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**THE GILROY FOUNDATION  
(A CALIFORNIA NON-PROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2022**

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**THE GILROY FOUNDATION**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2022**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
The Gilroy Foundation  
Gilroy, California

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

**Opinion**

We have audited the accompanying financial statements of The Gilroy Foundation (a California non-profit organization), which comprise the statements of financial position as of December 31, 2022 and December 31, 2021, the related statements of cash flows for the years then ended, the related statements of activities for the year ended December 31, 2022, and the related notes to the financial statements. In our opinion, the financial statements present fairly, in all material respects, the financial position of The Gilroy Foundation as of December 31, 2022 and December 31, 2021, the changes in its cash flows for the fiscal years then ended, and the changes in its net assets for the fiscal year ended December 31, 2022 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 Gilroy 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. 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 Gilroy 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 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 Gilroy 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 statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Gilroy 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 Gilroy Foundation's December 31, 2021 financial statements, and our report dated May 27, 2022, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

May 26, 2023

*Nichols, Rick & Co.*

**The Gilroy Foundation**  
**Statements of Financial Position**  
**As of December 31, 2022 and December 31, 2021**

	2022	2021
<u>ASSETS</u>		
Assets:		
Cash	\$ 999,731	\$ 1,226,268
Accounts receivable, net	7,571	2,061
Investments	12,240,368	14,894,949
Unconditional promises to give:		
Pledges receivable	15,000	5,000
Total current assets	13,262,670	16,128,278
Pledges receivable, net	43,650	38,650
Fixed assets, net	3,866	5,471
Cash value of life insurance	5,699	5,540
Operating lease- right of use	111,662	-
Deposits	1,600	6,000
TOTAL ASSETS	\$ 13,429,147	\$ 16,183,939
 <u>LIABILITIES &amp; NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 1,569	\$ 1,037
Accrued salaries & vacation	2,380	1,348
Operating lease liability- current	24,392	-
Funds held for others	2,146,775	2,592,782
Total current liabilities	2,175,116	2,595,167
Operating lease- liability, net of current	87,403	-
Total long term liabilities	87,403	-
Total liabilities	2,262,519	2,595,167
Net assets:		
Without donor restrictions	1,019,847	1,113,300
With donor restrictions	10,146,781	12,475,472
Total net assets	11,166,628	13,588,772
TOTAL LIABILITIES & NET ASSETS	\$ 13,429,147	\$ 16,183,939

**The Gilroy Foundation**  
**Statement of Activities**  
**For the Year ended December 31, 2022**  
**with summarized financial information for the year ended December 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	December 31, 2022 Totals	Comparative Summary Totals for the Year ended December 31, 2021
<b>SUPPORT &amp; REVENUE</b>				
Support				
Contributions	\$ 98,424	\$ 284,948	\$ 383,372	\$ 1,047,299
Change in value of life insurance	159		159	322
Special Events, net	100,619	102,289	202,908	94,980
Total support	199,202	387,237	586,439	1,142,601
Revenue				
Forgiveness of debt	-		-	59,552
Investment Income (Loss), net	(156,710)	(1,728,614)	(1,885,324)	1,384,005
Support Fees	158,689		158,689	160,538
Total revenue	1,979	(1,728,614)	(1,726,635)	1,604,095
Net assets released from restrictions	987,314	(987,314)	-	-
<b>TOTAL SUPPORT &amp; REVENUE</b>	<b>1,188,495</b>	<b>(2,328,691)</b>	<b>(1,140,196)</b>	<b>2,746,696</b>
<b>EXPENSES</b>				
Program Services				
Grants and Scholarships	1,025,178		1,025,178	949,060
Program and Administrative	256,770		256,770	216,299
<b>TOTAL EXPENSES</b>	<b>1,281,948</b>	<b>-</b>	<b>1,281,948</b>	<b>1,165,359</b>
Change in net assets from operations	(93,453)	(2,328,691)	(2,422,144)	1,581,337
Change in net assets, other	-	-	-	-
Net assets at beginning of year	1,113,300	12,475,472	13,588,772	12,007,435
Net assets at end of year	<u>\$ 1,019,847</u>	<u>\$ 10,146,781</u>	<u>\$ 11,166,628</u>	<u>\$ 13,588,772</u>

