Agenda
FFE Board of Directors – Finance Committee

Kalamazoo Foundation for Excellence

Monday, April 20, 2020 3:00 PM

Electronic Meeting at Zoom.us - Webinar ID: 678 367 466

A. CALL TO ORDER

B. APPROVAL OF MINUTES

1. Approval of February 3, 2020 minutes.

C. REPORTS AND COMMUNICATIONS

1. Annual Financial Reporting and Independent Audit
2. Endowment and Distribution Update

D. REGULAR AGENDA

1. Approving FFE Investment Subcommittee Members

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 February 3, 2020

The meeting of the Kalamazoo Foundation for Excellence (KFFE) Finance Committee was called to order at 1:30 p.m. in the second floor Community Room conference room of City Hall by Committee Chairman McFarlin. Also present were Directors James K. Ritsema, Alisa Carrel, Director Washington, and Chief Financial Officer Steve Vicenzi.

A quorum was present.

Staff recapped the Fundraising, Endowment, and Funding Update agenda item. It was acknowledged that an anonymous gift of stock predicted to monetize at approximately 20% of the $500 million goal was in the process of being received.

The Draft financial statement was presented by the CFO with no action requested. The CFO presented an example of the quarterly endowment report that will be followed for the FFEIS quarterly reports. Committee members were presented with the example and offered the opportunity to feedback.

Staff recapped bylaw requirements for year-end compliance. Director Ritsema moved and Director Washington seconded approving the Audit firm Manner Costerisan and triggering the year-end compliance processes. The motion was approved by unanimous voice vote.

Director Carrel moved to approve the 2020 schedule of meetings. CFO Vicenzi seconded. The motion was approved by unanimous voice vote.

No old business.

No board comments.

Director McFarlin adjourned the meeting at 1:52 p.m.

Minutes Drafted: February 11, 2020.

Minutes Approved: _________

____

Steve Brown, Recording Secretary

Date: **4/20/2020 FFE**
Item: **C.1.**

Foundation for Excellence Agenda Report

Kalamazoo Foundation for Excellence

TO: Foundation for Excellence Board of Directors

FROM: Prepared by: Steve Brown, Foundation for Excellence Manager

DATE: April 20, 2020

SUBJECT:

Annual Financial Reporting and Independent Audit

RECOMMENDATION:

Review and discuss the attached annual financial reporting documents and independent audit of the 2019 fiscal year for inclusion in the Finance Committee report at the annual board meeting.

BACKGROUND:

The Finance Committee recommended at its first meeting of the year 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.

1. **Section 6-02** – “Recommend the selection of an auditor to prepare annual audited financial statements, 990s and other reports and tax filings and meet with the auditor to review and discuss these (...)"
2. **Section 4-18** – to be presented at the Annual April board meeting – direct Staff to coordinate with management services; must be presented to City Commission prior to Annual April meeting

1. FFE Income Statement
   2. Year-end balance sheet, including trust funds and funds restricted by donors or the Board
   3. Statement of source and application of funds, if the Corporation prepared that statement
   4. 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.
   5. A copy of the Corporation’s Form 990
   6. 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.

All items in this description have been adhered to and provided.

STRATEGIC VISION ALIGNMENT:

FISCAL IMPACT:

Foundation for Excellence
241 W. South Street
Kalamazoo, MI 49007
www.kalamazoocity.org/ffe
(269) 337-8047

March 13, 2020

Maner Costerisan
2425 E. Grand River Avenue, Suite 1
Lansing, MI 48912

This representation letter is provided in connection with your audit of the financial statements of the Kalamazoo Foundation for Excellence (the Foundation), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of March 13, 2020, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 9, 2020, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.

2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP.

3. We acknowledge our responsibility 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.

4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

Foundation for Excellence
241 W. South Street
Kalamazoo, MI 49007
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6. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

8. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.

9. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the Foundation's accounts. In this case, no representation about uncorrected misstatements is necessary.

10. Material concentrations have been appropriately disclosed in accordance with U.S. GAAP.

11. Guarantees, whether written or oral, under which the Foundation is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

12. Receivables recorded in the financial statements represent valid claims against debtors for sales or other charges arising on or before the balance sheet date and have been reduced to their estimated net realizable value.

13. In regards to the non-attest services performed by you as identified in the attached addendum, we have:

    a. Made all management decisions and performed all management functions.

    b. Designated an individual with suitable skill, knowledge, or experience to oversee the services.

    c. Evaluated the adequacy and results of the services performed.

    d. Accepted responsibility for the results of the services.

Information Provided

14. We have provided you with:

    a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.

    b. Additional information that you have requested from us for the purpose of the audit.

    c. Unrestricted access to persons within the Foundation from whom you determined it necessary to obtain audit evidence.

    d. Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.

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15. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

16. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

17. We have no knowledge of any fraud or suspected fraud that affects the Foundation and involves:

    - Management,
    - Employees who have significant roles in internal control, or
    - Others where the fraud could have a material effect on the financial statements.

18. We have no knowledge of any allegations of fraud or suspected fraud affecting the Foundation's financial statements communicated by employees, former employees, grantors, regulators, or others.

19. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.

20. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.

21. We have disclosed to you the identity of the Foundation's related parties and all the related party relationships and transactions of which we are aware.

22. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.

23. Kalamazoo Foundation for Excellence is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Foundation's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.

Signature: ____________________

Title: CFO

ADDENDUM TO REPRESENTATION LETTER

As part of the audit engagement, you have provided these services as "non-attest" or "non-audit" services.

- Preparation of the financial statements, including the related notes.
- Assistance with the preparation and submission of audit financial information required by law or regulations.
- Access to a secure portal for use in exchanging information electronically.
- Preparation and submission of the Form 990.

Maner Costerisan
Certified Public Accountants
Business & Technology Advisors

Maner Costerisan PC
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March 13, 2020

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

We have audited the financial statements of Kalamazoo Foundation For Excellence (the Foundation) for the year ended December 31, 2019, and have issued our report thereon dated March 13, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 18, 2020. Professional standards also require that we communicate to you the following information related to our audit.

<u>Significant Audit Findings</u>

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Foundation are described in Note 2 to the financial statements. During fiscal year 2019 the Foundation implemented Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* and Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* We noted no transactions entered into by the Foundation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no sensitive estimates affecting the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Material misstatements were not detected as a result of our auditing procedures.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 13, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Foundation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Foundation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We would like to take this opportunity to present other accounting matters for your consideration. This letter does not affect our report dated March 13, 2020, on the financial statements of Kalamazoo Foundation For Excellence. Our comments are summarized as follows:

Leases Standard

For years beginning after December 15, 2020 (fiscal year ending December 31, 2021), a new standard addressing accounting and financial reporting issues related to leased assets and lease liabilities will be effective for most organizations. This standard requires both capital and operating leases to be recognized on the statement of financial position. The standard also requires disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases.

This information is intended solely for the use of management and the Board of Directors of Kalamazoo Foundation For Excellence and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Maner Costerisan PC

KALAMAZOO FOUNDATION FOR EXCELLENCE

REPORT ON FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

Maner Costerisan
Certified Public Accountants
Business & Technology Advisors

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Maner Costerisan
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2019, 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.

Maner Costerisan PC

March 13, 2020

KALAMAZOO FOUNDATION FOR EXCELLENCE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

ASSETS		
Current assets		
Cash	$	16,655
Contributions receivable		28,119
TOTAL ASSETS	$	44,774
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$	501
Due to City of Kalamazoo		500
TOTAL LIABILITIES		1,001
Net assets		
With donor restrictions - purpose restricted		43,773
TOTAL LIABILITIES AND NET ASSETS	$	44,774

See accompanying notes to financial statements.

