



# *2008 Annual Report*





## *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.

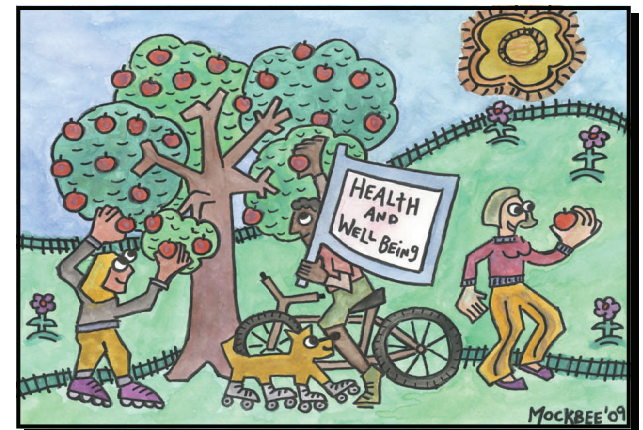
Mr. Gilmore found his greatest joy in the arts, for which he showed unwavering support. He not only helped gifted indi-

viduals 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





## *Exploring the "Art in Science": A Journey of Discovery*

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 also explored the connections of his daily work as a scientist. The theme that connects his many research projects is molecular complementarity: the ways in which molecules interact specifically in three dimensions and how such interactions modify the chemical and biological properties of the participating molecules. Thus, he is interested in topics such as the evolution of

self-assembly, molecular and immunological recognition, and drug design. He explores the basic principles of complementarity and its applications to themes such as evolution, self-assembly and autoimmunity in many of his artworks by playing with Escher-like tilings, Gestalt images, shape and color. Sometimes the art takes on a life of its own.

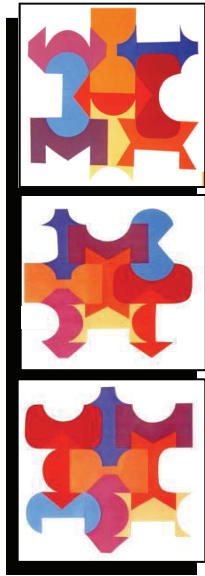
One example of Bob's art is on the [next page]: "Multiple Solutions 1." Each construction within "Multiple Solutions 1" consists of the same nine blocks. If we think of these blocks as "data," then this collage tells us that "data" may fit more than one "theory." Bob excels at such reinterpretations of real data in his research, and maintains that his artwork helps him to see multiple scientific possibilities. In this respect, art and science are synergistic. In a related vein, Bob is also a proponent of philosophical complementarity, which maintains that it takes multiple, interactive views of any subject to encompass all its properties and meanings. Just as we need two eyes to see in three dimensions, Bob believes that arts and science are both necessary to understand the wholeness of our experience of nature.

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](http://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*



Multiple Solutions

*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.*

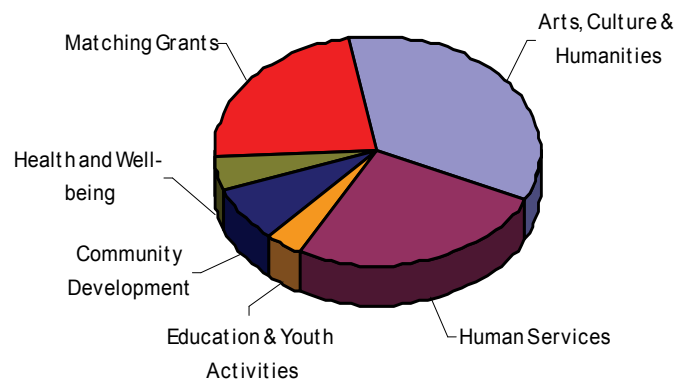
*(Multiple solutions) Robert Root-Bernstein (b. 1953). “Multiple Solutions 1”, 2007, paper. “Multiple Solutions” (upper left) evolved out of explorations of how forms could “self assemble” into particular aggregates (see “Self Assembly”). Somewhat to his surprise, Bob discovered that this set of forms 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*