**The Gilroy Foundation**  
**Statements of Cash Flows**  
**For the Years ended December 31, 2022 and December 31, 2021**

	2022	2021
Cash flows from operating activities:		
Increase (decrease) in net assets from operations	\$ (2,422,144)	\$ 1,581,337
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	1,605	1,850
Donated Securities	(97,125)	(29,967)
Investment management fees deducted	262,990	214,192
Interst expense- lease liability	133	-
Forgiveness of debt included in revenue	-	(59,552)
Reinvestment of earnings from investments	(185,363)	(1,877,804)
Unrealized (gain) loss on investments	1,795,133	270,251
Changes in assets & liabilities:		
Decrease (increase) in accounts and pledges receivable	(20,510)	6,622
Decrease (increase) in cash value of life insurance	(159)	(322)
Decrease (increase) in deposits	4,400	(1,400)
Increase (decrease) in accounts payables	532	(4,349)
Increase (decrease) in accrued payroll expenses	1,032	116
Net cash provided (used) by operating activities	(659,476)	100,974
Cash flows from investing activities		
Purchase of investments	(312,097)	(545,261)
Proceeds from sale of investments	745,036	747,487
Acquisition of fixed assets	-	-
Net cash provided (used) by investing activities	432,939	202,226
Cash flows from financing activities		
Proceeds from PPP loan	-	27,716
Net cash provided (used) by financing activities	-	27,716
Net increase (decrease) in cash	(226,537)	330,916
Cash, beginning of year	1,226,268	895,352
Cash, end of year	\$ 999,731	\$ 1,226,268

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION**

Cash paid during the year for:				
Interest	\$	0	\$	0
Income taxes	\$	0	\$	0
Supplemental noncash disclosures:				
Original cost of assets disposed of	\$	0	\$	0

**THE GILROY FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

Nature of Organization

The Gilroy Foundation (“Foundation”), is a non-profit California corporation incorporated in June 1981. The Foundation engages primarily in the administration of funds, which are established by donors who describe either the general or specific purpose for which grants are to be made. The Foundation’s commitment to the community is realized through grant making and scholarships. The endowment is used to fund an annual grant making and scholarship cycle. In addition, the Foundation partners with other local public benefit corporations through projects and offers non-endowed investment funds to benefit those corporations.

Basis of Presentation

The Foundation is required to report information regarding its financial position and activities according to two classes of net assets: Without donor restrictions and with donor restrictions. Without donor restrictions are defined as that portion of net assets that have no use or time restrictions. With donor restrictions are defined as those that consist of a restriction on a specific use or the occurrence of a certain event. The financial statements of the Foundation are prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned, and expenses are recognized when incurred.

Contributions

Contributions are recorded as without donor restrictions or with donor restrictions depending on the existence or nature of any donor restrictions. In addition, pledges and unconditional promises to give are required to be reported as support with donor restrictions upon date of notification and are then released from restrictions upon satisfaction of the time or use requirement. If a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as without donor restrictions.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. As of December 31, 2022, and 2021, the Foundation’s investments consist primarily of accounts maintained within the Silicon Valley Community Foundation investment pool. The Foundation has adopted ASC 820-10-50, *Fair Value Measurements*, which establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. For its investments, the Foundation utilized Level 1 inputs, consisting of unadjusted quoted prices in active markets for identical assets and having the highest priority. Level 2 and Level 3 inputs were not utilized.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of these instruments.

Grants Receivable

The Foundation considers all grants receivable to be collectible within the next year. Based on historical experience and an analysis of the specific grants, management has determined that no allowance for uncollectible grants receivable is necessary at December 31, 2022 and 2021.

Special Events

Special events benefitting the Foundation directly are reported net of expenses of \$100,619 and \$25,829, for the years ended December 31, 2022 and December 31, 2021, respectively

Income Taxes

The Foundation is exempt from Federal income taxes under Internal Revenue Code Section 501(c)(3), from California income taxes under Section 23701(d) of the California Bank and Corporation Tax Law, and has been determined to be an organization, which is not a private foundation. Management has determined the implementation of ASC-740-10-65 did not have a material impact on its financial statements. Tax returns for the years from 2018 through 2022 remain available for review by the appropriate taxing authorities.

**THE GILROY FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

Indirect Expenses

The Foundation has in place a cost allocation plan employed to allocate indirect expenses to each program on a basis proportionate to the direct staff time or other cost driver used for each program.

