Agenda
FFE Board of Directors – Finance Committee

Kalamazoo Foundation for Excellence

Monday, April 25, 2022 12:30 PM

City Hall – Community Room, Second Floor - 241 West South Street

A. CALL TO ORDER

B. APPROVAL OF MINUTES

1. Approve Minutes of December 20, 2021.

2. Approve Minutes of January 31, 2022.

C. REPORTS AND COMMUNICATIONS

D. REGULAR AGENDA

1. Annual Financial Compliance Review

2. 2021 Q4 Endowment Report (Draft)

E. PUBLIC COMMENTS

F. BOARD MEMBER COMMENTS

G. ADJOURNMENT

KALAMAZOO FOUNDATION OF EXCELLENCE

PUBLIC COMMENT RULES

1. Persons attending a regular or special meeting of the Board of Directors of the Kalamazoo Foundation for Excellence shall be permitted to address the Board in conformity with this rule and the Michigan Open Meetings Act.

2. An individual wishing to address the Board shall wait to be recognized by the presiding officer.

3. A person addressing the Board shall provide their name and whether they are a resident of the City.

4. Remarks by a speaker shall be confined to matters within the preview of the Board and KFFE.

5. The chairperson of the meeting or a majority of the Board in attendance may permit individuals to speak once, for up to four (4) minutes, on specific matters being considered on the meeting agenda of the Board, except no comment is permitted on secondary or procedural motions to a main motion.

6. A speaker is permitted to address the Board once during the Public Comment portion of the meeting for up to four (4) minutes.

7. A speaker is not permitted to yield any unused portion of speaking time to other speakers.

8. A speaker may be ruled out of order for conduct that interrupts or disrupts the meeting.

KALAMAZOO FOUNDATION FOR EXCELLENCE
BOARD OF DIRECTORS
FINANCE COMMITTEE

MINUTES

Meeting of December 20, 2021

The meeting of the Kalamazoo Foundation for Excellence (KFFE) Finance Committee was called to order at 2:00 p.m. via Electronic Meeting at Zoom.us Webinar by President Calderon-Huezo; Vice President Ritsema, Treasurer Carrel, Directors Washington, and Chief Financial Officer Vicenzi were present.

A quorum was present.

Minutes of the previous meeting were moved for approval by Director Washington and seconded by Treasurer Carrel. The motion was approved by unanimous voice vote.

The Q3 2021 Foundation for Excellence Investment Subcommittee report was presented by FFE Manager Steve Brown and CFO Vicenzi. The fund balance showed positive investment growth over the year with a relatively flat quarter. The quarter ended with a balance of $139.8 million. Director Ritsema moved, and Carrel supported, a recommendation to present the report to the board at its next meeting under the Finance Committee report. The motion was approved by unanimous voice vote.

Staff sought the annual directive from the Finance Committee to pursue the year-end financial review process outlined in the FFE Bylaws and including the annual audit. Director Washington moved, and Carrel supported, a motion to direct staff. The motion was approved by unanimous voice vote.

Next meeting is scheduled for Monday, January 31, 2022, at 2 p.m.

No public comments.

No old business.

Treasurer Carrel adjourned the meeting at 2:16 p.m.

Minutes Drafted: December 20, 2021.

Minutes Approved: _________

____
Steve Brown, Recording Secretary

KALAMAZOO FOUNDATION FOR EXCELLENCE
BOARD OF DIRECTORS
FINANCE COMMITTEE

MINUTES

Meeting of January 31, 2022

The meeting of the Kalamazoo Foundation for Excellence (KFFE) Finance Committee was called to order at 2:15 p.m. in the Community Room of City Hall by President Calderon-Huezo; Directors Washington. Vice President Ritsema, Treasurer Carrel, and Chief Financial Officer Vicenzi were not present.

A quorum was not present.

Next meeting will be scheduled by staff.

No public comments.

No old business.

President Calderon-Huezo adjourned the meeting at 2:16 p.m.

Minutes Drafted: February 1, 2022.

Minutes Approved: _________

____
Steve Brown, Recording Secretary

Date: **4/25/2022**
FFE
Item: **D.1.**

Foundation for Excellence Agenda Report

Kalamazoo Foundation for Excellence

TO: Foundation for Excellence Board of Directors

FROM: Prepared by: Steve Brown, FFE Manager

DATE: April 25, 2022

SUBJECT:

Annual Financial Compliance Review

RECOMMENDATION:

Include the Annual Financial Compliance Report in the Finance Committee Report to the Board at its next meeting.

BACKGROUND:

Annual Audit and Annual Reporting
The Finance Committee previously directed staff to complete annual financial compliance as laid out in Sections 4 and 6 of the FFE Bylaws, which includes:
selecting an auditor and preparing financial statements and reports.
+ An FFE Income Statement.
+ Year-end balance sheet, including trust funds and funds restricted by donors or the Board.
+ A written notice addressed to the City Manager and Mayor describing the type and amount of all of the support the Corporation provided to the City during the Corporation's taxable year immediately preceding the taxable year in which the written notice is provided.
+ A copy of the Corporation's Form 990 (forthcoming).
+ An annual report from the City Manager to reflect its use of funds received from the Corporation for the previous year and a report regarding projects and initiatives undertaken with the funds distributed by the Corporation.

STRATEGIC VISION ALIGNMENT:

Good Governance- Ensuring the City organization has the capacity and resources to effectively implement the community's Strategic Vision in a way that is sustainable over the long term.

FISCAL IMPACT:

KALAMAZOO FOUNDATION FOR EXCELLENCE

REPORT ON FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Kalamazoo Foundation For Excellence
Kalamazoo, Michigan

Opinion

We have audited the accompanying financial statements of Kalamazoo Foundation For Excellence (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, 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 Kalamazoo Foundation For Excellence as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in conformity 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 Kalamazoo Foundation For Excellence 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 Kalamazoo Foundation For Excellence'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 Kalamazoo Foundation For Excellence'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 Kalamazoo Foundation For Excellence'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.