KALAMAZOO FOUNDATION FOR EXCELLENCE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

	Without donor restrictions	With donor restrictions	Total
SUPPORT AND REVENUE			
Contributions	$ -	$ 6,889	$ 6,889
Net assets released from restrictions	562	(562)	-
TOTAL SUPPORT AND REVENUE	562	6,327	6,889
EXPENSES			
Supporting services			
General and administrative	562	-	562
CHANGE IN NET ASSETS	-	6,327	6,327
Net assets, beginning of year	-	37,446	37,446
Net assets, end of year	$ -	$ 43,773	$ 43,773

See accompanying notes to financial statements.

KALAMAZOO FOUNDATION FOR EXCELLENCE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	Program Services			Supporting Services	
	Operational Assistance	Aspirational Projects	Total Program Services	General and Administrative	Total Expenses
Bank fees	$ -	$ -	$ -	$ 562	$ 562

See accompanying notes to financial statements.

KALAMAZOO FOUNDATION FOR EXCELLENCE
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$	6,327
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Decrease in:		
Contributions receivable		(34)
Increase in:		
Accounts payable		55
NET INCREASE IN CASH		6,348
Cash, beginning of year		10,307
Cash, end of year	$	16,655

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.

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:

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

Cash - Cash consists of a checking account.

Contributions receivable - Contributions receivable consists mainly of amounts due for contributions that have been collected by the City of Kalamazoo but not yet remitted to the Foundation.

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. The Foundation has no net assets without donor restrictions at December 31, 2019.

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, 2019, all of the Foundation's net assets were subject to donor restrictions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue and revenue recognition - Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give are recognized when the conditions on which they depend have been substantially met.

Functional expense allocation - The costs of providing program and other activities have been 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, 2019, the Foundation had only supporting services 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.

Subsequent events - In preparing these financial statements, the Foundation's management has evaluated events and transactions for potential recognition or disclosure through March 13, 2020, 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 - 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.

NOTE 4 - LIQUIDITY AND AVAILABILITY (continued)

The following table reflects the Foundation's financial assets as of December 31, 2019, 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	$ 16,655
Contributions receivable	28,119
Total financial assets available at year-end	44,774
Donor imposed restrictions	
Less purpose restricted funds	(43,773)
Financial assets available to meet cash needs for general expenditures within one year	$ 1,001

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.

NOTE 5 - CONTRIBUTIONS RECEIVABLE

At December 31, 2019, contributions receivable consisted of $28,119 due from the City of Kalamazoo for contributions collected on behalf of the Foundation.

NOTE 6 - 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 7 - SUBSEQUENT EVENT

On March 3, 2020, the Foundation received contributions of stock valued at $86,685,800 for the Foundation for Excellence Endowment Fund.

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: March 18, 2020

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 2019 I would like to take this opportunity to once again direct you to the "Projects" page of the www.Imaginekalamazoo.com website to follow initiatives undertaken during the MOU period.

The City Commission approved a fiscal year 2019 allocation for Foundation for Excellence (FFE) activities in the amount of $26,338,149 with passage of the City's budget on January 22, 2019. Of this sum, $4 million was allocated for budget stabilization, $12,250,149 for implementing the city tax reduction, and $10,088,000 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

Foundation for Excellence
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Kalamazoo, MI 49007
www.kalamazoocity.org/ffe
(269) 337-8047

MEMORANDUM

Date: March 18, 2020

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

From: The Treasurer, Kalamazoo Foundation for Excellence

Mayor Hopewell and City Manager Ritsema;

The following report is submitted by me, Adam McFarlin, 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, 2019, to December 31, 2019.

Respectfully Yours,

Adam McFarlin
Treasurer, Stakeholder Director – Business/Banking

Form **990-EZ**

Department of the Treasury
Internal Revenue Service

Short Form
Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

▶ **Do not enter social security numbers on this form, as it may be made public.**

▶ **Go to www.irs.gov/Form990EZ for instructions and the latest information.**

OMB No. 1545-0047

2019

Open to Public Inspection

A For the 2019 calendar year, or tax year beginning and ending

B Check if applicable: ☐ Address change ☐ Name change ☐ Initial return ☐ Final return/terminated ☐ Amended return ☐ Application pending

C Name of organization: KALAMAZOO FOUNDATION FOR EXCELLENCE

Number and street (or P.O. box if mail is not delivered to street address): 241 W. SOUTH STREET | Room/suite:

City or town, state or province, country, and ZIP or foreign postal code: KALAMAZOO, MI 49007

D Employer identification number: **-***7771

E Telephone number: 269-337-8047

F Group Exemption Number ▶

G Accounting Method: ☐ Cash ☒ Accrual Other (specify) ▶

H Check ▶ ☒ if the organization is **not** required to attach Schedule B (Form 990, 990-EZ, or 990-PF).

I **Website:** ▶ WWW.KALAMAZOOCITY.ORG/FFE

J **Tax-exempt status** (check only one) — ☒ 501(c)(3) ☐ 501(c) ( ) ◀(insert no.) ☐ 4947(a)(1) or ☐ 527

K Form of organization: ☒ Corporation ☐ Trust ☐ Association ☐ Other

L Add lines 5b, 6c, and 7b to line 9 to determine gross receipts. If gross receipts are $200,000 or more, or if total assets (Part II, column (B)) are $500,000 or more, file Form 990 instead of Form 990-EZ ▶ $ 6,889.

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (see the instructions for Part I)

Check if the organization used Schedule O to respond to any question in this Part I ☒

Revenue	1	Contributions, gifts, grants, and similar amounts received			1	6,889.
	2	Program service revenue including government fees and contracts			2	
	3	Membership dues and assessments			3	
	4	Investment income			4	
	5a	Gross amount from sale of assets other than inventory	5a			
	b	Less: cost or other basis and sales expenses	5b			
	c	Gain or (loss) from sale of assets other than inventory (subtract line 5b from line 5a)			5c	
	6	Gaming and fundraising events:				
	a	Gross income from gaming (attach Schedule G if greater than $15,000)	6a			
	b	Gross income from fundraising events (not including $ ____ of contributions from fundraising events reported on line 1) (attach Schedule G if the sum of such gross income and contributions exceeds $15,000)	6b			
	c	Less: direct expenses from gaming and fundraising events	6c			
	d	Net income or (loss) from gaming and fundraising events (add lines 6a and 6b and subtract line 6c)			6d	
	7a	Gross sales of inventory, less returns and allowances	7a			
	b	Less: cost of goods sold	7b			
	c	Gross profit or (loss) from sales of inventory (subtract line 7b from line 7a)			7c	
	8	Other revenue (describe in Schedule O)			8	
	9	**Total revenue.** Add lines 1, 2, 3, 4, 5c, 6d, 7c, and 8 ▶			9	6,889.
Expenses	10	Grants and similar amounts paid (list in Schedule O)			10	
	11	Benefits paid to or for members			11	
	12	Salaries, other compensation, and employee benefits			12	
	13	Professional fees and other payments to independent contractors			13	
	14	Occupancy, rent, utilities, and maintenance			14	
	15	Printing, publications, postage, and shipping			15	
	16	Other expenses (describe in Schedule O) SEE SCHEDULE O			16	562.
	17	**Total expenses.** Add lines 10 through 16 ▶			17	562.
Net Assets	18	Excess or (deficit) for the year (subtract line 17 from line 9)			18	6,327.
	19	Net assets or fund balances at beginning of year (from line 27, column (A)) (must agree with end-of-year figure reported on prior year's return)			19	37,446.
	20	Other changes in net assets or fund balances (explain in Schedule O)			20	0.
	21	Net assets or fund balances at end of year. Combine lines 18 through 20 ▶			21	43,773.

