# Agenda
# FFE Board of Directors

Kalamazoo Foundation for Excellence

**Monday, April 27, 2020 2:00 PM**

**This meeting will be streamed live on the City's Facebook page (https://www.facebook.com/KalamazooCity/) and YouTube Channel (https://www.youtube.com/channel/UCIgXSSXLSDxThVaaiRMsR5Q). Commenting instructions are in the agenda packet.**

**A. CALL TO ORDER**

**B. APPROVAL OF MINUTES**

1. Approval of February 10, 2020 Board minutes

**C. REPORTS AND COMMUNICATIONS**

1. Finance Committee Report
2. Executive Committee Report

**D. REGULAR AGENDA**

1. Director Appointments and Re-appointments
2. Approve renewal of agreement with Merion Capital LLC as endowment investment consultant for the FFE endowment for a term of three years.
3. Annual Election of Officers
4. Annual Committee Appointments

**E. PUBLIC COMMENTS**

1. Public Comment Call-in Information

**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

## MINUTES

Meeting of February 10, 2020

A meeting of the Kalamazoo Foundation of Excellence (KFFE) Board on October 26, 2019 in the City Hall Community Room, 241 W. South St, Kalamazoo, MI was called to order by Vice James K. Ritsema at 2:00 pm. Board members: Hopewell, Ritsema, Anderson, Calderon-Huezo, Carrel, C. Taylor, McFarlin, Miller, A. Taylor, Lonberg and Washington were present; the absence of Directors Graham-Williams, Urban was excused by voice vote of the Board. Director Dannison subsequently arrived at 2:03 pm. Also present were Acting Legal Counsel/Recording Secretary Clyde J. Robinson, Deputy City Manager Laura Lam, and FFE Coordinator Steve Brown and City CFO Steve Vicenzi.

The minutes of the Board Meeting held October 25, 2019 were moved for approval by Director Washington and seconded by Director Calderon-Huezo. There being no further discussion, the motion was approved by unanimous voice vote.

FFE Coordinator Steve Brown provided a report on fundraising and endowment efforts. It was reported that the FFE had received an anonymous gift of about 20% of the endowment target amount. He also reported that the FFE had received $28.2 million from the Stryker-Johnston Foundation for the upcoming three fiscal years through December 31, 2022. This amount is in addition to the $98 million grant from the Stryker -Johnston Foundation to provide budget stabilization and tax reduction benefits. Mr. Brown also reported that fund-raising efforts are continuing and that the FFE Board should expect reports on those efforts in the future.

Mr. Brown reported on the efforts to fill the Housing Stakeholder seat on the Board. It is anticipated that the City Commission will nominate an individual in March for Board consideration at the April Annual Meeting. With the election David Anderson as Mayor, the City Commission is expected to nominate Jeanne Hess to fill the vacant City Commissioner seat on the Board

Mr. Brown and Mr. Vicenzi presented preliminary financial statements of the FFE showing net assets of $43,774 at the end of 2019. Discussion ensued about reminding taxpayers when tax bills go out of the opportunity to contribute to the FFE and the Board policy regarding restrictive gifts.

A lengthy presentation on Program updates took place. Ashton Anthony, the Youth Program Director with City Parks & Recreation Department updated the Board on several programs aimed at youth. These included the Super Rec program, which is a free drop-in day-camp operated at 5 locations in the City for children aged 7-12; the All Things Possible program aimed primarily at incoming high school freshmen, but which will take 7th and 8th graders and high school sophomores if space is available to provide assistance for success in algebra and biology, giving successful students free drivers education training. Director Washington commented that algebra and biology classes see failure rates of 50%, thus this program serves a valuable function. Director C. Taylor inquired about the socialization and well-being of the youth and was assured by Mr. Anthony that this was an important aspect of the programs. Director Dannison praised the cost-effectiveness of the programs. Mention was also made of the YOU program which provides youth with employment during the summer in a program run by KRESA.

Mr. Brown gave an overview of the Youth Mobility program which provides free bus transportation to high school youth for after school events, jobs, and other appointments and activities. Over 120,000 rides have been provided to about 3700 students, or roughly 50% of the KPS high school population. While there have been some challenges associated with the program, overall it has been a success.