March 4, 2022

KALAMAZOO FOUNDATION FOR EXCELLENCE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

ASSETS	
Current assets	
Current portion of cash and cash equivalents	$ 6,332
Current portion of contributions receivable, net	39,250,000
Total current assets	39,256,332
Noncurrent assets	
Investments	150,683,478
Contributions receivable, net (less current portion)	288,646,000
Total noncurrent assets	439,329,478
TOTAL ASSETS	$ 478,585,810
LIABILITIES AND NET ASSETS	
Current liabilities	
Accounts payable	$ 21,832
Due to City of Kalamazoo	1,001
TOTAL LIABILITIES	22,833
NET ASSETS	
Without donor restrictions	150,608,485
With donor restrictions	
Purpose restrictions	58,492
Time-restricted for future periods	327,896,000
Total net assets with donor restrictions	327,954,492
TOTAL NET ASSETS	478,562,977
TOTAL LIABILITIES AND NET ASSETS	$ 478,585,810

See accompanying notes to financial statements.

KALAMAZOO FOUNDATION FOR EXCELLENCE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	$ 38,631,900	$ 327,903,492	$ 366,535,392
Investment return, net	16,237,820	-	16,237,820
TOTAL SUPPORT AND REVENUE	54,869,720	327,903,492	382,773,212
Net assets, beginning of year	95,738,765	51,000	95,789,765
Net assets, end of year	$ 150,608,485	$ 327,954,492	$ 478,562,977

See accompanying notes to financial statements.

KALAMAZOO FOUNDATION FOR EXCELLENCE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Services			Supporting Services	
	Operational Assistance	Aspirational Projects	Total Program Services	General and Administrative	Total
TOTAL EXPENSES	$ -	$ -	$ -	$ -	$ -

See accompanying notes to financial statements.

KALAMAZOO FOUNDATION FOR EXCELLENCE
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 382,773,212
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Contributed stock	(38,631,900)
Realized and unrealized (gain) on investments	(15,983,954)
Decrease in:	
Accounts payable	(5,072)
Increase in:	
Contributions receivable, net	(327,867,881)
NET CASH PROVIDED BY OPERATING ACTIVITIES	284,405
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments	(39,355,143)
Sales of investments	39,053,341
NET CASH USED BY INVESTING ACTIVITIES	(301,802)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(17,397)
Cash and cash equivalents, beginning of year	23,729
Cash and cash equivalents, end of year	$ 6,332

See accompanying notes to financial statements.

NOTE 1 - NATURE OF THE ORGANIZATION

The mission of Kalamazoo Foundation For Excellence (the Foundation) is to "support the goals of the City of Kalamazoo, fund aspirational investments in the City, and empower Kalamazoo residents to achieve the lives they want for themselves and their families."

The Foundation was created to help the City of Kalamazoo accomplish priorities established, from time to time, by the City Commission to set the course for the City of Kalamazoo's future direction, to provide budget stability to the City resulting from the City's reduction of the ad valorem tax rate on property in addition to the reduction of payments received from the State, to provide for aspirational projects which the City of Kalamazoo wishes to undertake, and to perform any activities that may assist in exploring budgetary savings of the City or assisting the City which would be the best way to utilize the grants transferred to the City from the Foundation. The majority of the Foundation's revenue is from donations received from the general public.

The Foundation will make annual distributions to the City authorized by majority vote of the Board of Directors in an amount that is:

a. Equal to the difference between the amount that the City would have received in property tax revenue for the fiscal year-in-question calculated using a millage rate of 19.2705 mills ($19.2705 per $1,000 of taxable value) and the property tax revenue the City is budgeted to receive for the fiscal year-in-question under the City's proposed millage rate, plus,

b. A budget stabilization payment of $4,000,000 for fiscal year 2019 and thereafter, adjusted annually by the Municipal Cost Index, and

c. Additional annual distributions may be approved and made by the Foundation if requests are consistent with the Foundation's purposes and consistent with donor intent.

The Foundation has not made any distributions to the City to date. The first distributions are not anticipated to be made until 2023.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Foundation's accounting policies conform to U.S. generally accepted accounting principles (GAAP) as applicable to nonprofit entities. The Financial Accounting Standards Board (FASB) is the accepted standard-setting body for establishing nonprofit accounting and financial reporting principles.

The following is a summary of the significant accounting policies of the Foundation:

<u>Basis of Accounting</u>

The Foundation utilizes the accrual method of accounting, which recognizes income when earned and expenses when incurred.

<u>Cash and Cash Equivalents</u>

Cash and cash equivalents consist of cash accounts and money market funds. The Foundation considers short-term highly liquid investments with maturities of three months or less as cash equivalents. Cash included in the investment category is not classified as a cash or cash equivalent.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments are stated at fair value. Net investment return is included in the statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less investment expenses. Investments are recorded as long-term as it is management's intent to hold for long-term purposes and not spend in the next 12 months. See Note 6 for discussion of fair value measurements.

Investments are managed by professional advisors subject to the Foundation's investment policy. The degree and concentration of market and credit risk vary by type of investment.

Contributions Receivable

Contributions receivable consists of amounts due for contributions that have been collected by the City of Kalamazoo but not yet remitted to the Foundation and unconditional promises. We record unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. We determine the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At December 31, 2021, the allowance was $0.

Beginning and ending balances for contributions receivable is reported as follows for the year ended December 31:

Contributions receivable, beginning of year	$ 28,119
Contributions receivable, end of year	$ 327,896,000

Net Assets

Net assets, revenues, gains and losses are classified on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor or grantor restrictions.

Net assets with donor restrictions - Net assets subject to donor (or grantor) imposed restrictions. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources are maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, or when the stipulated purpose has been accomplished. At December 31, 2021, the Foundation reported net assets with donor restrictions totaling $58,492 for aspirational projects within the City of Kalamazoo.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue and Revenue Recognition

Contributions of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Unconditional contributions expected to be collected within one year are reported at their net realizable value. Unconditional contributions expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Conditional contributions depend on the occurrence of a specified future and uncertain event to bind the donor and are recognized as assets and revenue when the conditions are substantially met, and the gift becomes unconditional.

Functional Expense Allocation

The costs of providing program and other activities will be reported in the statement of activities. The statement of functional expenses presents the natural classification of expenses that are allocated to program or supporting functions of the Foundation. Allocated expenses will primarily consist of personnel costs, professional fees, and general expenses based on an analysis of wages and management's estimated use of resources. For the year ended December 31, 2021, the Foundation had did not report any functional expenses.