LHA **For Paperwork Reduction Act Notice, see the separate instructions.** Form **990-EZ** (2019)

Part II **Balance Sheets** (see the instructions for Part II)

Check if the organization used Schedule O to respond to any question in this Part II [X]

		(A) Beginning of year		(B) End of year
22	Cash, savings, and investments	10,307.	22	16,655.
23	Land and buildings		23	
24	Other assets (describe in Schedule O) SEE SCHEDULE O	28,085.	24	28,119.
25	**Total assets**	38,392.	25	44,774.
26	**Total liabilities** (describe in Schedule O) SEE SCHEDULE O	946.	26	1,001.
27	**Net assets or fund balances** (line 27 of column (B) **must** agree with line 21)	37,446.	27	43,773.

Part III **Statement of Program Service Accomplishments** (see the instructions for Part III)

Check if the organization used Schedule O to respond to any question in this Part III [X]

What is the organization's primary exempt purpose? SEE SCHEDULE O

Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. In a clear and concise manner, describe the services provided, the number of persons benefited, and other relevant information for each program title.

Expenses (Required for section 501(c)(3) and 501(c)(4) organizations; optional for others.)

28	SPURRED THE EXPANSIONS OF SUCCESSFUL YOUTH PROGRAMS AND SUPPORTED RENOVATIONS OF PARKS, NEIGHBORHOOD ENHANCMENT PROJECTS, AND CREATION OF AFFORDABLE HOUSING. (Grants $) If this amount includes foreign grants, check here ▶ [ ]	28a	
29	(Grants $) If this amount includes foreign grants, check here ▶ [ ]	29a	
30	(Grants $) If this amount includes foreign grants, check here ▶ [ ]	30a	
31	Other program services (describe in Schedule O) (Grants $) If this amount includes foreign grants, check here ▶ [ ]	31a	
32	**Total program service expenses** (add lines 28a through 31a) ▶	32	0.

Part IV **List of Officers, Directors, Trustees, and Key Employees** (list each one even if not compensated - see the instructions for Part IV)

Check if the organization used Schedule O to respond to any question in this Part IV [X]

(a) Name and title	(b) Average hours per week devoted to position	(c) Reportable compensation (Forms W-2/1099-MISC) (if not paid, enter -0-)	(d) Health benefits, contributions to employee benefit plans, and deferred compensation	(e) Estimated amount of other compensation
DAVID ANDERSON DIRECTOR	1.00	0.	0.	0.
JEAN HESS DIRECTOR	1.00	0.	0.	0.
JACK C. URBAN DIRECTOR	1.00	0.	0.	0.
NATHAN DANNISON DIRECTOR	1.00	0.	0.	0.
SANDRA CALDERON-HUEZO DIRECTOR	1.00	0.	0.	0.
ALISA CARREL DIRECTOR	1.00	0.	0.	0.
JOVAUGHAN HEAD DIRECTOR (ENDED 2/26/19)	2.00	0.	0.	0.
CHARLENE TAYLOR DIRECTOR	1.00	0.	0.	0.
ALICE TAYLOR DIRECTOR	1.00	0.	0.	0.
VON WASHINGTON JR. DIRECTOR	1.00	0.	0.	0.
RACHEL LONBERG DIRECTOR	1.00	0.	0.	0.
BARBARA MILLER SECRETARY	2.00	0.	0.	0.

Part V **Other Information** (Note the Schedule A and personal benefit contract statement requirements in the instructions for Part V.) Check if the organization used Sch. O to respond to any question in this Part V [X]

			Yes	No
33	Did the organization engage in any significant activity not previously reported to the IRS? If "Yes," provide a detailed description of each activity in Schedule O	33		X
34	Were any significant changes made to the organizing or governing documents? If "Yes," attach a conformed copy of the amended documents if they reflect a change to the organization's name. Otherwise, explain the change on Schedule O. See instructions	34		X
35 a	Did the organization have unrelated business gross income of $1,000 or more during the year from business activities (such as those reported on lines 2, 6a, and 7a, among others)?	35a		X
b	If "Yes" to line 35a, has the organization filed a Form 990-T for the year? If "No," provide an explanation in Schedule O	35b	N/A	
c	Was the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization subject to section 6033(e) notice, reporting, and proxy tax requirements during the year? If "Yes," complete Schedule C, Part III	35c		X
36	Did the organization undergo a liquidation, dissolution, termination, or significant disposition of net assets during the year? If "Yes," complete applicable parts of Schedule N	36		X
37 a	Enter amount of political expenditures, direct or indirect, as described in the instructions ▶ 37a 0.			
b	Did the organization file **Form 1120-POL** for this year?	37b		X
38 a	Did the organization borrow from, or make any loans to, any officer, director, trustee, or key employee; **or** were any such loans made in a prior year and still outstanding at the end of the tax year covered by this return?	38a		X
b	If "Yes," complete Schedule L, Part II, and enter the total amount involved 38b N/A			
39	Section 501(c)(7) organizations. Enter:			
a	Initiation fees and capital contributions included on line 9 39a N/A			
b	Gross receipts, included on line 9, for public use of club facilities 39b N/A			
40 a	Section 501(c)(3) organizations. Enter amount of tax imposed on the organization during the year under: section 4911 ▶ 0. ; section 4912 ▶ 0. ; section 4955 ▶ 0.			
b	Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year, or did it engage in an excess benefit transaction in a prior year that has not been reported on any of its prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I	40b		X
c	Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Enter amount of tax imposed on organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 ▶ 0.			
d	Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Enter amount of tax on line 40c reimbursed by the organization ▶ 0.			
e	All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction? If "Yes," complete Form 8886-T	40e		X

41 List the states with which a copy of this return is filed ▶ MI

42 a The organization's books are in care of ▶ STEVE VICENZI, CFO Telephone no. ▶ 269-337-8020
Located at ▶ 241 W. SOUTH STREET, KALAMAZOO, MI ZIP + 4 ▶ 49007

			Yes	No
b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	42b		X
	If "Yes," enter the name of the foreign country ▶			
	See the instructions for exceptions and filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).			
c	At any time during the calendar year, did the organization maintain an office outside the United States?	42c		X
	If "Yes," enter the name of the foreign country ▶			

43 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-EZ in lieu of **Form 1041** - Check here ▶ [ ]
and enter the amount of tax-exempt interest received or accrued during the tax year ▶ 43 N/A

			Yes	No
44 a	Did the organization maintain any donor advised funds during the year? If "Yes," Form 990 must be completed instead of Form 990-EZ	44a		X
b	Did the organization operate one or more hospital facilities during the year? If "Yes," Form 990 must be completed instead of Form 990-EZ	44b		X
c	Did the organization receive any payments for indoor tanning services during the year?	44c		X
d	If "Yes" to line 44c, has the organization filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	44d		
45 a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	45a		X
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," Form 990 and Schedule R may need to be completed instead of Form 990-EZ. See instructions	45b		

		Yes	No
46 Did the organization engage, directly or indirectly, in political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I	46		X

Part VI **Section 501(c)(3) Organizations Only**

All section 501(c)(3) organizations must answer questions 47-49b and 52, and complete the tables for lines 50 and 51.

Check if the organization used Schedule O to respond to any question in this Part VI ☐

		Yes	No
47 Did the organization engage in lobbying activities or have a section 501(h) election in effect during the tax year? If "Yes," complete Sch. C, Part II	47		X
48 Is the organization a school as described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	48		X
49a Did the organization make any transfers to an exempt non-charitable related organization?	49a		X
b If "Yes," was the related organization a section 527 organization?	49b		

50 Complete this table for the organization's five highest compensated employees (other than officers, directors, trustees, and key employees) who each received more than $100,000 of compensation from the organization. If there is none, enter "None."