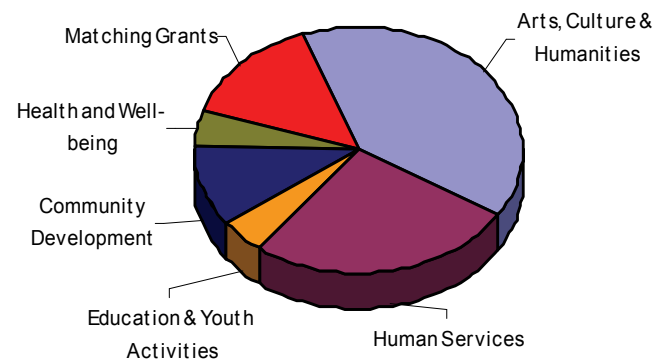
	<u>Grants</u>	<u>Granted</u>
Arts, Culture & Humanities	75	\$ 3,806,425
Human Services	56	1,942,398
Education and Youth Activities	8	318,500
Community Development	17	897,340
Health & Well-being	10	155,700
Matching Grants	50	23,909



### *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.

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



## **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 (KAIFI)*

### **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 (KAII)*

**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.

*Jensen Valle Thompson & Reahm PC*

July 9, 2009



## Statements of Financial Position

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

	December 31	
	2008	2007
<b>Liabilities and net assets</b>		
Current liabilities:		
Accounts payable	\$ 133,967	\$ 153,397
Pension contribution payable	34,936	35,352
Grants payable	928,533	1,050,000
Total current liabilities	1,097,436	1,238,749
Grants payable	212,278	185,916
Unrestricted net assets	150,050,408	227,245,038
Total liabilities and net assets	\$ 151,360,122	\$ 228,669,703

*See accompanying notes to financial statements.*

## Statements of Activities

	Year ended December 31	
	2008	2007
<b>Revenues, gains and losses</b>		
Interest	\$ 3,091,925	\$ 3,348,552
Dividends	2,112,416	2,799,748
Net realized and unrealized gains (losses) on investment securities	(71,684,410)	11,512,224
Other income	34,790	205,046
Total revenues, gains and losses	(66,445,279)	17,865,570
 <b>Expenses</b>		
Grants	8,494,192	8,544,287
Professional services	1,177,963	1,269,575
Administrative and general expenses	822,801	939,932
Depreciation	115,695	125,078
Excise tax	138,700	351,300
Total expenses	10,749,351	11,230,172
Change in net assets	(77,194,630)	6,635,398
 Net assets, beginning of year	227,245,038	220,609,640
Net assets, end of year	<u>\$ 150,050,408</u>	<u>\$ 227,245,038</u>

*See accompanying notes to financial statements.*

## Statements of Cash Flows

	Year ended December 31	
	2008	2007
<b>Operating activities</b>		
Change in net assets	\$ (77,194,630)	\$ 6,635,398
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	115,695	125,078
(Gain) loss on disposal of property and equipment	(91)	140
Net realized and unrealized (gains) losses on investment securities	71,684,410	(11,512,224)
Changes in operating assets and liabilities:		
Investment income receivable	816,859	(247,690)
Other receivables	4,689	(8,636)
Prepaid expenses	(79,805)	(46,264)
Accounts payable and accrued liabilities	(19,846)	(41,592)
Grants payable	(95,105)	356,613
Total adjustments	72,426,806	(11,374,575)
Net cash used in operating activities	(4,767,824)	(4,739,177)
<b>Investing activities</b>		
Purchases of investment securities	(122,422,966)	(109,729,358)
Proceeds from sales of investment securities	130,213,527	117,194,456
Proceeds from sales of property and equipment	4,100	—
Purchases of property and equipment	(33,946)	(5,259)
Net cash provided by investing activities	7,760,715	7,459,839
Net increase in cash and cash equivalents	2,992,891	2,720,662
Cash and cash equivalents, beginning of year	7,893,117	5,172,455
Cash and cash equivalents, end of year	<u>\$ 10,886,008</u>	<u>\$ 7,893,117</u>

*See accompanying notes to financial statements.*

## **Notes to Financial Statements**

### **December 31, 2008**

#### **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.



## Notes to Financial Statements (continued)

### 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 :

	<u>2008</u>	<u>2007</u>
To be paid by December 31, 2008	\$ —	\$ 1,050,000
To be paid by December 31, 2009	928,533	100,000
To be paid by December 31, 2010	234,555	100,000
Total grants payable	1,163,088	1,250,000
Less discount on long-term grants	<u>(22,277)</u>	<u>(14,084)</u>
Net grants payable	<u>\$ 1,140,811</u>	<u>\$ 1,235,916</u>

Cash paid for grants totaled \$8,589,297 in 2008 and \$8,189,522 in 2007.

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:

2009	\$ 61,916
2010	57,303
2011	<u>41,818</u>
Total	<u>\$ 161,037</u>

## Notes to Financial Statements (continued)

### Note E—Investment Securities

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

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

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



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