Estimates

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

Concentration of Risk

The Foundation is required to disclose significant concentrations of risk regardless of the degree of such risk. Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents, investments, and contributions receivable. The Foundation places its cash with FDIC insured financial institutions. Although such cash balances exceeded the federally insured limits at certain times during the year, they are, in the opinion of management, subject to minimal risk. The Foundation has not experienced losses in any of these accounts.

Credit risk associated with contributions receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from foundations supportive of the Foundation's mission.

Investments are maintained with diversified investment managers whose performance is monitored by management of the Foundation and the investment committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Foundation believes that the investment policies and guidelines are prudent for the long-term welfare of the Foundation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent Events

In preparing these financial statements, the Foundation's management has evaluated events and transactions for potential recognition or disclosure through March 4, 2022, the date the financial statements were available to be issued.

NOTE 3 - TAX STATUS

The Foundation is exempt from U.S. federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except for tax on "unrelated business income", as defined. The Foundation is not classified as a private foundation. No provision for U.S. income taxes is required.

In preparation of tax returns, tax positions are taken based on interpretation of income tax laws. Management periodically reviews and evaluates the status of uncertain tax positions and makes estimates of amounts, including interest and penalties, ultimately due or owed. No amounts have been recorded in the financial statements as uncertain positions. Tax returns generally remain open for examination by the various taxing authorities for a period of three to four years.

NOTE 4 - CONTRIBUTIONS RECEIVABLE

Unconditional promises to give are estimated to be collected as follows at December 31, 2021:

Within one year	$ 40,000,000
In one to five years	200,000,000
Over five years	120,000,000
	360,000,000
Less discount to net present value at rate of 1.91%	(32,104,000)
Contributions receivable, net	$ 327,896,000

At December 31, 2021, one donor accounted for 100% of total promises to give.

During the year ended December 31, 2021, long-term residents of the community made an unconditional promise to give the Foundation $40,000,000 annually for ten consecutive years. The current year contributions were reported as contributions without donor restrictions, while the promise to give was reported as contributions with donor-imposed time restrictions.

NOTE 5 - LIQUIDITY AND AVAILABILITY

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing program service activities as well as the conduct of services undertaken to support those activities to be general expenditures.

The following table reflects the Foundation's financial assets as of December 31, 2021, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date. Amounts appropriated from net assets with donor restrictions with one year of the date of the statement of financial position are considered available.

Financial assets available at year-end	
Cash	$ 6,332
Contributions receivable, net of discount	327,896,000
Investments	150,683,478
Total financial assets available at year-end	478,585,810
Donor imposed restrictions	
Less purpose restricted funds	(58,492)
Less time restricted funds until after 2022	(288,646,000)
Financial assets available to meet cash needs for general expenditures within one year	$ 189,881,318

The overall investment goal of the management of the assets of the Foundation is to maximize the likelihood of meeting the Foundation's spending objectives in perpetuity as it relates to the Foundation's mission and to the disbursement of funds by the Foundation's Board of Directors.

In addition, the investment goals include:

- Maintaining the ability to pay all distributions and obligations when due.
- Maximizing return within reasonable and prudent levels of risk.
- Preserving the real (i.e., inflation adjusted) purchasing power of assets.

In addition to financial assets available to meet general expenditures over the next 12 months, the Foundation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. Investments that are considered long term on the statement of financial position are included in the financial assets available to meet cash needs for general expenditures and could be used to meet general expenditures.

NOTE 6 - FAIR VALUE MEASUREMENTS

GAAP have established a hierarchy that prioritizes the inputs to valuation techniques giving the highest priority to readily available unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements) when market prices are not readily available or reliable.

NOTE 6 - FAIR VALUE MEASUREMENTS (continued)

The three levels of the hierarchy under GAAP are described below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

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

Level 3: Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.

Debt instruments - corporate bonds and U.S. government securities: The investment grade debt securities held by the Foundation often do not trade in active markets on the measurement date. If they do, they are measured at the closing price in that active market. In the absence of a trade on the measurement date for the identical security in an active market, corporate bonds and U.S. government securities 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.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following is market value summary by the level of inputs used, as of December 31, 2021, in evaluating the Foundation's assets carried at fair value. The inputs or methodology used for valuing securities may not be an indication of the risk associated with investing in those securities.

NOTE 6 - FAIR VALUE MEASUREMENTS (continued)

	Level 1	Level 2	Level 3	Total
U.S. equities				
Mutual funds	$ 116,141,289	$ -	$ -	$ 116,141,289
U.S. fixed income				
Corporate securities	-	10,652,743	-	10,652,743
Government and agencies	-	22,593,507	-	22,593,507
International fixed income				
Corporate securities	-	1,295,939	-	1,295,939
Total	$ 116,141,289	$ 34,542,189	$ -	$ 150,683,478

NOTE 7 - INVESTMENTS

The following table summarizes the cost basis and fair value (carrying value) of investments as of December 31, 2021.

	Cost	Fair Value
U.S. equities		
Mutual funds	$ 88,408,718	$ 116,141,289
U.S. fixed income		
Corporate securities	10,844,534	10,652,743
Government and agencies	22,704,702	22,593,507
International fixed income		
Corporate securities	1,310,077	1,295,939
Total	$ 123,268,031	$ 150,683,478

NOTE 8 - RELIANCE ON FUNDING SOURCES

The Foundation receives a substantial amount of their support from donations made by the general public. A significant reduction in the level of this support, if it were to occur, would have an effect on the Foundation's programs and activities.

NOTE 9 - UNCERTANTIES

The extent of the impact of COVID-19 on the Foundation's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on services, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the financial condition and results of operations is uncertain.

NOTE 10 - SUBSEQUENT EVENT

On February 24, 2022, the Foundation received the second installment of the unconditional promise to give that is detailed in Note 4. The fair value of the contribution as of that date was $40,356,800.

THE CITY OF Kalamazoo

OFFICE OF THE CITY MANAGER
241 W. South Street
Kalamazoo, MI 49007-4796
Phone: (269) 337-8047
Fax: (269) 337-8182
www.kalamazoocity.org

MEMORANDUM

Date: February 2, 2022

To: The Board of Directors of the Kalamazoo Foundation for Excellence

From: James K. Ritsema, ICMA-CM

Ladies and Gentlemen of the Board;

The following report is submitted in compliance with Section 4.18 – Report to Directors, of the Foundation for Excellence bylaws, which states:

> *"An annual report from the City Manager to reflect its use of funds received from the Corporation for the previous year and a report regarding projects and initiatives undertaken with the funds distributed by the Corporation."*

Although the City of Kalamazoo did not receive any funds from the Foundation for Excellence in fiscal year 2021, I would like to take this opportunity to direct you to the Investment Map on the FFE Website at www.kalamazoocity.org/ffe, as well as the "Projects" page of the www.Imaginekalamazoo.com to follow initiatives undertaken during the MOU period.