(a) Name and title of each employee	(b) Average hours per week devoted to position	(c) Reportable compensation (Forms W-2/1099-MISC)	(d) Health benefits, contributions to employee benefit plans, and deferred compensation	(e) Estimated amount of other compensation
NONE				

f Total number of other employees paid over $100,000 ▶

51 Complete this table for the organization's five highest compensated independent contractors who each received more than $100,000 of compensation from the organization. If there is none, enter "None." NONE

(a) Name and business address of each independent contractor	(b) Type of service	(c) Compensation

d Total number of other independent contractors each receiving over $100,000 ▶

52 Did the organization complete Schedule A? **Note:** All section 501(c)(3) organizations must attach a completed Schedule A ▶ ☒ Yes ☐ No

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

▶ Signature of officer | Date

▶ STEVE VICENZI, CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self- employed	PTIN
BRANDY L. TERWILLIGER, CPA	BRANDY L. TERWILLIGER, CPA	04/01/20		P00645694

Firm's name ▶ MANER COSTERISAN PC — Firm's EIN ▶ **-***7642

Firm's address ▶ 2425 E. GRAND RIVER, SUITE 1 LANSING, MI 48912-3291 — Phone no. 517-323-7500

May the IRS discuss this return with the preparer shown above? See instructions ▶ ☒ Yes ☐ No

Form **990-EZ** (2019)

932174 12-11-19

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.
▶ Attach to Form 990 or Form 990-EZ.
▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047
2019
Open to Public Inspection

Name of the organization	Employer identification number
KALAMAZOO FOUNDATION FOR EXCELLENCE	**-***7771

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 12, check only one box.)

1 [ ] A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**

2 [ ] A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E (Form 990 or 990-EZ).)

3 [ ] A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**

4 [ ] A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state:

5 [ ] An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II.)

6 [ ] A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**

7 [ ] An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II.)

8 [ ] A community trust described in **section 170(b)(1)(A)(vi).** (Complete Part II.)

9 [ ] An agricultural research organization described in **section 170(b)(1)(A)(ix)** operated in conjunction with a land-grant college or university or a non-land-grant college of agriculture (see instructions). Enter the name, city, and state of the college or university:

10 [ ] An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2).** (Complete Part III.)

11 [ ] An organization organized and operated exclusively to test for public safety. See **section 509(a)(4).**

12 [X] An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2)**. See **section 509(a)(3).** Check the box in lines 12a through 12d that describes the type of supporting organization and complete lines 12e, 12f, and 12g.

a [ ] **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization. **You must complete Part IV, Sections A and B.**

b [ ] **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s). **You must complete Part IV, Sections A and C.**

c [X] **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions). **You must complete Part IV, Sections A, D, and E.**

d [ ] **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated. The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions). **You must complete Part IV, Sections A and D, and Part V.**

e [X] Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization.

f Enter the number of supported organizations 1

g Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-10 above (see instructions))	(iv) Is the organization listed in your governing document? Yes	No	(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
CITY OF KALAMAZOO, MICHIGAN	**-***4627	6	X		0.	
Total					0.	0.

Part II **Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2015	(b) 2016	(c) 2017	(d) 2018	(e) 2019	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public support.** Subtract line 5 from line 4.						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2015	(b) 2016	(c) 2017	(d) 2018	(e) 2019	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
11 **Total support.** Add lines 7 through 10						

12 Gross receipts from related activities, etc. (see instructions) 12

13 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** ▶ ☐

Section C. Computation of Public Support Percentage

14 Public support percentage for 2019 (line 6, column (f) divided by line 11, column (f)) 14 %

15 Public support percentage from 2018 Schedule A, Part II, line 14 15 %

16a **33 1/3% support test - 2019.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☐

b **33 1/3% support test - 2018.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☐

17a **10% -facts-and-circumstances test - 2019.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ▶ ☐

b **10% -facts-and-circumstances test - 2018.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ▶ ☐

18 **Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶ ☐

Schedule A (Form 990 or 990-EZ) 2019

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 10 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2015	(b) 2016	(c) 2017	(d) 2018	(e) 2019	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public support.** (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2015	(b) 2016	(c) 2017	(d) 2018	(e) 2019	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
13 **Total support.** (Add lines 9, 10c, 11, and 12.)						

14 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** ▶ ☐

Section C. Computation of Public Support Percentage

15	Public support percentage for 2019 (line 8, column (f), divided by line 13, column (f))	15	%
16	Public support percentage from 2018 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2019** (line 10c, column (f), divided by line 13, column (f))	17	%
18	Investment income percentage from **2018** Schedule A, Part III, line 17	18	%

19a **33 1/3% support tests - 2019.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☐

b **33 1/3% support tests - 2018.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☐

20 **Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶ ☐

Part IV Supporting Organizations

(Complete only if you checked a box in line 12 on Part I. If you checked 12a of Part I, complete Sections A and B. If you checked 12b of Part I, complete Sections A and C. If you checked 12c of Part I, complete Sections A, D, and E. If you checked 12d of Part I, complete Sections A and D, and complete Part V.)

Section A. All Supporting Organizations

			Yes	No
1	Are all of the organization's supported organizations listed by name in the organization's governing documents? *If "No," describe in* **Part VI** *how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.*	1	X	
2	Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? *If "Yes," explain in* **Part VI** *how the organization determined that the supported organization was described in section 509(a)(1) or (2).*	2	X	
3a	Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? *If "Yes," answer (b) and (c) below.*	3a		X
b	Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? *If "Yes," describe in* **Part VI** *when and how the organization made the determination.*	3b		
c	Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? *If "Yes," explain in* **Part VI** *what controls the organization put in place to ensure such use.*	3c		
4a	Was any supported organization not organized in the United States ("foreign supported organization")? *If "Yes," and if you checked 12a or 12b in Part I, answer (b) and (c) below.*	4a		X
b	Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? *If "Yes," describe in* **Part VI** *how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.*	4b		
c	Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? *If "Yes," explain in* **Part VI** *what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.*	4c		
5a	Did the organization add, substitute, or remove any supported organizations during the tax year? *If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in* **Part VI,** *including (i) the names and EIN numbers of the supported organizations added, substituted, or removed; (ii) the reasons for each such action; (iii) the authority under the organization's organizing document authorizing such action; and (iv) how the action was accomplished (such as by amendment to the organizing document).*	5a		X
b	**Type I or Type II only.** Was any added or substituted supported organization part of a class already designated in the organization's organizing document?	5b		
c	**Substitutions only.** Was the substitution the result of an event beyond the organization's control?	5c		
6	Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (i) its supported organizations, (ii) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (iii) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? *If "Yes," provide detail in* **Part VI.**	6		X
7	Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (as defined in section 4958(c)(3)(C)), a family member of a substantial contributor, or a 35% controlled entity with regard to a substantial contributor? *If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).*	7		X
8	Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? *If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).*	8		X
9a	Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? *If "Yes," provide detail in* **Part VI.**	9a		X
b	Did one or more disqualified persons (as defined in line 9a) hold a controlling interest in any entity in which the supporting organization had an interest? *If "Yes," provide detail in* **Part VI.**	9b		X
c	Did a disqualified person (as defined in line 9a) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? *If "Yes," provide detail in* **Part VI.**	9c		X
10a	Was the organization subject to the excess business holdings rules of section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? *If "Yes," answer 10b below.*	10a		X
b	Did the organization have any excess business holdings in the tax year? *(Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)*	10b		

