



Kalamazoo  
Foundation for  
Excellence

# Agenda FFE Audit Subcommittee

**Monday, December 15, 2025      2:00 PM**

**Kalamazoo City Hall – 241 West South Street**

**A.      CALL TO ORDER**

1.      Roll Call
2.      Approve Agenda

**B.      APPROVAL OF MINUTES**

1.      Approve Meeting Minutes of September 15, 2025

**C.      REPORTS AND COMMUNICATIONS**

**D.      REGULAR AGENDA**

1.      Annual Financial Accountability Review

**E.      PUBLIC COMMENTS**

**F.      BOARD MEMBER COMMENTS**

**G.      ADJOURNMENT**

General information about the Foundation for Excellence (FFE) including board meeting schedules, meeting agendas and minutes, bylaws, and much more can be accessed at: <https://www.kalamazoocity.org/ffe>.

Agendas and previous minutes and video streams for FFE meetings are available directly at: <https://kalamazoomi.civicclerk.com/>.

Questions regarding agenda items may be answered prior to the meeting by contacting the FFE Manager at 269.337.8047 or [ffe@kalamazoocity.org](mailto:ffe@kalamazoocity.org).

## **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 purview 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.

*Updated October 23, 2023*

**KALAMAZOO FOUNDATION FOR EXCELLENCE  
BOARD OF DIRECTORS  
AUDIT SUBCOMMITTEE**

MINUTES

Meeting of September 15, 2025

- A. Call to Order
  - 1. The meeting of the Kalamazoo Foundation for Excellence (KFFE) Audit Subcommittee was called to order at 2:00 p.m. in the Community Room of City Hall by Treasurer Balkema. Directors Carrel and McKague and Secretary Bostrom were present. President Calderon-Huezo and CFO Vicenzi were excused. A quorum was present.
  - 2. Approval of Agenda
    - i. Secretary Bostrom moved, and Director McKague seconded, approval of the agenda. The motion was approved by unanimous vote.
  - 3. Welcome Guests
    - i. Mark Lockwitz CPA, Principal, Maner Costerisan.
- B. Approval of Minutes
  - 1. Secretary Bostrom moved, and Director McKague seconded, approval of the March 24, 2025, minutes, with the correction of Secretary Bostrom's title. The motion was approved by unanimous vote.
- C. Reports and Communications
- D. Regular Agenda
  - 1. Receive and review the Fiscal Year 2024 form 990.
  - 2. Waive audit tactic. The motion was approved by unanimous vote.
- E. No public Comments.
- F. Board Member Comments
- G. President Bostrom adjourned the meeting at 2:35 p.m.

The next meeting is tentatively scheduled for Monday, December 15, 2025, at 2 p.m.

Minutes Drafted: September 15, 2025.

Minutes Approved: \_\_\_\_\_

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Steve Brown, Recording Secretary



Kalamazoo  
Foundation for  
Excellence

# FFE Audit Subcommittee Staff Report

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**TO:** Foundation for Excellence Audit Subcommittee

**FROM:** Steve Brown, Foundation for Excellence Executive Director

**DATE:** December 15, 2025

**SUBJECT:** Annual Financial Accountability Review

**RECOMMEDATION:**

Annual Financial Accountability Review

**BACKGROUND:**

With the aid of staff, the committee will conduct the 38-point review of FFE financial activities per the attached policy.

## **Kalamazoo Foundation for Excellence**

### **Financial Accountability Policy**

*Approved at the annual meeting of the Board of Directors on October 22, 2018.*

#### **Goal:**

**To ensure the Kalamazoo Foundation for Excellence (FFE) is accountable and responsible for its finances and adheres to the highest ethical standards.**

#### **Purpose:**

The public has entrusted the FFE with its philanthropic assets to carry out our mission. As a matter of fundamental principle, we should adhere to the highest ethical standards because it is the right thing to do. Public trust in our performance is the bedrock of our legitimacy. Donors support the FFE because they trust us to be good stewards of their resources.

