

IRVING S. GILMORE FOUNDATION
AUDITED FINANCIAL STATEMENTS

Years ended December 31, 2023 and 2022

IRVING S. GILMORE FOUNDATION

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Independent Auditor's Report

Board of Trustees
Irving S. Gilmore Foundation

Opinion

We have audited the accompanying financial statements of Irving S. Gilmore Foundation (the Foundation), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the Foundation's 2022 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated May 8, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

The image shows a handwritten signature in dark ink. The letters 'UHY' are written in a large, cursive style, followed by 'LLP' in a smaller, more upright cursive style.

Kalamazoo, MI
April 29, 2024

IRVING S. GILMORE FOUNDATION
STATEMENT OF FINANCIAL POSITION
(with Comparative Totals for 2022)

	December 31,	
	2023	2022
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 5,795,267	\$ 5,357,912
Investment income receivable	508,054	338,416
Prepaid expenses and other	34,518	48,869
Total current assets	<u>6,337,839</u>	<u>5,745,197</u>
INVESTMENTS:		
Cash and cash equivalents	11,742,841	26,315,987
U.S. Government and agency securities	18,156,170	14,193,778
Equity securities	164,064,632	134,032,381
Corporate debt securities	35,287,884	26,991,738
Securitized debt instruments	10,059,877	6,708,511
Limited partnership	27,243,731	27,156,430
Mutual funds	59,117,744	49,686,478
Total investments	<u>325,672,879</u>	<u>285,085,303</u>
PROPERTY AND EQUIPMENT:		
Leasehold improvements	735,166	736,391
Furnishings and fixtures	234,534	236,701
Equipment	59,037	66,907
Total property and equipment	<u>1,028,737</u>	<u>1,039,999</u>
Less accumulated depreciation	997,924	1,015,933
Net property and equipment	<u>30,813</u>	<u>24,066</u>
RIGHT-OF-USE ASSET—OPERATING LEASE	<u>586,173</u>	<u>656,994</u>
Total assets	<u><u>\$332,627,704</u></u>	<u><u>\$291,511,560</u></u>

	December 31,	
	2023	2022
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 225,725	\$ 261,661
Accrued expenses	3,330	5,064
Pension contribution payable	55,764	53,528
Accrued excise tax	83,824	62,000
Funds held for others	396,208	-
Grants payable	250,000	286,250
Current portion of operating lease liability	66,305	63,138
Total current liabilities	<u>1,081,156</u>	<u>731,641</u>
LONG-TERM LIABILITIES:		
Grants payable, long-term	125,000	89,750
Operating lease liability, net of current portion	539,319	605,624
Total long-term liabilities	<u>664,319</u>	<u>695,374</u>
Total liabilities	<u>1,745,475</u>	<u>1,427,015</u>
Net assets without donor restrictions	<u>330,882,229</u>	<u>290,084,545</u>
Total liabilities and net assets	<u><u>\$332,627,704</u></u>	<u><u>\$291,511,560</u></u>

IRVING S. GILMORE FOUNDATION
STATEMENT OF ACTIVITIES
(with Comparative Totals for 2022)

	Year ended December 31,	
	2023	2022
REVENUES AND GAINS (LOSSES):		
Bank interest	\$ 289,685	\$ 104,331
Investment income:		
Interest	2,779,381	1,573,655
Dividends	4,119,774	4,812,316
Realized and unrealized gains (losses)	51,171,261	(82,443,482)
Other	16,395	38,882
Investment income (loss)	<u>58,086,811</u>	<u>(76,018,629)</u>
Less investment management fees	(1,499,513)	(1,555,983)
Net investment income (loss)	<u>56,587,298</u>	<u>(77,574,612)</u>
Total revenues and gains (losses)	<u>56,876,983</u>	<u>(77,470,281)</u>
EXPENSES:		
Program services	15,794,830	18,033,107
Management and general	284,469	1,440,625
Total expenses	<u>16,079,299</u>	<u>19,473,732</u>
Change in net assets	40,797,684	(96,944,013)
Net assets, beginning of year	<u>290,084,545</u>	<u>387,028,558</u>
Net assets, end of year	<u><u>\$330,882,229</u></u>	<u><u>\$290,084,545</u></u>