The City Commission approved a fiscal year 2021 allocation for Foundation for Excellence (FFE) activities in the amount of $25,798,714 with passage of the City's budget on January 19, 2021. Of this sum, $4,243,600 million was allocated for budget stabilization, $13,016,024 for implementing the city tax reduction, and $8,539,090 for aspirational City programs.

The City is profoundly grateful for the existence of the Foundation for Excellence and looks forward to our ongoing relationship to benefit everyone in the Kalamazoo community.

Sincerely,

James K. Ritsema, ICMA-CM
City Manager

Kalamazoo Foundation for Excellence

241 W. South Street
Kalamazoo, MI 49007-4796
www.kalamazoocity.org/ffe

MEMORANDUM

Date: February 2, 2022

To: Mayor of the City of Kalamazoo
The Kalamazoo City Manager

From: Alisa Carrel, Treasurer, Kalamazoo Foundation for Excellence

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Mayor Anderson and City Manager Ritsema;

The following report is submitted by me, Alisa Carrel, Treasurer of the Foundation for Excellence, in compliance with Section 4.18 – Report to Directors, of our bylaws, which states that:

> *"A written notice addressed to the City Manager and Mayor describing the type and amount of all of the support the Corporation provided to the City during the Corporation's taxable year immediately preceding the taxable year in which the written notice is provided."*

The Foundation for Excellence provided no support to the City of Kalamazoo from January 1, 2021, to December 31, 2021. The first, historic grant from the Foundation for Excellence Endowment to the City of Kalamazoo is anticipated to be approved in October of 2022 for disbursal with passage of the City's 2023 fiscal year budget in January of 2023.

Respectfully Yours,

Alisa Carrel

Alisa Carrel
Treasurer, Stakeholder Director – Arts

The Mission of the Kalamazoo Foundation for Excellence is to support the goals of the City of Kalamazoo, fund aspirational investments in the city, and empower Kalamazoo residents to achieve the lives they want for themselves and their families.

Kalamazoo Foundation for Excellence

Annual Report | 2021

The heart of FFE is a commitment to a better future for all residents in Kalamazoo. FFE is built on a legacy of philanthropy that gives Kalamazoo a historic opportunity to shape a strong and resilient future. Our track record—nearly $150 million invested to date— shows we are on our way to doing just that. I am proud to call Kalamazoo home and to serve as FFE Board President.

Sandra Calderon-Huezo
FFE Board President

Photo: Cea Green, owner of Diamonds & Pearls Special Events, cuts a ribbon to celebrate improvements at her business in the Northside neighborhood

A Proven Partnership for Everyone in Kalamazoo

The Foundation for Excellence (FFE) is an innovative 501(c)3 non-profit support corporation that was created in 2017 to address systemic challenges to the prosperity of Kalamazoo. The FFE was originally announced alongside a commitment of $70.3 million to support its creation, and to stabilize the City's budget, lower the property tax rate, and invest in aspirational community projects.

To-date, the FFE has supported many City projects and programs that have the potential to impact the lives of all residents, including infrastructure, affordable housing, economic development, and youth development.

Fiscal Year 2021

The Foundation for Excellence fiscal year 2021 allocation to the City was set at $25,798,714 following public presentations and discussion before City Commission on November 2, 2020, and a vote of the City Commission on January 19, 2021. Of this sum, $17,259,624 was directed to stabilization of the City's budget and lowering the City property taxes from 19.0275 mills to 12 mills. Furthermore, $8,539,090 was allocated for aspirational City programs.

Budget Stabilization

A stable City budget reduces challenges to operating and helps to ensure that highly impactful and equitable aspirational projects are possible.

Tax Reduction

The significant investment in tax reduction for all City properties is intended to result in improved prosperity for our community. The average taxpayer's savings because of FFE is 11% on City property tax.

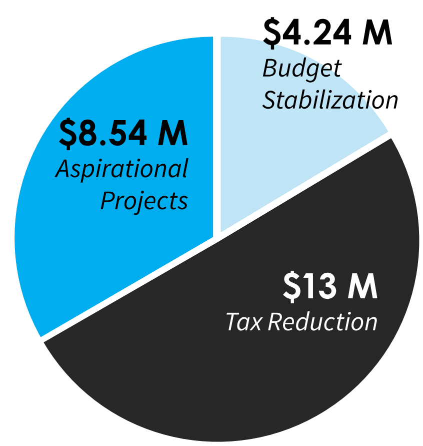
Aspirational Support, by Project and Goal

Residents are the beginning and the end of FFE's cycle of impact. All community goals funded by FFE were outlined by residents as part of the award-winning Imagine Kalamazoo 2025 planning process. This work builds on the City's deep investment in broad community involvement and collaboration.

The Imagine Kalamazoo goals are derived from extensive community input, which focused the attention of City activities on five core neighborhoods with high levels of generational poverty and needed re-investment: Northside, Eastside, Edison, Vine, and Oakwood.

The FFE's founding documents guide programming choices to address generational poverty, youth development, remove barriers to under-employed and unemployed people, and improve infrastructure and neighborhoods, which align with the ten goals of Imagine Kalamazoo. City of Kalamazoo staff currently use a scoring process to ensure that projects proposed by City departments align with FFE and Imagine Kalamazoo goals, and have conducted the appropriate planning work to be successful. These projects are proposed to the FFE Board of Directors and City Commission in alternating public meetings for review, discussion, and final approval.

The FFE's online Investment Map documents that aspirational investments have overwhelmingly been made in city core neighborhoods and shows that the Imagine Kalamazoo plan is working where it is needed most.



An interactive map of savings as well as aspirational investments is available at kalamazooffe.org.

