
The Foundation has several financial instruments, none of which are held for trading purposes. The Foundation estimates that the fair value of all financial instruments at December 31, 2008 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position.

Certain amounts related to the year ended December 31, 2007 have been reclassified to conform with the presentation for the year ended December 31, 2008.
Note B—Grants Payable
Grants authorized but unpaid at year end are reported as liabilities. The following is a summary of grants authorized and payable at December 31:

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>To be paid by December 31, 2008</td>
<td>$</td>
<td>—</td>
</tr>
<tr>
<td>To be paid by December 31, 2009</td>
<td>928,533</td>
<td>100,000</td>
</tr>
<tr>
<td>To be paid by December 31, 2010</td>
<td>234,555</td>
<td>100,000</td>
</tr>
<tr>
<td>Total grants payable</td>
<td>1,163,088</td>
<td>1,250,000</td>
</tr>
<tr>
<td>Less discount on long-term grants</td>
<td>(22,277)</td>
<td>(14,084)</td>
</tr>
<tr>
<td>Net grants payable</td>
<td>$1,140,811</td>
<td>$1,235,916</td>
</tr>
</tbody>
</table>


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 $1,133,880 were outstanding at December 31, 2008.

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 all participants' compensation, as defined. Total expense was $34,936 in 2008 and $35,352 in 2007.

Note D—Leases
The Foundation leases its office facilities and an automobile under noncancelable operating leases that expire at various dates through September 2011. The office facilities lease contains three renewal options for additional five year terms. Rent expense for the leases totaled $61,916 in 2008 and $58,300 in 2007.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of December 31, 2008 are as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>$ 61,916</td>
<td>57,303</td>
<td>41,818</td>
<td>$161,037</td>
</tr>
</tbody>
</table>

Note B—Grants Payable
Grants authorized but unpaid at year end are reported as liabilities. The following is a summary of grants authorized and payable at December 31:

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</tr>
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<tbody>
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</tr>
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</tr>
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</tr>
</tbody>
</table>


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 $1,133,880 were outstanding at December 31, 2008.
### Note E—Investment Securities

The following is a summary of investment securities at December 31:

<table>
<thead>
<tr>
<th></th>
<th>Cost</th>
<th>Gross Unrealized Gains</th>
<th>Gross Unrealized Losses</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2008</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Government and agency securities</td>
<td>$5,054,194</td>
<td>$482,413</td>
<td>$40,691</td>
<td>$5,495,916</td>
</tr>
<tr>
<td>Mortgage and asset backed securities</td>
<td>27,547,724</td>
<td>830,626</td>
<td>138,900</td>
<td>28,239,450</td>
</tr>
<tr>
<td>Common stocks</td>
<td>85,816,017</td>
<td>8,933,110</td>
<td>25,176,315</td>
<td>69,572,812</td>
</tr>
<tr>
<td>Corporate obligations</td>
<td>16,936,037</td>
<td>369,418</td>
<td>1,435,019</td>
<td>15,870,436</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>33,024,953</td>
<td>—</td>
<td>12,978,872</td>
<td>20,046,081</td>
</tr>
<tr>
<td>Other</td>
<td>672,198</td>
<td>4,885</td>
<td>417,074</td>
<td>260,009</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$169,051,123</td>
<td>$10,620,452</td>
<td>$40,186,871</td>
<td>$139,484,704</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Cost</th>
<th>Gross Unrealized Gains</th>
<th>Gross Unrealized Losses</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2007</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Government and agency securities</td>
<td>$14,329,539</td>
<td>$634,590</td>
<td>$22,415</td>
<td>$14,941,714</td>
</tr>
<tr>
<td>Mortgage and asset backed securities</td>
<td>24,984,702</td>
<td>357,741</td>
<td>85,785</td>
<td>25,256,658</td>
</tr>
<tr>
<td>Common stocks</td>
<td>88,210,215</td>
<td>36,774,117</td>
<td>7,118,048</td>
<td>117,866,284</td>
</tr>
<tr>
<td>Equity common trust fund</td>
<td>6,923,986</td>
<td>3,839,216</td>
<td>—</td>
<td>10,763,202</td>
</tr>
<tr>
<td>Corporate obligations</td>
<td>20,523,896</td>
<td>275,450</td>
<td>287,411</td>
<td>20,511,935</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>22,644,832</td>
<td>2,734,790</td>
<td>—</td>
<td>25,379,622</td>
</tr>
<tr>
<td>Foreign obligations</td>
<td>3,562,042</td>
<td>678,218</td>
<td>—</td>
<td>4,240,260</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$181,179,212</td>
<td>$45,294,122</td>
<td>$7,513,659</td>
<td>$218,959,675</td>
</tr>
</tbody>
</table>
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Office Manager

Faye Drenth-Thurman
Administrative Assistant