Part IV Supporting Organizations *(continued)*

			Yes	No
11	Has the organization accepted a gift or contribution from any of the following persons?			
a	A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization?	**11a**		X
b	A family member of a person described in (a) above?	**11b**		X
c	A 35% controlled entity of a person described in (a) or (b) above? *If "Yes" to a, b, or c, provide detail in* **Part VI.**	**11c**		X

Section B. Type I Supporting Organizations

			Yes	No
1	Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? *If "No," describe in* **Part VI** *how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.*	**1**		
2	Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? *If "Yes," explain in* **Part VI** *how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised, or controlled the supporting organization.*	**2**		

Section C. Type II Supporting Organizations

			Yes	No
1	Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? *If "No," describe in* **Part VI** *how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).*	**1**		

Section D. All Type III Supporting Organizations

			Yes	No
1	Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (i) a written notice describing the type and amount of support provided during the prior tax year, (ii) a copy of the Form 990 that was most recently filed as of the date of notification, and (iii) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?	**1**	X	
2	Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? *If "No," explain in* **Part VI** *how the organization maintained a close and continuous working relationship with the supported organization(s).*	**2**	X	
3	By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? *If "Yes," describe in* **Part VI** *the role the organization's supported organizations played in this regard.*	**3**	X	

Section E. Type III Functionally Integrated Supporting Organizations

1 *Check the box next to the method that the organization used to satisfy the Integral Part Test during the year* **(see instructions).**

- **a** ☐ The organization satisfied the Activities Test. *Complete* **line 2** *below.*
- **b** ☐ The organization is the parent of each of its supported organizations. *Complete* **line 3** *below.*
- **c** ☒ The organization supported a governmental entity. *Describe in* **Part VI** *how you supported a government entity (see instructions).*

			Yes	No
2	Activities Test. **Answer (a) and (b) below.**			
a	Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? *If "Yes," then in* **Part VI identify those supported organizations and explain** *how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.*	**2a**		
b	Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? *If "Yes," explain in* **Part VI** *the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.*	**2b**		
3	Parent of Supported Organizations. **Answer (a) and (b) below.**			
a	Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? *Provide details in* **Part VI.**	**3a**		
b	Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? *If "Yes," describe in* **Part VI** *the role played by the organization in this regard.*	**3b**		

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations

1 ☐ Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970 (explain in Part VI). **See instructions.** All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

Section A - Adjusted Net Income		(A) Prior Year	(B) Current Year (optional)
1 Net short-term capital gain	1		
2 Recoveries of prior-year distributions	2		
3 Other gross income (see instructions)	3		
4 Add lines 1 through 3.	4		
5 Depreciation and depletion	5		
6 Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6		
7 Other expenses (see instructions)	7		
8 **Adjusted Net Income** (subtract lines 5, 6, and 7 from line 4)	8		

Section B - Minimum Asset Amount		(A) Prior Year	(B) Current Year (optional)
1 Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):			
a Average monthly value of securities	1a		
b Average monthly cash balances	1b		
c Fair market value of other non-exempt-use assets	1c		
d **Total** (add lines 1a, 1b, and 1c)	1d		
e **Discount** claimed for blockage or other factors (explain in detail in **Part VI**):			
2 Acquisition indebtedness applicable to non-exempt-use assets	2		
3 Subtract line 2 from line 1d.	3		
4 Cash deemed held for exempt use. Enter 1-1/2% of line 3 (for greater amount, see instructions).	4		
5 Net value of non-exempt-use assets (subtract line 4 from line 3)	5		
6 Multiply line 5 by .035.	6		
7 Recoveries of prior-year distributions	7		
8 **Minimum Asset Amount** (add line 7 to line 6)	8		

Section C - Distributable Amount			Current Year
1 Adjusted net income for prior year (from Section A, line 8, Column A)	1		
2 Enter 85% of line 1.	2		
3 Minimum asset amount for prior year (from Section B, line 8, Column A)	3		
4 Enter greater of line 2 or line 3.	4		
5 Income tax imposed in prior year	5		
6 **Distributable Amount.** Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions).	6		

7 ☐ Check here if the current year is the organization's first as a non-functionally integrated Type III supporting organization (see instructions).

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations *(continued)*

Section D - Distributions	Current Year
1 Amounts paid to supported organizations to accomplish exempt purposes	
2 Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	
3 Administrative expenses paid to accomplish exempt purposes of supported organizations	
4 Amounts paid to acquire exempt-use assets	
5 Qualified set-aside amounts (prior IRS approval required)	
6 Other distributions (describe in **Part VI**). See instructions.	
7 **Total annual distributions.** Add lines 1 through 6.	
8 Distributions to attentive supported organizations to which the organization is responsive (provide details in **Part VI**). See instructions.	
9 Distributable amount for 2019 from Section C, line 6	
10 Line 8 amount divided by line 9 amount	

Section E - Distribution Allocations (see instructions)	**(i)** Excess Distributions	**(ii)** Underdistributions Pre-2019	**(iii)** Distributable Amount for 2019
1 Distributable amount for 2019 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2019 (reasonable cause required- explain in **Part VI**). See instructions.			
3 Excess distributions carryover, if any, to 2019			
a From 2014			
b From 2015			
c From 2016			
d From 2017			
e From 2018			
f **Total** of lines 3a through e			
g Applied to underdistributions of prior years			
h Applied to 2019 distributable amount			
i Carryover from 2014 not applied (see instructions)			
j Remainder. Subtract lines 3g, 3h, and 3i from 3f.			
4 Distributions for 2019 from Section D, line 7: $			
a Applied to underdistributions of prior years			
b Applied to 2019 distributable amount			
c Remainder. Subtract lines 4a and 4b from 4.			
5 Remaining underdistributions for years prior to 2019, if any. Subtract lines 3g and 4a from line 2. For result greater than zero, explain in **Part VI.** See instructions.			
6 Remaining underdistributions for 2019. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in **Part VI**. See instructions.			
7 **Excess distributions carryover to 2020.** Add lines 3j and 4c.			
8 Breakdown of line 7:			
a Excess from 2015			
b Excess from 2016			
c Excess from 2017			
d Excess from 2018			
e Excess from 2019			

Part VI **Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; Part III, line 12; Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c; Part IV, Section B, lines 1 and 2; Part IV, Section C, line 1; Part IV, Section D, lines 2 and 3; Part IV, Section E, lines 1c, 2a, 2b, 3a, and 3b; Part V, line 1; Part V, Section B, line 1e; Part V, Section D, lines 5, 6, and 8; and Part V, Section E, lines 2, 5, and 6. Also complete this part for any additional information. (See instructions.)

PART IV, SECTION A, LINE 2

THE SUPPORTED ORGANIZATION IS A GOVERNMENTAL UNIT, WHICH AUTOMATICALLY QUALIFIES UNDER IRC SECTION 509(A)(1).

PART IV, SECTION E, LINE 1C

THE ORGANIZATION IS RESPONSIVE TO THE NEEDS OF THE CITY OF KALAMAZOO, MICHIGAN.

THIS REQUIRES THAT THE OFFICERS AND DIRECTORS OF THE ORGANIZATION MAINTAIN A CLOSE AND CONTINUOUS WORKING RELATIONSHIP WITH THE CITY COMMISSION, AS REQUIRED BY THE ARTICLES OF INCORPORATION. DIRECTOR POSITIONS SHALL BE FILLED BY VOTE OF THE BOARD OF DIRECTORS FOLLOWING NOMINATION BY THE CITY COMMISSION. THE CITY DIRECTORS CONSISTS OF THE MAYOR OF THE CITY OF KALAMAZOO AND THE CITY MANAGER OF THE CITY OF KALAMAZOO, TWO PERSONS WHO ARE CURRENT COMMISSIONERS ON THE CITY COMMISSION, AND ONE PERSON NOMINATED AND ELECTED BY THE CITY COMMISSION WHO SHALL BE CHOSEN FROM THE KALAMAZOO COMMUNITY.