Aspirational Project Budgets 2017 - 2021

$ 44,676,120 total

Statement of Financial Position

December 31, 2021

ASSETS	
Current assets	
Cash and cash equivalents	$ 6,332
Contributions receivable	39,250,000
Total current assets	39,256,332
Noncurrent assets	
Investments	150,683,478
Contributions receivable, net	288,646,000
Total noncurrent assets	439,329,478
TOTAL ASSETS	$ 478,585,810
LIABILITIES AND NET ASSETS	
Current liabilities	
Accounts payable	$ 21,832
Due to City of Kalamazoo	1,001
TOTAL LIABILITIES	22,833
NET ASSETS	
Without donor restrictions	150,608,485
With donor restrictions - purpose restricted	58,492
Time-restricted for future periods	327,896,000
Total net assets with donor restrictions	327,954,492
TOTAL NET ASSETS	478,562,977
TOTAL LIABILITIES AND NET ASSETS	$ 478,585,810

Statement of Activities

Year Ended December 31, 2021

	Without donor restrictions	With donor restrictions	Total
SUPPORT AND REVENUE			
Contributions	$ 40,000,000	$327,903,492	$ 367,903,492
Investment return, net	14,869,720	-	14,869,720
TOTAL SUPPORT AND REVENUE	54,869,720	327,903,492	382,773,212
Net assets, beginning of year	95,738,765	51,000	95,789,765
Net assets, end of year	$ 150,608,485	327,954,492	478,562,977

2021 Foundation for Excellence Board of Directors

Sandra Calderon-Huezo
President, Neighborhood Focus: Edison

James K. Ritsema
Vice President, City Manager

Alisa Carrel, Treasurer
Arts Organizations

Barbara Hamilton-Miller
Secretary, Neighborhood Focus: Oakland-Winchell

David Anderson
Mayor

Jeanne Hess
City Commissioner

Stephanie Hoffman
Housing

Rachel Lonberg
Faith-Based Organizations

Alice Taylor
Neighborhood Focus: Northside

Charlene Taylor
Affinity Organizations

Von Washington, Jr.
Education

Bobby J. Hopewell
Founding Director Emeritus

Business Sector, Vacant

Healthcare Sector, Vacant

At-Large Member, Vacant

City Commissioner, Vacant

What is the Foundation for Excellence?

The Foundation for Excellence (FFE) is an innovative 501(c)3 non-profit support corporation that was created in 2017 to address systemic challenges to the prosperity of Kalamazoo. FFE invests millions of dollars each year to stabilize the City of Kalamazoo's budget, reduce the property tax rate, and invest in aspirational projects.

How does it work?

Donations to the Foundation for Excellence are invested in an endowment to ensure it will last for generations to come. Every year, the endowment earnings provide millions of dollars to fund projects and programs to realize our community's vision, stabilize the city budget, and reduce taxes. Annual grants are approved by the FFE Board of Directors before final approval by Kalamazoo's elected representatives, the City Commission.

Governance and Policies

The FFE strives to maintain the highest ethical standards and maximum transparency in everything it does. All meetings are announced in advance and open to the public subject to Open Meetings Act. In 2018, the Board of Directors unanimously approved core governance policies, including those regarding conflicts of interest, diversity and equal opportunity, financial accountability, and whistle-blower protections. An open document library including all policies is available online at **www.kalamazooffe.org**.

Who is on the FFE Board of Directors?

The FFE bylaws establish a 15-member Board of Directors. Ten members are stakeholder directors, each representing a community interest such as healthcare, education, or business. Five are City Directors, representing the City of Kalamazoo generally. These members include the Mayor, City Manager, two City Commissioners, and one At-Large city representative. Stakeholder and At-Large terms rotate every three years while City Directors serve for the duration of their employment or elected service. An effort is made to cultivate a Board that is largely representative of the community and that will add unique insights about every facet of Kalamazoo.

One-third of board positions expire each year, meaning there are opportunities annually for community members to participate. Board members are responsible for attending at least three meetings per year and contributing to the responsible and transparent operation of the foundation. There are no requirements on previous board membership or restrictions on who can apply, (though an overall percentage of city residents is required). Positions expire on May 31 each year and vacancies are announced along with application instructions in December.

Date: **4/25/2022**
FFE
Item: **D.2.**

Foundation for Excellence Agenda Report

Kalamazoo Foundation for Excellence

TO: Foundation for Excellence Board of Directors

FROM: Prepared by: Steve Brown, FFE Manager

DATE: April 25, 2022

SUBJECT:

2021 Q4 Endowment Report (Draft)

RECOMMENDATION:

Include the attached quarterly endowment report in the Finance Committee Report to the Board at its next meeting.

BACKGROUND:

Endowment Investment Report
The most recent Investment Report of the FFE Investment Subcommittee, dated December 31, 2021, is attached for Board review.

STRATEGIC VISION ALIGNMENT:

Good Governance- Ensuring the City organization has the capacity and resources to effectively implement the community's Strategic Vision in a way that is sustainable over the long term.

FISCAL IMPACT:

FOUNDATION FOR EXCELLENCE
STATE STREET TRUST
PORTFOLIO PROFILE
December 31, 2021

Fund	Fund Name	Net Assets at Market	Percent of Total Policy Compliance Actual	Policy Max	Difference
KF30	BlackRock S&P 500 Index	$ 105,978,666	70.33%	70.0%	0.33%
KF40	DFA	-	0.00%	0.0%	0.00%
	TOTAL EQUITIES	105,978,666	70.33%	70%	0.33%
KF20	Jennison Intermediate	36,868,359	24.47%	25.0%	-0.53%
KF70	Loomis Sayles	-	0.00%	0.0%	0.00%
	TOTAL FIXED INCOME	36,868,359	24.47%	25.0%	-0.53%
KF60	RREEF	-	0.00%	0.0%	0.00%
KF50	Vanguard REIT	7,762,714	5.15%	5.0%	0.15%
	TOTAL REAL ESTATE	7,762,714	5.15%	5.0%	0.2%
KFF1	FFE - Cash	73,739	0.05%	0.0%	0.05%
	TOTAL CASH	73,739	0.05%	0.0%	0.05%
	TOTAL ASSETS	$ 150,683,479	100%	100.0%	100.0%

*The asset allocation was changed from 50/50 split between BlackRock and Jennison to 70% BlackRock, 25% Jennison, 5% Vanguard REIT at the August 25, 2021 meeting.