IRVING S. GILMORE FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
(with Comparative Totals for 2022)

	Year ended December 31,			
	2023		2022	
	Program Services	Management and General	Total	Total
Salaries and wages	\$ 568,475	\$ 78,381	\$ 646,856	\$ 629,244
Payroll taxes	41,058	5,567	46,625	45,040
Employee benefits	181,516	57,009	238,525	220,390
Conferences and training	16,209	11,053	27,262	11,901
Depreciation	4,826	851	5,677	5,062
Equipment	33,666	8,367	42,033	39,531
Excise tax	244,142	-	244,142	228,000
Grants	14,365,106	-	14,365,106	16,665,606
Insurance	13,421	2,369	15,790	14,909
Miscellaneous	1,358	10,731	12,089	1,158,100
Office supplies	-	9,009	9,009	11,250
Parking	8,447	1,216	9,663	9,436
Printing	-	5,642	5,642	3,680
Professional services	243,922	75,715	319,637	342,028
Rent	68,324	12,057	80,381	80,660
Utilities	4,360	6,502	10,862	8,895
Total	\$ 15,794,830	\$ 284,469	\$ 16,079,299	\$ 19,473,732

IRVING S. GILMORE FOUNDATION
STATEMENT OF CASH FLOWS
(with Comparative Totals for 2022)

	Year ended December 31,	
	2023	2022
OPERATING ACTIVITIES		
Change in net assets	\$ 40,797,684	\$ (96,944,013)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	5,677	5,062
Net realized and unrealized losses (gains) on investments	(51,171,261)	82,443,480
Non-cash lease expense	7,683	11,768
Changes in operating assets and liabilities:		
Investment income receivable	(169,638)	33,116
Prepaid expenses and other	14,351	(9,107)
Accounts payable	(35,936)	(18,426)
Funds held for others	396,208	-
Other current liabilities	22,326	(122,088)
Grants payable	(1,000)	(483,000)
	(50,931,590)	81,860,805
Total adjustments		
Net cash used in operating activities	(10,133,906)	(15,083,208)
INVESTING ACTIVITIES		
Purchases of investments	(104,996,358)	(97,818,904)
Proceeds from sales of investments	115,580,043	111,620,212
Equipment expenditures	(12,424)	(8,613)
Net cash provided by investing activities	10,571,261	13,792,695
NET CHANGE IN CASH	437,355	(1,290,513)
Cash and cash equivalents, beginning of year	5,357,912	6,648,425
Cash and cash equivalents, end of year	\$ 5,795,267	\$ 5,357,912

IRVING S. GILMORE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 — ORGANIZATION

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. The priorities of the Foundation are: the arts, culture, and humanities; human services; education; community development; and health and well-being.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Foundation follows net asset accounting methods, whereby revenues are classified for accounting and reporting purposes into one of two net classes:

- Net Assets without Donor Restrictions—net assets available for use in general operations which are not subject to donor-imposed restrictions.
- Net Assets with Donor Restrictions—net assets subject to donor-imposed restrictions that may be temporary in nature, such as those that will be met either by actions of the Foundation, the passage of time, or both. Other donor-imposed restrictions are perpetual in nature and require those resources be maintained permanently by the Foundation. The Foundation does not hold any net assets with restrictions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments with a maturity of three months or less when purchased outside of the investment portfolio to be cash equivalents.

IRVING S. GILMORE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments of the Foundation are held by a commercial bank and trust department and managed by outside investment management companies. Investments sold are valued using the specific identification method. Net investment return is reported in the accompanying statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external investment expenses. Investments are stated at their fair values. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 5 for discussion of fair value measurements.