THE ORGANIZATION OPERATES IN AN EXCLUSIVE FINANCIAL RELATIONSHIP WITH THE CITY OF KALAMAZOO IN A NATIONALLY UNIQUE MODEL. THE ORGANIZATION'S FUNDS DIRECTLY SUPPORT PROGRAMS AND PROJECTS OF CITY DEPARTMENTS IN THEIR WORK, OFTEN CONDUCTED WITH PARTNERS WHOSE MISSIONS ALIGN WITH THE GOALS AND OBJECTIVES OF THE IMAGINE KALAMAZOO 2025 STRATEGIC VISION AND OTHER ADOPTED CITY PLANS.

PART IV, SECTION D, LINE 3

A FINANCE COMMITTEE HAS BEEN ESTABLISHED, WHICH INCLUDES THE

Part VI **Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; Part III, line 12; Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c; Part IV, Section B, lines 1 and 2; Part IV, Section C, line 1; Part IV, Section D, lines 2 and 3; Part IV, Section E, lines 1c, 2a, 2b, 3a, and 3b; Part V, line 1; Part V, Section B, line 1e; Part V, Section D, lines 5, 6, and 8; and Part V, Section E, lines 2, 5, and 6. Also complete this part for any additional information. (See instructions.)

ORGANIZATION'S TREASURER, THE CITY'S FINANCE DIRECTOR, OR A SIMILAR POSITION (OR A PERSON APPOINTED BY THE CITY'S FINANCE DIRECTOR), THE CITY MANAGER AND TWO STAKEHOLDER DIRECTORS.

SCHEDULE O
(Form 990 or 990-EZ)
Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or 990-EZ or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.
▶ Go to www.irs.gov/Form990 for the latest information.

OMB No. 1545-0047
2019
Open to Public Inspection

Name of the organization: KALAMAZOO FOUNDATION FOR EXCELLENCE

Employer identification number **-***7771

FORM 990-EZ, PART I, LINE 16, OTHER EXPENSES:

DESCRIPTION OF OTHER EXPENSES:	AMOUNT:
BANK FEES	562.

FORM 990-EZ, PART II, LINE 24, OTHER ASSETS:

DESCRIPTION	BEG. OF YEAR	END OF YEAR
DUE FROM CITY OF KALAMAZOO	28,085.	28,119.

FORM 990-EZ, PART II, LINE 26, OTHER LIABILITIES:

DESCRIPTION	BEG. OF YEAR	END OF YEAR
ACCOUNTS PAYABLE	446.	501.
DUE TO CITY OF KALAMAZOO	500.	500.
TOTAL TO FORM 990-EZ, LINE 26	946.	1,001.

FORM 990-EZ, PART III, PRIMARY EXEMPT PURPOSE - 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.

FORM 990-EZ, PART V, INFORMATION REGARDING PERSONAL BENEFIT CONTRACTS:
THE ORGANIZATION DID NOT, DURING THE YEAR, RECEIVE ANY FUNDS, DIRECTLY, OR INDIRECTLY, TO PAY PREMIUMS ON A PERSONAL BENEFIT CONTRACT.
THE ORGANIZATION, DID NOT, DURING THE YEAR, PAY ANY PREMIUMS, DIRECTLY, OR INDIRECTLY, ON A PERSONAL BENEFIT CONTRACT.

Name of the organization: KALAMAZOO FOUNDATION FOR EXCELLENCE

Employer identification number: **-***7771

Part IV List of Officers, Directors, Trustees, and Key Employees. List each one even if not compensated. (see the instructions for Part IV.)

(a) Name and title	(b) Average hours per week devoted to position	(c) Reportable compensation (Forms W-2/1099-MISC) (If not paid, enter -0-)	(d) Health benefits, contributions to employee benefit plans, and deferred compensation	(e) Estimated amount of other compensation
ADAM MCFARLIN TREASURER	2.00	0.	0.	0.
JAMES K. RITSEMA DIRECTOR/VICE PRESIDENT	2.00	0.	0.	0.
BOBBY J. HOPEWELL PRESIDENT/DIRECTOR	2.00	0.	0.	0.
DR. ANGELA GRAHAM-WILLIAMS VICE PRESIDENT/PRESIDENT	2.00	0.	0.	0.
STEVE VICENZI CFO	1.00	0.	0.	0.

Form **8879-EO**

Department of the Treasury
Internal Revenue Service

IRS e-file Signature Authorization for an Exempt Organization

For calendar year 2019, or fiscal year beginning ________, 2019, and ending ________, 20__

▶ **Do not send to the IRS. Keep for your records.**

▶ **Go to www.irs.gov/Form8879EO for the latest information.**

OMB No. 1545-1878

2019

Name of exempt organization: KALAMAZOO FOUNDATION FOR EXCELLENCE

Employer identification number: **-***7771

Name and title of officer
STEVE VICENZI
CFO

Part I Type of Return and Return Information (Whole Dollars Only)

Check the box for the return for which you are using this Form 8879-EO and enter the applicable amount, if any, from the return. If you check the box on line **1a, 2a, 3a, 4a,** or **5a,** below, and the amount on that line for the return being filed with this form was blank, then leave line **1b, 2b, 3b, 4b,** or **5b,** whichever is applicable, blank (do not enter -0-). But, if you entered -0- on the return, then enter -0- on the applicable line below. **Do not** complete more than one line in Part I.

1a Form 990 check here ▶ ☐	**b** **Total revenue,** if any (Form 990, Part VIII, column (A), line 12)	**1b**	
2a Form 990-EZ check here ▶ ☒	**b** **Total revenue,** if any (Form 990-EZ, line 9)	**2b**	6,889.
3a Form 1120-POL check here ▶ ☐	**b** **Total tax** (Form 1120-POL, line 22)	**3b**	
4a Form 990-PF check here ▶ ☐	**b** **Tax based on investment income** (Form 990-PF, Part VI, line 5)	**4b**	
5a Form 8868 check here ▶ ☐	**b** **Balance Due** (Form 8868, line 3c)	**5b**	

Part II Declaration and Signature Authorization of Officer

Under penalties of perjury, I declare that I am an officer of the above organization and that I have examined a copy of the organization's 2019 electronic return and accompanying schedules and statements and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that the amount in Part I above is the amount shown on the copy of the organization's electronic return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send the organization's return to the IRS and to receive from the IRS **(a)** an acknowledgement of receipt or reason for rejection of the transmission, **(b)** the reason for any delay in processing the return or refund, and **(c)** the date of any refund. If applicable, I authorize the U.S. Treasury and its designated Financial Agent to initiate an electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the organization's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment. I have selected a personal identification number (PIN) as my signature for the organization's electronic return and, if applicable, the organization's consent to electronic funds withdrawal.

Officer's PIN: check one box only

☒ I authorize MANER COSTERISAN PC (**ERO firm name**) to enter my PIN 12345 (**Enter five numbers, but do not enter all zeros**)

as my signature on the organization's tax year 2019 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I also authorize the aforementioned ERO to enter my PIN on the return's disclosure consent screen.

☐ As an officer of the organization, I will enter my PIN as my signature on the organization's tax year 2019 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I will enter my PIN on the return's disclosure consent screen.

Officer's signature ▶ ________ Date ▶ ________

Part III Certification and Authentication

ERO's EFIN/PIN. Enter your six-digit electronic filing identification number (EFIN) followed by your five-digit self-selected PIN. 38015723456
Do not enter all zeros

I certify that the above numeric entry is my PIN, which is my signature on the 2019 electronically filed return for the organization indicated above. I confirm that I am submitting this return in accordance with the requirements of **Pub. 4163,** Modernized e-File (MeF) Information for Authorized IRS *e-file* Providers for Business Returns.