Kalamazoo Foundation for Excellence

December 31, 2021

Report to the

Investment Subcommittee

Wednesday, February 23, 2022
11:00 am
Meeting to be conducted
In-person and virtually via Zoom

REPORT TO THE RETIREMENT INVESTMENT COMMITTEE

Performance of the

Kalamazoo Foundation for Excellence

December 31, 2021

The market value of portfolio assets increased from $139.8 million to $150.7 million during the fourth quarter of 2021, an increase of $10.9 million or 7.80%.

The portfolio weighted average return for the quarter, net of manager fees, was 7.84%. The 1-year return, net of manager fees, was 15.13%. The return since May 1, 2020, net of manager fees, through the end of the quarter has been 20.28%

Equities comprised 70.3% of the Kalamazoo Foundation for Excellence portfolio at the end of the fourth quarter. The equity portion of the portfolio returned 11.02% for the quarter, 28.67% year-to-date, and 28.67% over the last year.

Fixed income comprised 24.5% of the Kalamazoo Foundation for Excellence portfolio at the end of the fourth quarter. The fixed income portion of the portfolio returned -0.34% for the quarter, -2.48% year-to-date, and -2.48% over the last year.

Real Estate comprised 5.2% of the Kalamazoo Foundation for Excellence portfolio. The $7,300,000 purchase occurred on November 5, 2021. The return for the shortened time period was 9.75%.

Cash and equivalents totaled $73,740, or less than 0.05% of the assets.

The portfolio finished the quarter with 70.3% in equities, 24.5% in fixed income, 5.2% in real estate, and less than 0.05% in cash. The portfolio target allocation approved by the investment committee on August 25, 2021 is 70% equities, 25% fixed income, 5% real estate, and 0% cash.

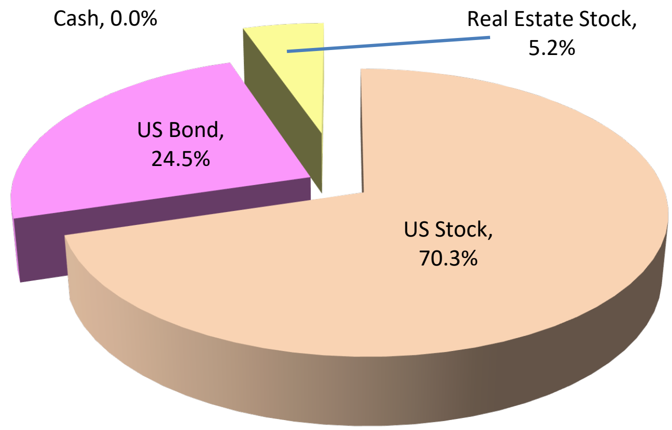
The inflation-adjusted, or real return, for the quarter was 6.20% as the inflation rate for the quarter was 1.64%. With a year-on-year inflation rate of 7.04%, the one-year real return was 8.09%. Since May 1, 2020, the return on the portfolio, net of manager fees, has been 20.28% nominal and 15.09% real.

Respectfully submitted,
February 23, 2022

Kalamazoo Foundation for Excellence

Asset Allocation

December 31, 2021



Market Value $ 150,683,479

Since-Inception (5/1/2020)
Return 20.28

PORTFOLIO EXPOSURE

Geographic Exposure

U.S	100.0%
Foreign	0.0%
	100.0%

Currency (Direct Exposure)

USD	100.0%
Non-USD	0.0%
	100.0%

Asset Classes	ACTUAL %	Policy%	+/-
Equity	70.3%	70.0%	0.3%
Fixed	24.5%	25.0%	-0.5%
Real Estate	5.2%	5.0%	0.2%
Cash	0.0%	0.0%	0.0%
	100.0%	100.0%	0.0%

Liquidity-Daily	100.0%
Liquidity> 1 day & < 90 days	0.0%
Liquidity> 91 days & < 2 years	0.0%
Liquidity> 2 years	0.0%
Total	100.0%

Fixed Income Risk	Jennison	Bloomberg US Agg Bond TR USD
Coupon	2.54%	2.43%
Yield	1.86%	1.72%
Effective Duration (yrs)	6.18%	6.34
Convexity	0.15	0.22
Maturity (yrs)	8.43	8.42
Quality	AAA	AAA

Sector Allocation	Jennison	Bloomberg US Agg Bond TR USD	+/-
Treasury	30.4	39.1	(8.7)
Agency	0.4	1.4	(1.0)
Finance	10.1	8.1	2.0
Industrial	17.4	15.5	1.9
Utility	4.1	2.1	1.9
Non-Corporate	1.2	4.2	(2.9)
Mortgage	24.5	27.4	(2.9)
CMO	1.2	0.0	1.2
Asset Backed	5.0	0.3	4.7
CMBS	4.5	2.0	2.5
Cash	1.3	0.0	1.3
Total	100.0	100.0	0.0

Performance Attribution(1)