Advertising

The Foundation charges all advertising costs incurred to operations as a current expense. For the years ended December 31, 2022 and December 31, 2021 advertising expenses totaled \$1,592 and \$2,961, respectively.

Depreciation

Fixed assets are reported at cost, or donated value, and are depreciated using the straight-line method over the estimated useful lives of the assets, ranging from five to fifteen years. The Foundation's policy is to capitalize fixed asset additions in excess of \$1,000. At December 31, 2022 and December 31, 2021, the cost and related accumulated depreciation for such assets is as follows:

	<u>2022</u>	<u>2021</u>
Computer equipment	\$ 13,047	\$ 13,047
Furniture & equipment	<u>5,052</u>	<u>5,052</u>
	18,099	18,099
less:		
Accumulated depreciation	<u>14,233</u>	<u>12,628</u>
	<u>\$ 3,866</u>	<u>\$ 5,471</u>

Depreciation expense charged for the years ended December 31, 2022 and December 31, 2021 was \$1,605 and \$1,850, respectively.

Comparative 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, 2021, from which the summarized information was derived.

Compensated Absences and Vacations

All eligible employees accrue seven days of annual paid vacation during the first two continual years of service. This amount is increased gradually until a maximum annual accrual is reached of twenty days after ten years. Upon separation, the terminating employee is directly compensated for unused vacation leave.

Donations

All donations are considered to be available for unrestricted use unless specifically restricted by the donor. If applicable, donated rent, food and other goods, and volunteer services are reflected as occupancy or specific assistance cost in the accompanying statement at their estimated fair market value at date of notification. Not recorded in the financial statements are volunteer services failing to meet the criteria established for inclusion as determined by ASC-958-605-50. During the years ended December 31, 2022 and December 31, 2021, approximately 1,000 hours of such volunteer services were provided to the Foundation.

Fees charged by the Foundation

The Foundation charges fees to the individual funds for administration costs. For those funds investing in the asset pool, a 1.0% fee is charged each month based on an average daily balance. For the years ended December 31, 2022 and 2021, the Foundation recorded fees charged by the operating fund to the multiple funds administration fee on a net basis totaling \$154,175 and \$152,678, respectively. The Foundation also charges to the funds held for others and special projects. For the years ended December 31, 2022 and 2021, the total fees charged to funds held for others and special projects totaled \$4,513 and \$7,859, respectively.



**THE GILROY FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

Endowment Funds

The Foundation treats as endowment funds approximately 70 individual funds established for a variety of purposes. The endowment funds are composed of donor-restricted and donor-advised funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

*Interpretation of relevant law:* The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, The Foundation classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is permanently restricted is classified as restricted until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. The Foundation classifies its unrealized losses on donor-restricted endowment funds as restricted net assets to the extent that such losses reduce the fund balance below the historical gift amount. Any gains in subsequent years will first offset the losses in unrestricted assets before recording unrealized gains and losses as restricted assets.

Legacies and Bequests

Legacies and bequests may be received by the Foundation under various wills and trust agreements. The amounts are recorded when they have been legally validated.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**2. INVESTMENTS:**

Investments are presented in the financial statement at fair market value based on the closing stated value published on the public exchanges on December 31, 2022 and 2021. The investments are not insured.

	<u>2022</u>	<u>2021</u>
SV Community Foundation pooled investment fund	<u>\$12,240,368</u>	<u>\$14,894,949</u>

The fair market value of these investments reflects an unrealized gain (loss) of (\$1,795,133) and (\$269,811) as of December 31, 2022 and 2021, respectively. Investment returns are shown net of management fees. Components of investment income (losses) are as follows for the years ended:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 87,347	\$ 78,533
Realized gains and losses	85,453	1,789,475
Unrealized gains and (losses)	(1,795,133)	( 269,811)
Management fees charged	<u>(262,991)</u>	<u>(214,192)</u>
	<u>\$ (1,885,324)</u>	<u>\$ 1,384,005</u>

**THE GILROY FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**3. CASH VALUE OF LIFE INSURANCE OWNED:**

The Foundation has a charitable giving program in which the donor requests the Foundation to purchase a life insurance policy on the life of the donor. As of December 31, 2022, the Foundation has one life insurance policy with a total face value of \$10,000. The proceeds are payable to the Foundation upon the death of the insured.