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 policy seeks to achieve a total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution requirement 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% of investable assets, 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 portfolio 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 corporation 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. With the approval of the chairman of the Investment Committee, occasional exceptions to these policies may be made.

Fair Value

The carrying amounts reflected in the statement of financial position for cash, receivables and payables approximate the respective fair values due to the short-term nature of those instruments.

Property, Equipment and Depreciation

Property and equipment are stated at cost. Purchases in excess of \$5,000 are capitalized. Depreciation is recognized over the estimated useful lives of the assets on a straight-line basis.

IRVING S. GILMORE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses

The costs of providing the various programs have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited. The expenses that are allocated are compensation and benefits, depreciation, equipment, insurance, printing, occupancy costs, supplies, and professional services, which are allocated on the basis of management's estimate of time and effort. Although the methods of allocation used are considered reasonable, other methods could be used that would produce different amounts.

Income 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 a Foundation described in Section 501(c)(3) of the Internal Revenue Code.

Summarized Prior-Year Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Leases

The Foundation determines if an arrangement is a lease at inception by determining whether the agreement conveys the right to control the use of the identified asset for a period of time, whether the Foundation has the right to obtain substantially all of the economic benefits from use of the identified asset, and the right to direct the use of the asset. Lease liabilities are recognized at the commencement date based upon the present value of the remaining future minimum lease payments over the lease term using the rate implicit in the lease or the Foundation's incremental borrowing rate. The incremental borrowing rate is defined as the rate of interest the Foundation would have to pay to borrow on a collateralized basis over a similar term in an amount equal to the lease payments in a similar economic environment. The Foundation's lease terms include options to renew or terminate the lease when it is reasonably certain that it will exercise the option.

IRVING S. GILMORE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The lease right-of-use assets are initially measured at the carrying amount of the lease liability and adjusted for any prepaid or accrued lease payments, remaining balance of lease incentives received, unamortized initial direct costs, or impairment charges relating to the right-of-use-asset. Certain leases contain escalation clauses, which are factored into the right-of-use asset where appropriate. Lease expense for minimum lease payments are recognized on straight-line basis over the lease term.

The Foundation's lease agreement does not contain an implicit rate nor does the Foundation have any debt. As such, the Foundation elected a risk-free rate at the date of adoption as a discount rate to calculate the lease right-of-use asset and lease liability.

The Foundation's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Subsequent Events

Subsequent events were evaluated through April 29, 2024, which is the date the financial statements were available to be issued.

NOTE 3 — CASH AND CASH EQUIVALENTS

Cash and cash equivalents at December 31, 2023 and 2022 consist primarily of institutional treasury obligation money market funds valued at \$1 per share. Under certain circumstances, the valuation of the money market shares could decline below \$1. Management does not consider declines in the fair value of the money market funds to be a significant risk.

IRVING S. GILMORE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 4 — INVESTMENTS

The cost, gross unrealized gains (losses) and fair values of investments as of December 31 are as follows:

	2023		
	Cost	Unrealized Gain (loss)	Fair Value
Cash and cash equivalents	\$ 11,742,841	\$ —	\$ 11,742,841
U.S. Government and agency securities	19,027,120	(870,950)	18,156,170
Equity securities	123,798,171	40,266,461	164,064,632
Corporate debt securities	34,856,202	431,682	35,287,884
Securitized debt instruments	10,717,305	(657,428)	10,059,877
Limited partnership	23,166,674	4,077,057	27,243,731
Mutual funds	40,554,070	18,563,674	59,117,744
Total	\$ 263,862,383	\$ 61,810,496	\$ 325,672,879

	2022		
	Cost	Unrealized Gain (loss)	Fair Value
Cash and cash equivalents	\$ 26,318,987	\$ —	\$ 26,318,987
U.S. Government and agency securities	16,144,791	(1,951,013)	14,193,778
Equity securities	118,874,978	15,157,403	134,032,381
Corporate debt securities	27,339,009	(347,271)	26,991,738
Securitized debt instruments	7,635,673	(927,162)	6,708,511
Limited partnership	26,820,000	336,430	27,156,430
Mutual funds	39,813,795	9,872,683	49,686,478
Total	\$ 262,944,233	\$ 22,141,070	\$ 285,085,303

IRVING S. GILMORE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 5 — FAIR VALUE MEASUREMENTS

The Foundation reports assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the Foundation. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

Level 1—Quoted prices (unadjusted) in active markets for identical assets that the Foundation has the ability to access at the measurement date. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets does not entail a significant degree of judgment.