Mr. Brown reported on the recent Expungement Clinic held in conjunction with the Defender's Office, local courts and law enforcement agencies. It was very well attended, some 150 individuals were assisted, but due to the restrictions in State law on expungement eligibility, some attendees were turned away.

Deputy City Manager Lam presented on Housing Initiatives, indicating that City will be considering changes to its ordinances addressing anti-discrimination efforts and zoning in the near future to help address access to housing. The City is also partnering with other agency as part of the Continuum of Care approach to homelessness and has in place programs to address housing emergencies. Discussion ensued concerning the lack of affordable housing and need to incentivize landlords. Mayor Anderson gave a detailed synopsis of the challenges and complexity facing renters who cannot afford market-based rents. Ms. Lam outlined the anti-gentrification efforts that are being pursued.

Director Miller left the meeting at 3:25 pm

Director Lonberg pointed out the requests faced by local churches to assist with evictions and the necessary to have places for individuals to have a safe place to sleep at night.

Vice President Ritsema left the meeting at 3:35 pm and Director McFarlin took over as chair of the meeting. Director Emeritus Hopewell left the meeting at 3:40 pm.

Mr. Brown then went over a recent survey sent out to and returned by Board Members which indicated general satisfaction of Board members with staff and the environment of open discussion at Board meetings. There was a feeling that while good, a better job of communication with the community is needed. A discussion among Board member took place regarding their role and involvement as representatives of identified sectors of the community.

General Comments by Board Members then took place reflecting that the FFE Board doesn't decide where the money is spent; only that the City programs that use FFE funds are consistent with FFE principles. Mayor Anderson in his closing comments challenged the Board to think about the big theme and big ideas that go into the aspirational work funded by the FFE.

Upon approval of the motion by Director Dannison, seconded by Director Calderone-Huezo the meeting by adjourned by Director McFarlin at 4:25 pm

Minutes Drafted: February 14, 2020

Minutes Approved: _________________

_____________________________________

Clyde J. Robinson, Recording Secretary

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|---|
| Date: **4/27/2020 FFE** <br> 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 27, 2020

**SUBJECT:**

Finance Committee Report

**RECOMMENDATION:**

It is recommended that the Board Approve the Annual Independent Audit and conclude the Annual Financial Compliance Process.

**BACKGROUND:**

**Overview**
At its April 20, 2020, meeting, the Finance Committee reviewed and discussed the elements of the Annual Financial Compliance Process that are laid out in the FFE bylaws (below), and approved presentation for approval by the Board.

**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 (in audit)
2. Year-end balance sheet, including trust funds and funds restricted by donors or the Board (in audit)
3. Statement of source and application of funds, if the Corporation prepared that statement (not applicable at this time)
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. (Attached)
5. A copy of the Corporation's Form 990 (Attached)
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. (Attached)

The Finance Committee further reviewed the history of establishing the FFE endowment and Investment Subcommittee, the recent endowment contribution, and the required distribution, which are included below.

**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:**

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

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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
241 W. South Street
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

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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

Maner Costerisan
Certified Public Accountants
Business & Technology Advisors

Maner Costerisan PC
2425 E. Grand River Ave.
Suite 1
Lansing, MI 48912-3291
T: 517 323 7500
F: 517 323 6346
www.manercpa.com

January 9, 2020

Kalamazoo Foundation For Excellence
241 West South Street
Kalamazoo, MI 49001

We are pleased to confirm our understanding of the services we are to provide for Kalamazoo Foundation For Excellence for the year ended December 31, 2019.

We will audit the financial statements of Kalamazoo Foundation For Excellence, which comprise the statement of financial position as of December 31, 2019, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

**Audit Objectives**

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. We will issue a written report upon completion of our audit of Kalamazoo Foundation For Excellence's financial statements. Our report will be addressed to the Board of Directors of Kalamazoo Foundation For Excellence. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

**Audit Procedures**

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from the entity's attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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 will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. We have advised you of the limitations of our audit regarding the detection of fraud and the possible effect on the financial statements (including misappropriation of cash or other assets). We have offered to perform, as a separate engagement, extended procedures specifically designed to detect fraud and you have declined to engage us to do so at this time. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to you and those charged with governance of internal control matters that are required to be communicated under professional standards.

**Management Responsibilities**

You are responsible for making all management decisions and performing all management functions; for designating an individual, preferably from senior management, with suitable skill, knowledge, or experience to oversee the tax services, financial statement preparation services and any other non-attest services we provide; and for evaluating the adequacy and results of those services and accepting responsibility for them.