Accounting scandals in the for-profit world and in the not-for-profit world have underlined the importance of establishing good practices to ensure the FFE maintains the highest ethical standards and continues to earn the community's trust. The FFE will strive, where possible, to embrace the spirit of the Sarbanes-Oxley Act which requires that publicly traded companies adhere to significant new governance standards that broaden board members' roles in overseeing financial transactions and auditing procedures. The FFE will ascribe to the standards promulgated by the Council on Foundations and the Council of Michigan Foundations and will incorporate community foundation field best practices in its business.

The FFE will be accountable in a variety of ways: by establishing an Audit Committee to provide oversight to financial matters, by engaging independent auditors to review the financial data annually, by engaging professionals to review the internal controls and make recommendations for improvement, by establishing and implementing policies to eliminate conflicts of interest and to provide protection for whistleblowers, by being transparent and open to the community about its finances, and by adhering to all government filing requirements.

**Objective 1**

*Maintain a governance structure that ensures high accountability:*

Crucial to governance is the establishment of an Audit Committee. The committee acts as a liaison between the external and internal auditors and the board and oversees other pertinent financial policies.

**Strategy One**

	<b>Date</b>	<b>Responsibility</b>
<b><i>Establish an Audit Committee</i></b>		
<b>Tactic A</b>		
<i>Membership is composed of individuals independent from the day-to-day management of the organization who are not compensated and who do not have a financial interest in or any other conflict of interest with any entity doing business with the FFE</i>	<i>Annually</i>	<i>Board</i>
<b>Tactic B</b>		
<i>Ensure that at least one member is a “financial expert” who can understand, analyze and reasonably assess the financial statements and the financial competency of the auditing firm</i>	<i>Ongoing</i>	<i>Board</i>
<b>Strategy Two</b>		
<b><i>Board provides oversight and approval of Audit Committee activities</i></b>		
<b>Tactic A</b>		
<i>Review and approve all Audit Committee actions</i>	<i>Ongoing</i>	<i>Board</i>
<b>Tactic B</b>		
<i>Maintain an updated committee charter that describes the committee responsibilities</i>	<i>Ongoing</i>	<i>Board</i>

***Establish an Audit Committee*****Tactic A**

*Membership is composed of individuals independent from the day-to-day management of the organization who are not compensated and who do not have a financial interest in or any other conflict of interest with any entity doing business with the FFE*

*Annually*

*Board*

**Tactic B**

*Ensure that at least one member is a “financial expert” who can understand, analyze and reasonably assess the financial statements and the financial competency of the auditing firm*

*Ongoing*

*Board*

**Strategy Two*****Board provides oversight and approval of Audit Committee activities*****Tactic A**

*Review and approve all Audit Committee actions*

*Ongoing*

*Board*

**Tactic B**

*Maintain an updated committee charter that describes the committee responsibilities*

*Ongoing*

*Board*

**Objective 2***Provide an independent review of the financial statements:*

An audit of the FFE’s Balance Sheet and its Statement of Revenue Collected and Expenditures Paid certified by a CPA firm provides reasonable assurance to the public that the financial statements are free from material misstatement and that they present fairly the activities of the FFE. An annual audit is required by the State of Michigan for the FFE to receive its annual Solicitation License.

**Strategy One**

	<b>Date</b>	<b>Responsibility</b>
<i>Engage independent auditors to review the financial data annually</i>		
<b>Tactic A</b> <i>Review and provide input on audit work plan</i>	<i>February</i>	<i>Audit Committee</i>
<b>Tactic B</b> <i>Review auditor’s opinion and audited financial statements. Consider whether they are complete and consistent with information understood by the committee members</i>	<i>June</i>	<i>Audit Committee</i>

**Tactic C***Review auditor's report on all critical accounting policies and practices and discuss any proposed journal entries recommended**June**Audit  
Committee***Tactic D***Review, and where applicable, assure implementation of auditor's management letter suggestions**June**Audit  
Committee***Tactic E***Encourage the lead and/or review partner to rotate every five years**As  
required**Audit  
Committee***Tactic F***Meet privately (without staff) with auditors to obtain an understanding of their evaluation of management, whether they encountered any difficulties or had any disagreements with management**June**Audit  
Committee***Strategy Two****Date****Responsibility**