Level 2—Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the assets and market-corroborated inputs.

Level 3—Unobservable inputs for the asset. In these situations, the Foundation develops inputs using the best information available in the circumstances.

The availability of observable inputs can vary from instrument to instrument and is affected by a wide variety of factors, including, for example, the liquidity of markets and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment.

The Foundation uses prices and inputs that are current as of the measurement date, obtained through multiple third-party custodians and from independent pricing services.

IRVING S. GILMORE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 5 — FAIR VALUE MEASUREMENTS (continued)

The Foundation's assets measured at fair value on a recurring basis are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2023				
Cash and cash equivalents	\$ 11,742,841	\$ 11,742,841	\$ —	\$ —
U.S. Government and agency securities	18,156,170	—	18,156,170	—
Equity securities				
Domestic	156,027,394	156,027,394	—	—
International developed	7,685,845	7,685,845	—	—
Emerging markets	315,525	315,525	—	—
Real estate	35,868	35,868	—	—
Corporate debt securities				
Domestic	23,617,991	—	23,617,991	—
International developed	2,928,146	—	2,928,146	—
International emerging markets	4,583,678	—	4,583,678	—
High yield	4,158,069	—	4,158,069	—
Securitized debt instruments	10,059,877	—	10,059,877	—
Limited partnership	27,243,731	—	—	27,243,731
Mutual funds				
Domestic equity	35,107,514	35,107,514	—	—
International developed	24,010,230	24,010,320	—	—
Total	\$ 325,672,879	\$ 234,925,217	\$ 63,503,931	\$ 27,243,731

IRVING S. GILMORE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 5 — FAIR VALUE MEASUREMENTS (continued)

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2022				
Cash and cash equivalents	\$ 26,315,987	\$ 26,315,987	\$ —	\$ —
U.S. Government and agency securities	14,193,778	—	14,193,778	—
Equity securities				
Domestic	128,087,731	128,087,731	—	—
International developed	5,595,461	5,595,461	—	—
Emerging markets	318,571	318,571	—	—
Real estate	30,618	30,618	—	—
Corporate debt securities				
Domestic	18,605,611	—	18,605,611	—
International developed	2,471,407	—	2,471,407	—
International emerging markets	3,170,034	—	3,170,034	—
High yield	2,744,686	—	2,744,686	—
Securitized debt instruments	6,708,511	—	6,708,511	—
Limited partnership	27,156,430	—	—	27,156,430
Mutual funds				
Domestic equity	28,657,884	28,657,884	—	—
International developed	21,028,594	21,028,594	—	—
Total	\$ 285,085,303	\$ 210,034,846	\$ 47,894,027	\$ 27,156,430

The following is a schedule of the changes in the Foundation's Level 3 investment for the years ended December 31:

	2023	2022
Beginning of year	\$ 27,156,430	\$ 30,723,551
Sales	(4,000,000)	—
Total gains (losses) for the period included in change in net assets	4,087,301	(3,567,121)
End of year	\$ 27,243,731	\$ 27,156,430

IRVING S. GILMORE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 5—FAIR VALUE MEASUREMENTS (continued)

Following is a description of the valuation methodologies used for investments measured at fair value on a recurring basis and recognized in the accompanying statement of financial position:

Cash and Cash Equivalents

Cash and cash equivalents include cash equivalents and fixed income investments with maturities of less than one year. Short-term investments are valued using observable market data and are categorized as Level 1 to the degree that they can be valued based on quoted market prices in active markets. The majority of these short-term investments are held in U.S. Treasury money market accounts. Although these cash equivalents are readily available, it is the intent of the Foundation to hold them for reinvestment purposes and therefore the Foundation has classified them as investments.