ERO's signature ▶ MANER COSTERISAN PC Date ▶ 04/01/20

ERO Must Retain This Form - See Instructions
Do Not Submit This Form to the IRS Unless Requested To Do So

LHA **For Paperwork Reduction Act Notice, see instructions.** Form **8879-EO** (2019)

923051 10-03-19

2019 Annual Report

Kalamazoo Foundation for Excellence

Supporting Kalamazoo

The winter of 2020 brought heartbreaking tragedy to our nation and our city, but looking around I have seen countless individuals and many dozens of organizations rushing in to offer aid to families, vulnerable populations, and small businesses. As residents I think we should all be proud that the City of Kalamazoo and Foundation for Excellence are a part of that story. This year will develop in many unknown directions, but we can all take some comfort that the FFE will rise to these extraordinary times as it has been working to do for many of our community's broader challenges since 2017. I speak for all 15 members of our Board of Directors when I say that we are eager to help and grateful for the privilege to serve. I thank each of them for investing their talents in building a sustainable organization that Kalamazoo can rely on day in, and day out, forever.

Dr. Angela Graham-Williams,
President

Investing in Kalamazoo's Neighborhoods

See where and how much the Foundation for Excellence is investing at **www.kalamazoocity.org/FFEdashboard**

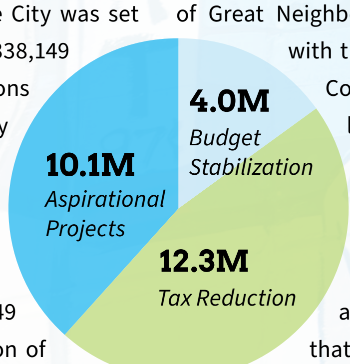
A Unique Partnership for Everyone in Our City

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 through 2019. To-date, the FFE has supported many City projects and programs that have the potential to impact the lives of all residents, including the pilot year of the Youth Mobility Fund and the creation of an ongoing expungement clinic. FFE also invests in infrastructure, youth development, and economic development, including the repair of sidewalks, lead water service removal, expanding youth development and employment programs, and park improvement projects.

A fundraising campaign has also been initiated to raise and invest enough resources to support this work forever, with a target of raising a $500 million endowment fund.

Fiscal Year 2019

The Foundation for Excellence fiscal year 2019 allocation to the City was set in the amount of $26,338,149 following public presentations and discussion before City Commission on September 1 and 10, 2018. The allocation was approved by the City Commission on January 29, 2019. $14,250,149 was directed to stabilization of the City's budget and lowering the City property tax rate from 19.0275 mills to 12 mills. Furthermore, $10,088,000 was allocated for aspirational City programs. Successful 2018 programs were expanded or enhanced and new programs were implemented.



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 City is tracking numbers for property tax delinquency rates and total parcels delinquent dating back a decade in order to set a baseline for modeling the long term impact on homeowners and businesses.

Aspirational Support

In the expand and enhance category are the City's flagship youth development and career preparation programs, **MyCity/YOU**, **SuperRec**, and **All Things Possible**, the lead water service replacement initiative, and park and infrastructure enhancements occurring under the name of Great Neighborhoods. The partnership with the Local Initiative Support Corporation (LISC) to lead very substantial economic development and affordable housing initiatives continued in its second year. A notable aspect of this partnership is that City dollars are leveraging LISC dollars at a ratio of two-to-one. Further support for economic development, especially in the areas of small business and neighborhood support, is being implemented through the new **Business Development Fund**.

In the area of new programming is a unique partnership with Kalamazoo Public Schools, Metro, and Kalamazoo Public Library called the **Youth Mobility Fund** that provides unlimited free bus ridership to City youth in grades 9 – 12. Furthermore, Shared Prosperity Kalamazoo made its first program recommendations, and due to a partnership with Kalamazoo County Courts, Kalamazoo County Bar Association, and Kalamazoo Defender, a recurring **Expungement Clinic** has been created to help community members move past the mistakes they have made and towards a more propserous future.

more than
$34 million
saved by taxpayers

> **"The Expungement clinic is important to me because I just received my degree at Western in Finance and Business, being that I am getting this expunged off my record I can find a career in my field."**

Aspirational Project Funding through 2019

$25,668,500 total

STATEMENT OF FINANCIAL POSITION

December 31, 2019

ASSETS		
Current Assets		
Cash	$	16,655
Contributions Receivable		28,117
	$	44,744
TOTAL ASSETS		
LIABILITIES & NET ASSETS		
Current Liabilities		
Accounts Payable	$	501
Due to City of Kalamazoo		500
TOTAL LIABILITIES	$	1,001
Net Assets		
With donor restrictions - purpose restricted		43,773
TOTAL LIABILITIES AND NET ASSETS	$	44,774

STATEMENT OF ACTIVITIES

Year ended December 31, 2019

	Without donor restrictions	With donor restrictions	Total
SUPPORT AND REVENUE			
Contributions	$ -	$ 6,889	$ 6,889
Net assets released from restrictions	562	(562)	-
TOTAL SUPPORT AND REVENUE	562	6,327	6,889
EXPENSES			
Supporting services			
General and administrative	562		562
CHANGE IN NET ASSETS	-	6,327	6,327
Net assets, beginning of year	-	37,446	37,446
Net assets, end of year	$ -	$ 43,773	$ 43,773


Students graduate from the FFE-funded Certified Nursing Assistant program at the Northside Association for Community Development.

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 private 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?

The FFE has a Board of Directors that reviews project and program proposals and approves a budget allocation each year to fund them. Once approved, this allocation is presented for approval by the Kalamazoo City Commission. The allocation is released from the FFE to the City of Kalamazoo to fund these projects and programs, which are carried out by City staff or community partners. FFE funding allows for millions of dollars of additional funding to be invested in our City while asking less of community members through reduced property taxes.

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.kalamazoocity.org/ffe**.

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. A significant initiative is undertaken 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.

2020 Board of Directors

Dr. Angela Graham-Williams, President
James K. Ritsema, Vice President
Adam McFarlin, Treasurer
Barbara Miller, Secretary
David Anderson
Sandra Calderon-Huezo
Alisa Carrel
Nathan Dannison
Jeanne Hess
Stephanie Hoffman
Rachel Lonberg
Alice Taylor
Charlene Taylor
Jack Urban
Von Washington, Jr.
Bobby J. Hopewell, *Emeritus*

THE CITY OF Kalamazoo

(269) 337-8047
FFE@kalamazoocity.org
241 West South Street
Kalamazoo, MI 49007
www.kalamazoocity.org

Date: **4/20/2020 FFE**
Item: **C.2.**

Foundation for Excellence Agenda Report

Kalamazoo Foundation for Excellence

TO: Foundation for Excellence Board of Directors

FROM: Prepared by: Steve Brown, Foundation for Excellence Manager

DATE: April 20, 2020

SUBJECT:

Endowment and Distribution Update

RECOMMENDATION:

BACKGROUND:

History

The Finance Committee was tasked at the May 23, 2018, annual meeting of the Foundation for Excellence board of directors with addressing the issue of an Investment Subcommittee and policy for the endowed assets of the FFE. According to minutes of that meeting, "By consensus it was agreed to defer action on approving the Investment Subcommittee and Investment Policy, and give these items over to the Finance Committee to bring a recommendation back to the full Board for consideration."