You are responsible for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles. You are also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (a) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (b) additional information that we may request for the purpose of the audit, and (c) unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the entity involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, grantors, regulators or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations.

**Engagement Administration, Fees, and Other**

We understand that your employees will prepare all cash, accounts receivable and other confirmations we request and will locate any documents selected by us for testing.

As part of our engagement, we will also prepare the following federal information return for the year ended December 31, 2019:

- Return of Organization Exempt From Income Tax Form 990

The law provides for a penalty to be imposed where a taxpayer makes a substantial understatement of their tax liability. If you would like information on the amount or circumstances of this penalty, please let us know.

You have the final responsibility for the income tax returns and, therefore, you should review them carefully before you sign and file them.

We will use our judgment in resolving questions where the tax law is unclear, or where there may be conflicts between the taxing authorities' interpretations of the law and other supportable positions. Unless otherwise instructed by you, we will resolve such questions in your favor whenever possible.

Aaron M. Stevens, CPA is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Based on our preliminary estimates, the fee should approximate $5,200 for the audit for the year ended December 31, 2019. This estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate. Our invoices for these fees will be rendered as work progresses and are payable on presentation. Past due amounts are subject to a service fee of 1½% per month. In accordance with firm policies, work may be suspended if your account becomes 60 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, you will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

During the term of this engagement and for a period of one (1) year thereafter, neither party shall directly or indirectly, solicit for employment or for engagement as an independent contractor, or encourage leaving their employment or engagement, any employee or independent contractor of the other party. For the avoidance of doubt, general advertisements for employment and responses thereto, shall not be deemed a violation of the paragraph. The parties agree that any breach of this paragraph would damage the other party in an amount difficult to ascertain with certainty, and that in the event that either party breaches this provision resulting in the other party losing the services of an employee or independent contractor for any period of time, the breaching party shall pay to the other party an amount equal to the annual rate of compensation (paid by the non-breaching party for the immediate prior calendar year) of the applicable employee or independent contractor.

Our most recent external peer review report, dated July 2017, accompanies this letter.

If reproduction or publication of financial statements audited by us, or any portion thereof, is intended, it is our policy that any master of printer's proofs be submitted to us for review prior to publication.

We will continue to perform our services under the arrangements discussed above from year to year unless for some reason you or we find that some change is necessary. However, the performance of each audit and preparation of each tax return is a separate and severable engagement. Each separate engagement shall be deemed complete and Maner Costerisan will not have a continuing responsibility to perform additional services with respect to that completed engagement when we present to you the final audit report or tax return that relates to any given year.

Our audit report on the financial statements to be issued pursuant to this engagement is for your use. If it is your primary intent that our report will benefit or influence a third-party user we must be informed prior to the beginning of the annual audit engagement.

Considering our current relationship as an independent member of the BDO Alliance USA, the firm may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

In connection with this engagement, we may communicate with you or others via e-mail transmission. As e-mails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third-party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that e-mails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure or communication of e-mail transmissions, or for the unauthorized use or failed delivery of e-mails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of e-mail transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of sales or anticipated profits, or disclosure or communication of confidential or proprietary information.

Because there are inherent difficulties in recalling or preserving information as the period after an engagement increases, you agree that, notwithstanding the statute of limitations of the State of Michigan, any claim based on this engagement must be commenced within twelve (12) months after performance of our service, unless you have previously provided us with a written notice of a specific defect in our services that forms the basis of the claim.

You agree that our maximum liability to you for any negligent errors or omissions committed by us in the performance of the engagement will be limited to the amount of our fees for this engagement, except to the extent determined to result from our gross negligence or willful misconduct.

If any dispute arises among the parties hereto, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Commercial Mediation Rules. If the parties are unable to resolve the dispute through mediation within 60 days from the date notice is first given from one party to the other as to the existence of a dispute and the demand to mediate, then they may proceed to resolve the matter by arbitration if this agreement provides that the particular dispute is subject to arbitration, or by whatever other lawful means are available to them if this agreement does not provide for arbitration of the particular dispute. Costs of any mediation proceeding shall be shared equally by all parties.