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***Ensure that the independent auditor remains independent*****Tactic A***Consider soliciting and reviewing proposals for audit services at least every five years**As  
required**Audit  
Committee***Tactic B***Approve, in advance, any non-audit related services that exceed 5% of audit fees**As  
required**Audit  
Committee*

**Strategy Three**

	<b>Date</b>	<b>Responsibility</b>
<i>Ensure that management stands behind the financial statements</i>		
<b>Tactic A</b>		
<i>Review management’s representation letter to auditors</i>	<i>June</i>	<i>Audit Committee</i>
<b>Tactic B</b>		
<i>President/CEO and Vice President, Finance &amp; Administration certify the financial statements</i>	<i>June</i>	<i>Audit Committee</i>
<b>Tactic C</b>		
<i>President/CEO and Vice President, Finance &amp; Administration certify the Form 990</i>	<i>November</i>	<i>Board</i>

**Objective 3**  
*Maintain internal controls that ensure high financial accountability:*  
 Internal controls are systems of policies and procedures that protect the assets of the FFE, create reliable financial reporting, and achieve effective and efficient operations. The development and maintenance of strong internal controls will help ensure accountability and financial integrity.

**Strategy One**

	<b>Date</b>	<b>Responsibility</b>
<hr/> <b><i>Ensure that staff understand and follow internal accounting procedures</i></b>		
<b>Tactic A</b> <i>Maintain an accounting policies and procedures manual which describes each accounting process</i>	<i>Ongoing</i>	<i>Vice President, Finance &amp; Administration</i>
<b>Tactic B</b> <i>Separate accounting duties where possible</i>	<i>Ongoing</i>	<i>Vice President, Finance &amp; Administration</i>
<b>Tactic C</b> <i>Make sure all financial reconciliations are reviewed on a monthly basis</i>	<i>Ongoing</i>	<i>Vice President, Finance &amp; Administration</i>

**Strategy Two**

	<b>Date</b>	<b>Responsibility</b>
<hr/> <b><i>Engage accounting professionals to review the internal controls and make recommendations for improvement</i></b>		
<b>Tactic A</b> Retain, compensate and oversee work of internal auditor or audit firm (which should be different than the audit firm that completes the annual audit report).	<i>As required</i>	<i>Audit Committee</i>

**Tactic B***Review and approve internal audit work plan**As  
required*      *Audit  
Committee***Tactic C***Review report of agreed upon procedures and oversee adoption of the recommendations**As  
required*      *Audit  
Committee***Tactic D***Meet privately (without staff) with internal auditors to obtain an understanding of their evaluation of management, whether they encountered any difficulties or had any disagreements with management**As  
required*      *Audit  
Committee***Strategy Three**

	<b>Date</b>	<b>Responsibility</b>
<b><i>Maintain an annual budget for operations and discretionary grants (including special projects) and report to the board periodically</i></b>		

**Tactic A***Approve an annual budget for operations, community investment and capital expenditures that is consistent with field wide best practices**Decemb  
er*      *Board***Tactic B***Review interim budget updates including information about variances**Monthly*      *Staff***Tactic C***Review periodic financial statements including updates of the budgets and explanation of variances**Quarterl  
y*      *Board*

**Tactic D**

*Ensure goods or services are purchased from related parties at no more than fair market value*

*Ongoing*

*Staff*

**Tactic E**

*Ensure that all expenditures are proper and, where appropriate, meet the guidelines of the Expense Reimbursement Policy*

*Ongoing*

*Vice President,  
Finance &  
Administration*

**Objective 4**

*Establish board level policies which set the stage for financial accountability:*

Foundation-wide policies will set the stage for the high level of financial accountability we expect. A conflict of interest policy recognizes that conflicts exist and provides steps for assuring that conflicts are identified, discussed, and when appropriate, decisions are made by excluding the person with an actual or perceived conflict.