**4. PLEDGES RECEIVABLE:**

Unconditional promises to give are included in the financial statements as pledges receivable and revenue in the appropriate net asset category. Conditional promises to give are not included as support until such time as the conditions are substantially met. The total amount of pledges receivable at December 31, 2022 is expected to be collected as follows:

Year Ending December 31,	Amount
Current	15,000
2024	20,000
2025	15,000
2026	10,000
Discount at 3%	(1,350)
Net pledges receivable	\$ 58,650

**5. FUNDS HELD FOR OTHERS:**

The Foundation accepts funds from unrelated nonprofit organizations, which desire to have the Foundation provide efficient investment management, programmatic expertise and technical assistance. A liability is recorded at the readily determinable estimated fair value of assets upon receipt by the Foundation. At December 31, 2022 and 2021, the Foundation held six such accounts, with balances of:

	2022	2021
Stewardship funds	\$2,146,775	\$2,592,782

The following table summarizes the activity in these funds for the years ended December 31, 2022 and 2021:

	2022	2021
Beginning balance	\$2,592,782	\$2,230,415
Contributions and transfers in	250	100,000
Dividend and interest income	18,093	16,467
Fees	(52,728)	(42,105)
Net realized and unrealized gains (losses)	(359,822)	320,305
Grants and transfers out	(51,800)	(32,300)
	\$2,146,775	\$2,592,782

**THE GILROY FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**6. NET ASSETS WITH DONOR RESTRICTIONS:**

As of December 31, 2022, and 2021, the Foundation's net assets with donor restrictions consisted of the following:

	2022	2021
<i>Time restrictions-</i>		
Pledges receivable	\$ 58,650	\$ 43,650
<i>Total Time Restrictions</i>	58,650	43,650
<i>Use restrictions-</i>		
Scholarships and program projects	<u>10,088,131</u>	<u>12,431,822</u>
<i>Total Use Restrictions</i>	<u>10,088,131</u>	<u>12,431,822</u>
<i>Total net assets with donor restrictions</i>	<u>\$10,146,781</u>	<u>\$12,475,472</u>

**7. NET ASSETS RELEASED FROM RESTRICTIONS:**

Net assets with donor restrictions were decreased (increased) as a result of the following restriction releases and transfers during the years ended December 31, 2022 and December 31, 2021:

	2022	2021
<i>Time restrictions-</i>		
Pledges receivable	\$ 23,650	\$ 27,652
<i>Total time restrictions</i>	\$ 23,650	\$ 27,652
<i>Use restrictions-</i>		
Scholarships and program projects	<u>963,664</u>	<u>944,565</u>
<i>Total use restrictions</i>	<u>\$ 987,314</u>	<u>\$ 972,217</u>

**8. PROGRAMS AND ADMINISTRATIVE EXPENSES BY FUNCTION AND NATURE:**

The table below presents program and administrative expenses by both their nature and their function for the years ending December 31, 2022 and December 31, 2021.

	Program	Management and General	Fund Development	Total Expenses as of 12/31/22	Total Expenses as of 12/31/21
Salaries and benefits	21,530	110,096	28,130	159,756	138,626
Occupancy		26,944		26,944	25,345
Professional fees		32,079		32,079	22,473
Office Expense		3,132		3,132	2,263
Supplies	6,744	4,467	6,829	18,040	15,505
Advertising			1,592	1,592	2,961
Insurance		3,380		3,380	3,949
IT fees	872	546	764	2,182	367
Miscellaneous	109	5,200		5,309	489
Postage, printing, and publications	1,751	200	800	2,751	2,471
Depreciation		1,605		1,605	1,850
Total expenses	<u>\$ 31,006</u>	<u>\$ 187,649</u>	<u>\$ 38,115</u>	<u>\$ 256,770</u>	<u>\$ 216,299</u>