Kalamazoo Foundation For Excellence and Maner Costerisan both agree that any dispute over fees charged by Maner Costerisan to the client will be submitted for resolution by arbitration in accordance with the rules of the American Arbitration Association. Such arbitration shall be binding and final. The arbitration shall take place at Lansing, Michigan. Any hearing shall be before one arbitrator in accordance with Rule 17 of the Commercial Arbitration Rules of the American Arbitration Association (the Rules). Any award rendered by the arbitrator pursuant to this agreement may be filed and entered and shall be enforceable in the appropriate court of the county in which arbitration proceeds. In agreeing to arbitration, we both acknowledge that, in the event of a dispute over fees, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury and instead we are accepting the use of arbitration for resolution. The prevailing party shall be entitled to an award of reasonable attorney's fees and costs incurred in connection with the arbitration of the dispute in an amount to be determined by the arbitrator.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Maner Costerisan PC

RESPONSE:

This letter correctly sets forth the understanding of Kalamazoo Foundation For Excellence.

Officer signature: ____________________

Title: City Manager

Date: 2/11/20

To: Maner Costerisan

After considering the qualifications of the accounting personnel of Kalamazoo Foundation For Excellence, we believe they have the qualifications and abilities to generate financial statements, including the required footnotes, in accordance with U.S. generally accepted accounting principles. However, for convenience and other issues, we may contract with you to prepare our financial statements.

Signature: ____________________

Title: City Manager

Date: 2/11/20

**ADDENDUM TO ENGAGEMENT LETTER**

As part of the audit engagement, you have requested our assistance with the following "non-attest" or "non-audit" services. Management is required to review, approve and accept responsibility for any non-audit services we may perform.

- Preparation of the financial statements, including the related notes and additional supplementary information.
- Preparation of income tax returns and calculation of tax accruals.
- 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.

Thomas G. Wieland
David A. Grotkin
Joel A. Joyce
Brian J. Mechenich

RPB CPAs
A century of new ideas

Carrie A. Gindt
Patrick G. Hoffert
Jason J. Wrasse
Joshua T. Bierbach

**Report on the Firm's System of Quality Control**

July 27, 2017

To the Partners of Maner Costerisan PC and
the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Maner Costerisan PC (the firm) in effect for the year ended March 31, 2017. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

**Firm's Responsibility**

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

**Peer Reviewer's Responsibility**

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

**Required Selections and Considerations**

Engagements selected for review included engagements performed under Government Auditing Standards, including compliance audits under the Single Audit Act; audits of employee benefit plans, and audits of carrying broker-dealers.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Reilly, Penner & Benton LLP
1233 N. Mayfair Road Suite #302 • Milwaukee, WI 53226-3255 • 414-271-7800
www.rpb.biz

**Opinion**

In our opinion, the system of quality control for the accounting and auditing practice of Maner Costerisan PC in effect for the year ended March 31, 2017, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass, pass with deficiency(ies)* or *fail*. Maner Costerisan PC has received a peer review rating of pass.

Reilly, Penner & Benton LLP

Reilly, Penner & Benton LLP

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
www.kalamazoocity.org/ffe
(269) 337-8047

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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Kalamazoo, MI 49007
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(269) 337-8047

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.

# 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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# 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.

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 [X] Accrual Other (specify) ▶

H Check ▶ [X] 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) — [X] 501(c)(3) [ ] 501(c) ( ) ◀(insert no.) [ ] 4947(a)(1) or [ ] 527

K Form of organization: [X] 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 [X]

| | | | | | | |
|---|---|---|---|---|---|---|
| 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)

932171 12-11-19

**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.<br>(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)<br>(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<br>DIRECTOR | 1.00 | 0. | 0. | 0. |
| JEAN HESS<br>DIRECTOR | 1.00 | 0. | 0. | 0. |
| JACK C. URBAN<br>DIRECTOR | 1.00 | 0. | 0. | 0. |
| NATHAN DANNISON<br>DIRECTOR | 1.00 | 0. | 0. | 0. |
| SANDRA CALDERON-HUEZO<br>DIRECTOR | 1.00 | 0. | 0. | 0. |
| ALISA CARREL<br>DIRECTOR | 1.00 | 0. | 0. | 0. |
| JOVAUGHAN HEAD<br>DIRECTOR (ENDED 2/26/19) | 2.00 | 0. | 0. | 0. |
| CHARLENE TAYLOR<br>DIRECTOR | 1.00 | 0. | 0. | 0. |
| ALICE TAYLOR<br>DIRECTOR | 1.00 | 0. | 0. | 0. |
| VON WASHINGTON JR.<br>DIRECTOR | 1.00 | 0. | 0. | 0. |
| RACHEL LONBERG<br>DIRECTOR | 1.00 | 0. | 0. | 0. |
| BARBARA MILLER<br>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 ▶ [X] 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 ▶ [X] Yes ☐ No

Form **990-EZ** (2019)

**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** KALAMAZOO FOUNDATION FOR EXCELLENCE
**Employer identification number** **-***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).