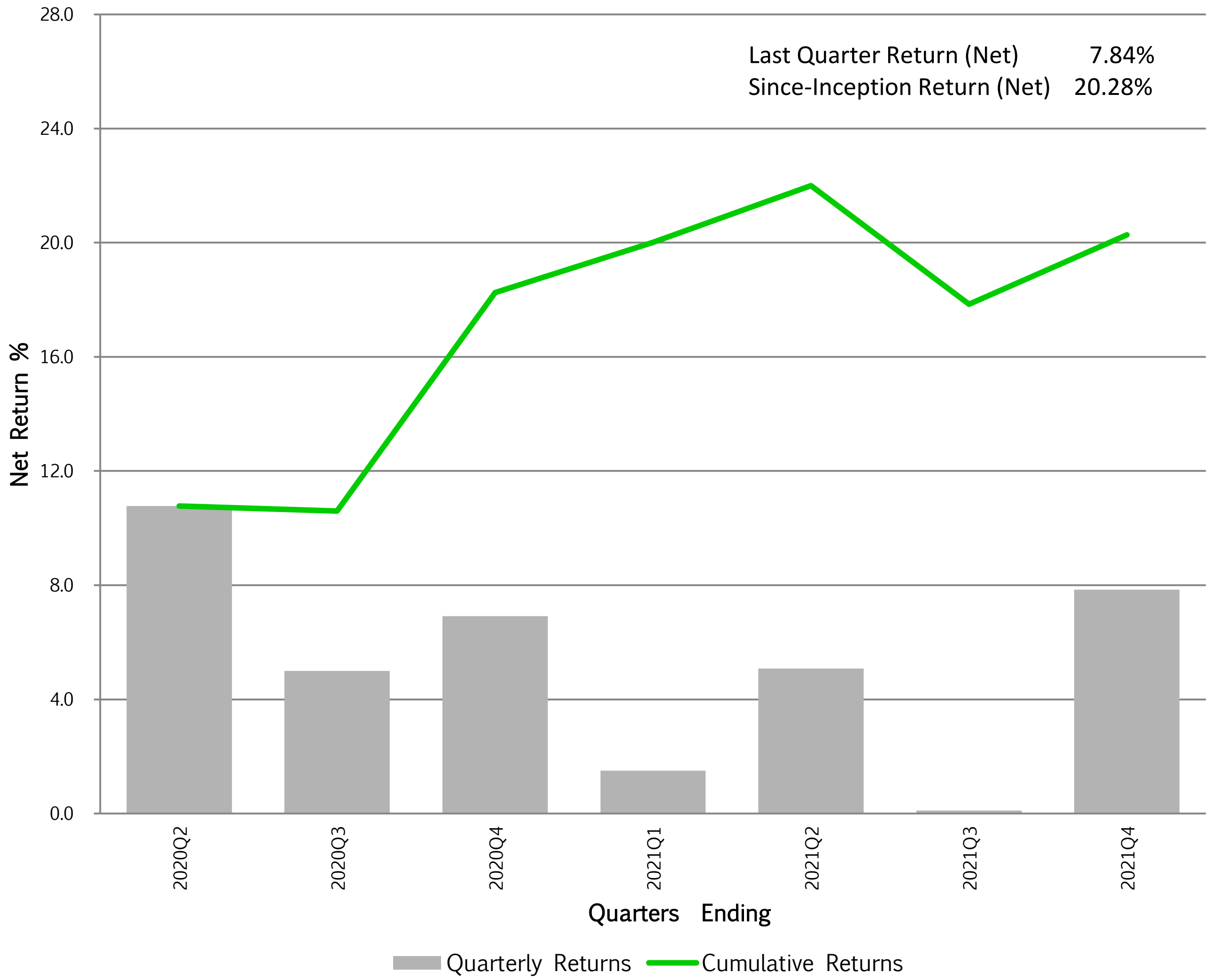
Gross of Fees and versus the BBgBarc US Agg Bond TR USD

	3 Months (bps)
Yield Curve	(3)
Sector Allocation	(8)
Security Selection	(9)
Other	1
Total	(19)

(1) Performance attribution may differ from performance shown due to rounding and other factors, such as Paydowns and interest on non-supported cash instruments.

Some figures may not sum to 100% due to rounding.

Kalamazoo Foundation for Excellence
Quarterly vs Since-Inception (5.1.2020) Net Returns
December 31, 2021



State Street Portfolio was funded on 4/8/2020 when 465,000 shares of Stryker Stock were gifted to the Foundation.

100% of Stryker liquidated on 4/15/2020 by State Street.

Jennison Intermed. Bonds purchased on 4/29/2020; $40.0MM at 50% allocation.

BlackRock Fund B purchased on 5/6/2020; $40.8MM at 50% allocation.

Gift of $38.1 million received on 8/12/2021.

Vanguard REIT purchased 11/5/2021; $7,300,000 at 5% allocation.

Kalamazoo Foundation for Excellence
Manager Total Returns (Net) vs. Benchmarks
December 31, 2021

	Ticker	Policy Target %	Actual %	3 Month Return	Year-to-Date Return	1 Year Return	3 Year Return	5 Year Return	Since Inception (5.1.2020) 1.7 Yrs Return	Manager Fees %	*Mgr IN / BM Years*
BlackRock Equity Index B (1)	CTF	70.0	70.3	11.02	28.67	28.67	--	--	38.34	*0.05*	*1.67*
S&P 500 TR USD				11.03	28.71	28.71	--	--	38.03		
Manager Over/ (Under)				(0.01)	(0.04)	(0.04)	--	--	0.31		
Jennison Intermed. Bonds	SepAcct	25.0	24.5	(0.34)	(2.48)	(2.48)	--	--	0.16	*0.25*	*1.67*
Bloomberg US Agg Bond TR USD				0.01	(1.54)	(1.54)	--	--	0.64		
Manager Over/ (Under)				(0.35)	(0.94)	(0.94)	--	--	(0.48)		
Vanguard REIT Index I	VGSNX	5.0	5.2	--	--	--	--	--	--	*0.10*	*0.15*
MSCI US IMI/Real Estate 25-50 NR USD				14.66	39.35	39.35	--	--	35.49		
Manager Over/ (Under)				--	--	--	--	--	--		
Master Account (Cash)	SSNXX	0.0	0.0	0.00	0.00	0.00	--	--	0.00	*0.20*	*1.73*
USTREAS T-Bill Auction Ave 3 Mon				0.01	0.05	0.05	--	--	0.07		
Manager Over/ (Under)				(0.01)	(0.05)	(0.05)	--	--	(0.07)		

Weighted Average Manager Fee 0.10

(1) The BlackRock subaccount KF30 held only cash until 5/6, at which point the funds were invested into BlackRock Equity Index B.

On August 25, 2021, RIC approved the asset allocation change to 70% Blackrock Index B; 25% Jennison Intermediate bonds, and 5% Vanguard REIT Index Institutional. As of the September 30, 2021 the assets were 69.3% Blackrock and 30.7% Jennison. The trade to invest in Vanguard REIT Index was processed on November 5th, 2021.