**THE GILROY FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**9. LEASES:**

During the year ended December 31, 2022, The Gilroy Foundation adopted FASB ASU-2016-02, *Leases*. This ASU requires lessees to recognize assets and liabilities on the statement of financial position for leases with lease terms greater than twelve months. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. The Foundation adopted ASU 2016-02 on January 1, 2022 using a modified retrospective approach. The impact on adoption on the financial statements was an increase as of January 1, 2022 in other noncurrent assets to record right-of-use assets and an increase in other current and noncurrent liabilities to record the lease obligation for current operating lease of approximately \$111,500, representing the present value of remaining lease payments for the operating lease. The impact of adopting ASU 2016-02 was not material to unrestricted revenues, excess of revenues over expenses or total net assets. The Foundation elected the practical expedient to account for both non-lease and lease payments in its contracts as a single lease component. For leases that commenced before implementation, the Foundation elected the permitted practical expedient to not reassess the following: (i) whether any expired or existing contracts contain leases, and (ii) initial direct costs for any existing leases. Right of use assets and liabilities are recognized at the commencement date, based on the net present value of the fixed lease payments over the lease term, using the Foundation's incremental borrowing rate based on the information available at the commencement date in determining the present value of the lease payments. The Foundation has a lease agreement for office space in Santa Clara County. The total lease expense paid for the years ending December 31, 2022 and December 31, 2021 was \$18,984 and \$18,984 respectively. The Foundation is responsible for approximate minimum rental commitments under one non-cancelable lease agreement through 2027 as follows:

Year ending December 31, 2023	\$ 24,419
Year ending December 31, 2024	24,402
Year ending December 31, 2025	24,384
Year ending December 31, 2026	24,367
Year ending December 31, 2027	14,089

**10. CONCENTRATIONS, CONTINGENCIES, AND COMMITMENTS:**

At times during the fiscal years ended December 31, 2022 and December 31, 2021, the Foundation maintained cash balances in excess of insured levels at financial institutions. As part of its ongoing scholarship programs, the Foundation maintains future conditional commitments approximating \$690,000 as of December 31, 2022. As these commitments are contingent upon continued student academic success, this contingent liability is not recorded in the statement of position. In addition, approximately 17% of the Foundation's operating revenue and support base for the year ended December 31, 2022 was from two of its major donors and related entities. The Foundation, during the normal course of operating its business within the financial industry, may be subject to various lawsuits, licensing reviews, and government audits. Management believes that losses resulting from these types of matters, if any, would either be covered under the Foundation's insurance policy or are immeasurable. Management further believes the losses, if any, would not have a material effect on the financial position of the Foundation.

Beginning January 2020, the World Health Organization classified the novel coronavirus (COVID-19) as a pandemic and the entire world began to feel the effects of COVID-19. These effects include time away from work, reduction in the work force, potential disruption in the workflow, and volatility in the value of the Foundation's investments. The long-term implications of this pandemic are presently unknown as related to the Foundation's operations.

**THE GILROY FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**10. CONCENTRATIONS, CONTINGENCIES, AND COMMITMENTS: (continued)**

In 2021, the Foundation received an unsecured Paycheck Protection Program (PPP) loans from the US Small Business Administration totaling \$59,551. Provisions of the PPP allow for forgiveness of part, or all, of this loan based upon the Foundation incurring eligible payroll and related costs for the twenty-four weeks following receipt of the loan proceeds. The Foundation was granted forgiveness of these loans in 2021, and as such the revenue is reflected on the December 31, 2021 statement of activities as a forgiveness of debt.

**11. LIQUIDITY AND AVAILABILITY:**

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Foundation's financial assets that are available within one year of June 30, 2022 and June 30, 2021, are as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 999,731	\$ 1,226,268
Investments	12,240,368	14,894,949
Accounts and grants receivable, net	7,571	2,061
Pledges and bequests receivable	<u>15,000</u>	<u>5,000</u>
<i>Total financial assets</i>	<u>\$ 13,262,670</u>	<u>\$ 16,128,278</u>
 <i>Less financial assets held to meet donor-imposed restrictions:</i>		
Cash and cash equivalents held for special projects	(860,187)	(1,140,734)
Investments held for others	(9,227,943)	(11,291,082)
Stewardship funds	(2,146,775)	(2,592,782)
 <i>Amount available for general expenditures within one year</i>	 <u>\$ 1,027,765</u>	 <u>\$ 1,103,680</u>
 <i>Liquidity Resources</i>		
Line of credit	<u>\$ 0</u>	<u>\$ 0</u>

**12. SUBSEQUENT EVENTS:**

Management has evaluated subsequent events through May 26, 2023 the date on which the financial statements were available to be issued.