**Schedule A (Form 990 or 990-EZ) 2019**

**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<br>TREASURER | 2.00 | 0. | 0. | 0. |
| JAMES K. RITSEMA<br>DIRECTOR/VICE PRESIDENT | 2.00 | 0. | 0. | 0. |
| BOBBY J. HOPEWELL<br>PRESIDENT/DIRECTOR | 2.00 | 0. | 0. | 0. |
| DR. ANGELA GRAHAM-WILLIAMS<br>VICE PRESIDENT/PRESIDENT | 2.00 | 0. | 0. | 0. |
| STEVE VICENZI<br>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 | Employer identification number |
|---|---|
| KALAMAZOO FOUNDATION FOR EXCELLENCE | **-***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 ▶ | [X] | **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**

[X] 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

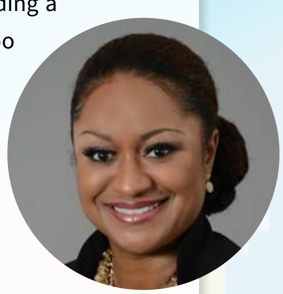
2019 Annual Report

# 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**

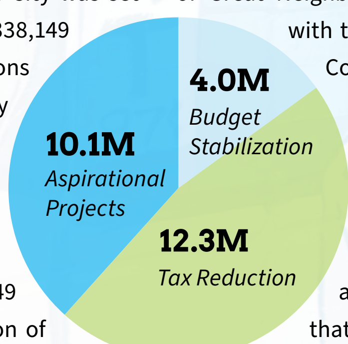
# A Unique Partnership for Everyone in Our City

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.

more than
**$34 million**
saved by taxpayers

## 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.

> **"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*

Date: **4/27/2020 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 27, 2020

**SUBJECT:**

Director Appointments and Re-appointments

**RECOMMENDATION:**

It is recommended that the Board approve the following appointments and re-appointments of directors:

+Appointment of Jeanne Hess as a City Commission Director for a term not exceeding her current term of office as Commissioner;
+ Appointment of Stephanie Hoffman as the Housing Sector Representative for an initial two--year term ending in 2022;
+ Re--appointment of Charlene Taylor as Affinity Director for a three- year term ending in 2023;
+ Re-appointment of Alisa Carrel as Arts Director for a three--year term ending in 2023;
+ Re-appointment of Adam McFarlin as Business Director for a three--year term ending in 2023; and
+ Re-appointment of Alice Taylor as Neighborhood Director, Northside Neighborhood, for a three--year term ending in 2023.

**BACKGROUND:**

This slate was presented and approved at City Commission in two separate actions on March 16 of this year. It is the result of a multifaceted, collaborative process with the FFE's governance facilitator The Kalamazoo Community Foundation (KCF). KCF excelled at candidate recruitment, sector collaboration, and balancing the complementary skills and perspectives listed by the candidates with those of existing members to arrive at this slate.

A comprehensive nomination packet regarding process, engagement, selection, and processes that enact the KCF's and FFE's commitment to diversity is attached to this agenda item for background.

**STRATEGIC VISION ALIGNMENT:**

## FISCAL IMPACT:

# Foundation For Excellence

# Stakeholder Director Recommendations

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269.381.4416 | www.kalfound.org | 402 east michigan avenue kalamazoo, mi 49007-3888

KALAMAZOO Community FOUNDATION

**MEMORANDUM**

**DATE:** March 5, 2020

**TO:** Kalamazoo City Commission

**FROM:** Carrie Pickett-Erway

**SUBJECT:** Foundation for Excellence Board of Directors Selection Methodology

A slate of five candidates recommended for nomination to the Foundation for Excellence (FFE) Board of Directors will be presented at the City Commission meeting on March 16, 2020. Details about the recommended nominees and the rationale behind the recommendations will be included in that presentation. However, this slate is the result of a multifaceted, collaborative process (see attached flow chart) of candidate recruitment, sector collaboration, and balancing the complementary skills and perspectives listed by the candidates with those of existing members. We hope that by sharing details about the process used to identify the final candidates we ensure transparency and promote confidence in the final product. Below you will find an overview of the methodology used to arrive at this final recommendation.