Over the following year, the FFE Finance Committee held discussions with members of the Retirement and Investment Committee (RIC) for guidance on establishing the policy and relationships required to manage the endowment fund. In those discussions, it became quickly apparent that the RIC represented an excellent deliberative investment body that would be willing and able to perform the services required by the FFE as set forth in its Investment Policy Statement. Collectively, the six current members of the RIC represent 82 years of experience on the RIC above their impressive careers in management and law.

During this same period, the need to support the endowment fundraising campaign by having an IPS and Investment Subcommittee in place for the second quarter of 2019 had become evident. The FFE Finance Committee discussed the IPS with members of the RIC at its February 21, 2019, meeting, and again at its March 8, 2019, meeting, at which time it recommended this IPS for board approval by unanimous vote. The Finance Committee also created the Foundation for

Excellence Investment Subcommittee (FFEIS) by unanimous vote at that time.

The IPS was presented to the FFE Executive Committee at its March 11 meeting for inclusion on the agenda of this annual board meeting, April 22, 2019, and approved by unanimous consent at that meeting.

2020 Endowment Update

On Friday, March 3, 2020, the first major contribution to the FFE endowment was received in the form of an anonymous gift of stock. The gift was valued at $86,685,300 at the time of receipt. The initial impact on financial markets caused by the coronavirus pandemic were felt by the following Monday. Considering historic market instability, a final liquidated value of $81,016,215 was achieved by 4/15/2020.

On March 27, 2020, the State Street account was fully operational. A transfer of the donated stock was completed on April 8. Subsequent to this, agreements were being put in place with the various investment managers. These agreements were completed the week of April 13 allowing for the funds to be liquidated as noted above. At this time a mix of investments have been made to protect the assets as the pandemic continues to develop.

The FFEIS is currently scheduled to hold its next meeting on May 27. The Finance Committee will be presented with the reports planned and discussed at previous meetings to begin the quarterly reporting process.

Required Distribution

Section 9.04 of the Bylaws state that FFE "shall authorize a distribution to the City of an amount which is at least 3.5% of the fair market value of the Corporation's investment assets, or the amount of the annual distribution to the City contained at Section 9.03, whichever is greater." The purpose of this provision is to ensure that the fiscal duties to the City of Kalamazoo are fulfilled. An interim period during which the endowment was being funded was not contemplated in the bylaws, therefore there is no language recognizing other non-endowment revenue streams to the City.

At this time, the fiscal duties of the FFE are being fully compensated through the extended grant agreements between the City of Kalamazoo and Stryker Johnston Foundation, which after senior staff agree multiple conversations satisfies the required distribution amount in the bylaws. It is expected that the required distribution will be drawn in fiscal year 2023 for the first time when the extended grant agreements expire, and the endowment is fully funded.

STRATEGIC VISION ALIGNMENT:

FISCAL IMPACT:

Date: **4/20/2020 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, Foundation for Excellence Manager

DATE: April 20, 2020

SUBJECT:

Approving FFE Investment Subcommittee Members

RECOMMENDATION:

It is recommended that the Finance Committee formally invite the following individuals to serve on the Foundation for Excellence Investment Subcommittee on the following terms:

	First Name	Last Name	Term	Class	Appointment	Expiration
Mr.	Dean	Bergy	3 year following 1st term	Class A	5/1/2020	4/31/2022
Mr.	Daniel	DeMent	3 year	Class B	5/1/2020	4/31/2023
Ms.	Sandi	Doctor	3 year following 1st term	Class A	5/1/2020	4/31/2022
Mr.	Randall	Eberts	3 year	Class B	5/1/2020	4/31/2023
Mr.	Robert	Salisbury	3 year	Class B	5/1/2020	4/31/2023
Ms.	Janice	VanDerKley	3 year following 1st term	Class A	5/1/2020	4/31/2022

BACKGROUND:

Please reference the Background of the previous Endowment Update item in this agenda packet. formal appointment of this roster of FFEIS members is the final step to formalizing subcommittee membership and setting terms.

STRATEGIC VISION ALIGNMENT:

FISCAL IMPACT:

Kalamazoo Foundation for Excellence
Board of Directors
Investment Subcommittee
Approved at the meeting of the Board of Directors on October 22, 2018.

STATUS: optional subcommittee of the FFE Finance Committee

PURPOSE/FUNCTION: To assist the Foundation for Excellence (FFE) with investment responsibilities and investment policy oversight.

1. Make recommendations on the deposit and/or investment of the FFE's funds;
2. Formulate and recommend to the Finance Committee investment policies and guidelines, and broad asset allocations for the management of FFE assets;
3. Determine appropriate investment manager and consultant structure; select, evaluate or as needed terminate investment managers and consultant; and determine and carry out appropriate due diligence on all investment strategies; provide advice and due diligence when sought on all other strategies;
4. Establish investment performance monitoring systems and review and provide written summary results quarterly to the board of directors;
5. Make recommendation on custodian and/or master trustee to board of directors;
6. Work in conjunction with the board of directors, as requested, in the review of the Spending Policy.
7. To ensure investment records are properly maintained.
8. To serve as primary contact with investment managers, custodian(s), and investment advisors and any other such providers of investment services.
9. To assist staff in the review of the annual external audit document.
10. The Investment Subcommittee shall not be responsible for tax compliance.
11. The Investment Subcommittee shall be responsible for legal and regulatory compliance as it pertains to investments.
12. Indemnification provisions contained in the FFE Bylaws shall also apply to the Subcommittee and to the Subcommittee's Consultant.

DECISION-MAKING AUTHORITY: The subcommittee will formulate appropriate policies, procedures and recommendations for consideration by the FFE's Finance Committee, and upon approval to make decisions and provide advice as noted above. The Subcommittee will have independent authority to make and implement decisions regarding the selection of investment managers and allocation of funds to such managers for funds invested in behalf of the FFE as directed by the approved Investment Policy Statement.

The Subcommittee shall manage the assets of the FFE and have full power to invest and reinvest such assets subject to applicable laws or regulations consistent with the standards set forth in the uniform management of institutional funds act MCL 451921 *et seq*.

The Subcommittee shall have power to hold, purchase, sell, assign, transfer, and dispose of any securities and investments in which any of the funds of the FFE have been invested, as well as the proceeds of such investments and any monies belonging to the FFE.

In lieu of creating its own investment committee, the Foundation for Excellence would request the use of the City's.

QUORUM: The presence of a majority of the total number of subcommittee members in office shall constitute a quorum for the transaction of business. A Subcommittee member may participate in a meeting by means of a conference call or similar communications equipment, by means of which all persons participating in the meeting can hear each other and such participation shall constitute presence at the meeting. In the absence of a quorum, a majority of Subcommittee members present may chose to reschedule the meeting for a date certain or may choose to continue the meeting. If the Subcommittee chooses to continue the meeting without a quorum, the only action it may take is to make recommendations to the full board. Notice of a rescheduled meeting shall be given to each Subcommittee member.

The FFE Finance Committee shall be responsible for monitoring the performance of the Subcommittee, and may recommend revising the Subcommittee structure to the FFE Board of Directors.

MEMBERSHIP CRITERIA: Members of the Subcommittee shall have significant knowledge in investment management or the propensity to learn through his or her experience as significant leaders in business, academic, non-profit or tax exempt organizations or professions such as practicing attorneys or CPAs. The Chair of the Subcommittee shall have significant leadership experience in financial management and/or investment management. While past experience in the financial services industry can be desirable, members may not be a current principal or employee of a financial services company. Exceptions to the Membership Criteria can be made with the consent of all members of the Subcommittee and approval of the board of directors.

MEETING SCHEDULE: At least quarterly on performance review and due diligence matters, and as needed relative to other responsibilities.

Board Approval Date: 10.22.2018