Kalamazoo Foundation For Excellence

Name (Morningstar)		DESCRIPTION
BlackRock Equity Index B	CTF	The BlackRock Equity Index Fund B (start: 23Jan1997) is a passive public equity index fund that tracks the S&P 500. The BlackRock Equity Index Fund is a collective trust fund with an objective of closely replicating the S&P 500 Index. We believe the S&P 500 TR USD Index is the appropriate benchmark for BlackRock Equity Index B.
Jennison Intermediate Bond	SepAcct	Jennsion Intermediate Bond is a separately managed portfolio. Jennison Intermediate Bond's investment objective is to achieve above benchmark returns from a combination of security selection, yield curve management, sector rotation and active trading. Jennison does not make duration bets, and as a result the portfolio should have a duration within .25 years of its benchmark. Jennison Intermediate invests in only investment grade securities, typically holds 80 - 200 issues, and maintains position sized below 2%. JJennison Intermediate Bond prefers the usage of Bloomberg Barclays US Aggregate Bond Index, which we believe is appropriate.
Vanguard REIT Index Institutional	VGSNX	US:MF (Ticker VGSNX) (start: 2Dec2003). VGSNX employs an indexing investment approach designed to track the performance of the MSCI US Investable Market Real Estate 25/50 Index, an index that is made up of stocks of large, mid-size, and small U.S. companies within the real estate sector. The prospectus benchmark is MSCI US IMI/ Real Estate 25/50 GR USD (start: 1Sept2016).
Cash	Cmgld	

CIty of Kalamazoo
Foundation for Excellence Endowment
Rebalance November 2021

Actual November 1, 2021				Pre-Rebalance					Post-Rebalance	
		Actual Market Value	Target %	Actual %	Target $	Surplus (Deficit)	Rebalance/ Liquidate	Adjusted Market Value	Target %	Actual %
	Common Stock									
KF30	BlackRock S&P 500 Index	$ 103,654,886	70.0%	70.7%	$ 102,564,458	$ 1,090,428	$ (1,160,000)	$ 102,494,886	70.0%	70.0%
	Total Large	103,654,886	70.0%	70.7%	102,564,458	1,090,428	(1,160,000)	102,494,886	70.0%	70.0%
KF40	DFA	-	0.0%	0.0%	-	-	-	-	0.0%	0.0%
	Total Small	-	0.0%	0.0%	-	-	-	-	0.0%	0.0%
	Total Equities	103,654,886	70.0%	70.7%	102,564,458	1,090,428	(1,160,000)	102,494,886	70.0%	70.0%
	Fixed Income									
KF20	Jennison Intermediate	42,860,484	25.0%	29.3%	36,630,164	6,230,320	(6,300,000)	36,560,484	25.0%	25.0%
KF70	Loomis Sayles	-	0.0%	0.0%	-	-	-	-	0.0%	0.0%
	Total Fixed Income	42,860,484	25.0%	29.3%	36,630,164	6,230,320	(6,300,000)	36,560,484	25.0%	25.0%
	Real Estate									
KF60	RREEF	-	0.0%	0.0%	-	-	-	-	0.0%	0.0%
KF50	Vanguard REIT	-	5.0%	0.0%	7,326,033	(7,326,033)	7,300,000	7,300,000	5.0%	5.0%
	Total Real Estate	-	5.0%	0.0%	7,326,033	(7,326,033)	7,300,000	7,300,000	5.0%	5.0%
	Total Investments	146,515,370	100.0%	100.0%	146,520,654	(5,284)	(160,000)	146,355,370	100.0%	99.9%
	Short Term									
KFF1	FFE - Cash	5,284	0.0%	0.0%	-	5,284	160,000	165,284	0.0%	0.1%
	Total Cash	5,284	0.0%	0.0%	-	5,284	160,000	165,284		0.1%
	Total Assets	$ 146,520,654	100.0%	100.0%	$ 146,520,654	$ (0)	$ -	$ 146,520,654	100.0%	100.0%
		Cash Balance			Nov Exp	Nov Contrib				Cash Balance
KFF1	FFE - Cash	5,284			(88,792)	-	160,000	-		76,492

*The asset allocation was changed from 50/50 split between BlackRock and Jennison to 70% BlackRock, 25% Jennison, 5% Vanguard REIT at the August 25th meeting.

CIty of Kalamazoo
Foundation for Excellence Endowment
Rebalance December 2021

Actual December 14, 2021		Pre-Rebalance						Post-Rebalance		
		Actual Market Value	Target %	Actual %	Target $	Surplus (Deficit)	Rebalance/ Liquidate	Adjusted Market Value	Target %	Actual %
	Common Stock									
KF30	BlackRock S&P 500 Index	$ 104,118,709	70.0%	70.2%	$ 103,799,225	$ 319,484	$ (370,000)	$ 103,748,709	70.0%	70.0%
	Total Large	104,118,709	70.0%	70.2%	103,799,225	319,484	(370,000)	103,748,709	70.0%	70.0%
KF40	DFA	-	0.0%	0.0%	-	-	-	-	0.0%	0.0%
	Total Small	-	0.0%	0.0%	-	-	-	-	0.0%	0.0%
	Total Equities	104,118,709	70.0%	70.2%	103,799,225	319,484	(370,000)	103,748,709	70.0%	70.0%
	Fixed Income									
KF20	Jennison Intermediate	36,620,372	25.0%	24.7%	37,071,152	(450,779)	370,000	36,990,372	25.0%	24.9%
KF70	Loomis Sayles	-	0.0%	0.0%	-	-	-	-	0.0%	0.0%
	Total Fixed Income	36,620,372	25.0%	24.7%	37,071,152	(450,779)	370,000	36,990,372	25.0%	24.9%
	Real Estate									
KF60	RREEF	-	0.0%	0.0%	-	-	-	-	0.0%	0.0%
KF50	Vanguard REIT	7,411,889	5.0%	5.0%	7,414,230	(2,341)		7,411,889	5.0%	5.0%
	Total Real Estate	7,411,889	5.0%	5.0%	7,414,230	(2,341)	-	7,411,889	5.0%	5.0%
	Total Investments	148,150,971	100.0%	99.9%	148,284,607	(133,636)	-	148,150,971	100.0%	99.9%
	Short Term									
KFF1	FFE - Cash	133,636	0.0%	0.1%	-	133,636	-	133,636	0.0%	0.1%
	Total Cash	133,636	0.0%	0.1%	-	133,636	-	133,636		0.1%
	Total Assets	$ 148,284,607	100.0%	100.0%	$ 148,284,607	$ 0	$ -	$ 148,284,607	100.0%	100.0%

		Cash Balance	Dec Exp	Dec Contrib			Cash Balance
KFF1	FFE - Cash	133,636	(59,144)	-	-	-	74,492

*The asset allocation was changed from 50/50 split between BlackRock and Jennison to 70% BlackRock, 25% Jennison, 5% Vanguard REIT at the August 25, 2021 meeting.