Two provisions of the Sarbannes-Oxley Act apply to all corporations. Whistle-blower protection must be provided to all who bring potential irresponsible accounting or financial practices to light. Procedures which establish a safe and confidential mechanism will encourage employees to report any inappropriateness within our financial management. It is a crime to alter, cover up, falsify or destroy any document to prevent its use in an official proceeding. Having a record retention policy that defines how long documents are retained prevents this occurrence.

A code of ethics outlines broad ethical principles and provides the benchmarks against which behaviors can be measured. It addresses issues such as transparency, disclosure in fundraising solicitations, integrity in governance and diversity. It sets the tone from which the FFE acts.

**Strategy One**

	<b>Date</b>	<b>Responsibility</b>
<b><i>Maintain a conflict of interest policy</i></b>		
<b>Tactic A</b>		
<i>Implement a conflict of interest policy and review it annually</i>	<i>June</i>	<i>Board &amp; Audit Committee</i>
<b>Tactic B</b>		
<i>Ensure policy is consistently followed by board, committee members and staff</i>	<i>Ongoing</i>	<i>Audit Committee</i>

**Strategy Two**

	<b>Date</b>	<b>Responsibility</b>
<b><i>Maintain a Whistle-blower Policy</i></b>		
<b>Tactic A</b> <i>Adopt a Whistle-blower Policy that includes a formal process to deal with complaints around financial management and which prevents retaliation.</i>	<i>June</i>	<i>Board &amp; Audit Committee</i>
<b>Tactic B</b> <i>Review any employee complaints under the whistle-blower policy</i>	<i>As required</i>	<i>Audit Committee</i>

**Strategy Three**

	<b>Date</b>	<b>Responsibility</b>
<b><i>Maintain a Record Retention policy</i></b>		
<b>Tactic A</b> <i>Review the record retention policy annually</i>	<i>February</i>	<i>Audit Committee</i>
<b>Tactic B</b> <i>Stop all document destruction during any official investigation</i>	<i>As required</i>	<i>Audit Committee</i>

**Objective 5**  
*Be transparent and open to the community about the FFE’s finances:  
 Publicly supported charities like the FFE are afforded more favorable treatment than private foundations because we are subject to public scrutiny. Therefore, it is important that the public have access to our financial information.*

**Strategy One**

	<b>Date</b>	<b>Responsibility</b>
<b><i>Make financial information available</i></b>		

**Tactic A**

<i>Provide key financial information in the annual report and on the FFE's website</i>	<i>Ongoing</i>	<i>Staff</i>
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**Tactic B**

<i>Participate with widely used internet sites (i.e. Guidestar) and maintain updated information thereon</i>	<i>Ongoing</i>	<i>Staff</i>
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**Tactic C**

<i>Provide copies of the audited financial statements and Form 990 whenever requested</i>	<i>Ongoing</i>	<i>Staff</i>
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**Strategy Two**

	<b>Date</b>	<b>Responsibility</b>
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***Adhere to all government filing requirements*****Tactic A**

<i>Review the Form 990 with an eye towards the relevancy of answers to any questions addressing accounting practices and the veracity of information provided to the public</i>	<i>When available</i>	<i>Board</i>
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**Tactic B**

<i>Ensure the Michigan Annual Report, Michigan Solicitation License, payroll tax returns and all other government filings are done in a timely manner</i>	<i>Ongoing</i>	<i>Vice President, Finance &amp; Administration</i>
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**Resources**

Kalamazoo Community Foundation: Audit Committee Charter

Keystone Community Bank: Audit Policy

Council on Foundations: Summary Statement on Accountability (Draft)

Council on Foundations: Recent Reforms in Corporate Governance-Should Foundations Change?

Independent Sector: Learning from Sarbannes-Oxley: A Checklist for Nonprofits and Foundations

Board Source and Independent Sector: The Sarbannes-Oxley Act and Implications for Nonprofit Organizations

Independent Sector: Statement of Values and Code of Ethics for Nonprofit and Philanthropic Organizations

New York State Attorney General: Internal Controls and Financial Accountability for Not-for-Profit Boards

California's Nonprofit Integrity Act of 2004

Massachusetts Attorney General: Proposed Act to Promote