Equity Securities

Equity investments consist of securities held in corporate stocks and are generally valued based on quoted market prices in active markets obtained from exchange or dealer markets for identical assets, and are accordingly categorized as Level 1, with no valuation adjustments applied.

Corporate Debt Securities, U.S. Government and Agency Securities and Securitized Debt Instruments

Debt securities held by the Foundation often do not trade in active markets on the measurement date. In the absence of a trade on the measurement date for the identical security in an active market, corporate debt securities, U.S. government and agency securities and securitized debt instruments are valued using inputs including yields currently available on comparable securities of issuers with similar credit ratings, recent market price quotations (where observable), bond spreads, and fundamental data relating to the issuer, and are accordingly categorized as Level 2.

Mutual Funds

Daily traded mutual funds are generally valued based on quoted market prices in active markets obtained from exchange or dealer markets for identical assets, and are accordingly categorized as Level 1, with no valuation adjustments applied.

Limited Partnership

The fair value of the limited partnership is estimated based on the net asset values of the underlying securities held by the limited partnership. The limited partnership holds international equities which are traded in active markets, however, the investment in the limited partnership is considered Level 3 because the specifics of the inputs used are unobservable to other market participants.

IRVING S. GILMORE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 6 — GRANTS

Grants payable are summarized as follows at December 31:

	<u>2023</u>	<u>2022</u>
Payable in less than one year	\$ 250,000	\$ 286,250
Payable in one to five years	125,000	89,750

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. Conditional grants authorized were \$110,000 and \$0 at December 31, 2023 or 2022, respectively.

The present value discount for grants payable in more than one year is not material and a discount has not been recorded in these financial statements.

Cash paid for grants totaled \$14,366,106 in 2023 and \$17,148,606 in 2022.

NOTE 7 — OPERATING LEASE

The Foundation leases its office facility from a third party under a noncancelable operating lease that expires in September 2026, with an option for an additional five years. Monthly payments are approximately \$6,200. Operating lease expense totaled \$80,381 and \$80,660 in 2023 and 2022, respectively.

Future minimum lease payments under the noncancelable operating lease for the office space are as follows:

<u>Year ending December 31</u>	<u>Amount</u>
2024	\$ 74,958
2025	77,207
2026	79,523
2027	81,910
2028	84,370
Thereafter	245,029
Total undiscounted cash flows	<u>642,997</u>
Less: present value discount	<u>(37,373)</u>
Total lease liability	<u>\$ 605,624</u>

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NOTE 7 — OPERATING LEASE (continued)

The remaining lease term of the operating lease as of December 31, 2023, was 7.75 years.

The discount rate of the operating lease as of December 31, 2023 was 1.52%.

Operating lease payments in the table on the previous page include approximately \$399,400 related to options to extend the lease term that are reasonably certain to be exercised.

NOTE 8 — 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 \$55,764 in 2023 and \$53,528 in 2022.

NOTE 9 — 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 federal excise tax of 1.39% on net investment income, including realized gains, as defined by the IRC. Excise tax expense was \$244,142 in 2023 and \$228,000 in 2022.

NOTE 10 — RISKS AND UNCERTAINTIES

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect investment balances and the amounts reported in the statement of financial position.

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NOTE 11 — LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at December 31:

	2023	2022
Cash	\$ 5,795,267	\$ 5,357,912
Investment income receivable	508,054	338,416
Investments	325,672,879	285,085,303
Financial assets available to meet cash needs for general expenditures within one year	\$ 331,976,200	\$ 290,781,631

NOTE 12 — SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid for operating leases was \$72,699 in 2023 and \$68,689 in 2022.

Cash paid for excise tax totaled \$222,318 in 2023 and \$352,500 in 2022.