## METHODOLOGY

### GOAL

The Kalamazoo Community Foundation was contracted by the City of Kalamazoo as the Governance Facilitator for the FFE. As such, the Kalamazoo Community Foundation is responsible for the coordination, identification, and selection of Stakeholders to be recommended to the City Commission for nomination to the Board of Directors. Per the FFE Bylaws, this process must include convening members of the relevant Stakeholder Groups to prioritize the candidates and ultimately results in the Community Foundation recommending a slate which achieves:

- Diverse abilities to conduct the duties of the Board
- Diversity across sectors
- Diverse perspectives

The end goal of the methodology described is to deliver a slate of candidates ("the slate") that meets these expectations.

## IDENTIFYING VACANT SEATS

Since the seating of the Inaugural Board in 2018, the Kalamazoo Community Foundation has been in contact with staff from the City to ensure continued support of the governance functions of the board. Over the course of the last year, one Stakeholder Director has stepped down from their seat. leaving that seat vacant until further action.

In addition, at the seating of the inaugural board, four Directors were appointed to initial 2-year terms to ensure one-third of terms expired each year in three-year cycles. One of the inaugural directors resigned and a replacement was selected last year to fill that seat (Charlene Taylor-Affinity Orgs/Nonprofit). All four Directors with expiring terms were willing to continue serving. City staff reported they are both valuable members of the board and recommended they be re-appointed. A cohort of leaders from each of these four sectors was consulted via email to review the current Stakeholder Director for their sector and all cohorts approved the recommendation for re-appointment.

## CANDIDATE RECRUITMENT

With one vacancy to fill, the Community Foundation and City staff met to review the desired qualities for candidates (Attachment A) and to develop a process for recruitment. The application form (Attachment B) was updated to ensure the necessary information needed to prioritize candidates for the vacant seat would be gathered.

Applications were intentionally limited in terms of the depth and quantity of information submitted. The goal of the application was to collect “enough” information to make the selection, but not “too much” information so that the form itself became a barrier to apply.

The application form was made available to the public from January 1st through February 14th in both an online form and a paper format (compared to a January 31st closing date in previous years, due to a technical oversight that resulted in extending the deadline by 2 weeks). Applicants were also invited to submit a resume/Curriculum Vitae/one-page bio to provide supplemental information for the reviewers.

The City of Kalamazoo announced applications were being accepted by sharing a press release on the City website with links from the City’s social media outlets. The story was shared widely on social media and covered in local news media including MLive. Staff provided an interview on WMUK radio on January 20, 2020. To help ensure a deep candidate pool, the Kalamazoo Community Foundation also made outreach efforts by sharing the City’s news release with over 120 different area organizations including neighborhood associations, local, education institutions, nonprofit organizations and faith communities.

These efforts resulted in the submission of 23 completed applications for the open seat (compared to 35 completed applications submitted for the previous housing sector application cycle). Applications were received from across the community, with applicants representing the sector at both the leadership and grassroots levels, from inside and outside the City limits, a variety of education levels and income brackets, different religious backgrounds, and other varying identities.

## SECTOR INPUT

In keeping with the expectation set forth in the FFE Bylaws, representatives of the Housing Stakeholder Group were convened to review the applicants. Key representatives from each sector were invited to participate (Instructions - Attachment C). This year we consulted with 5 representatives, allowing for candid, robust input (7 representatives participated in the previous housing sector review). A challenge to finding a large stakeholder group resulted from so many individuals being applicants themselves or close affiliates of applicants. This will be taken into consideration in future years.

After reviewing the applications, the sector reviewers were invited to a facilitated meeting to discuss the applicants, to provide additional first-hand information about candidates, and to begin to prioritize the top candidates. Following the meeting, each reviewer identified their top two candidates through an online ranking tool. Through the discussion in the meeting and the ranking tool, a clear preference emerged to recommend for the Housing Sector.

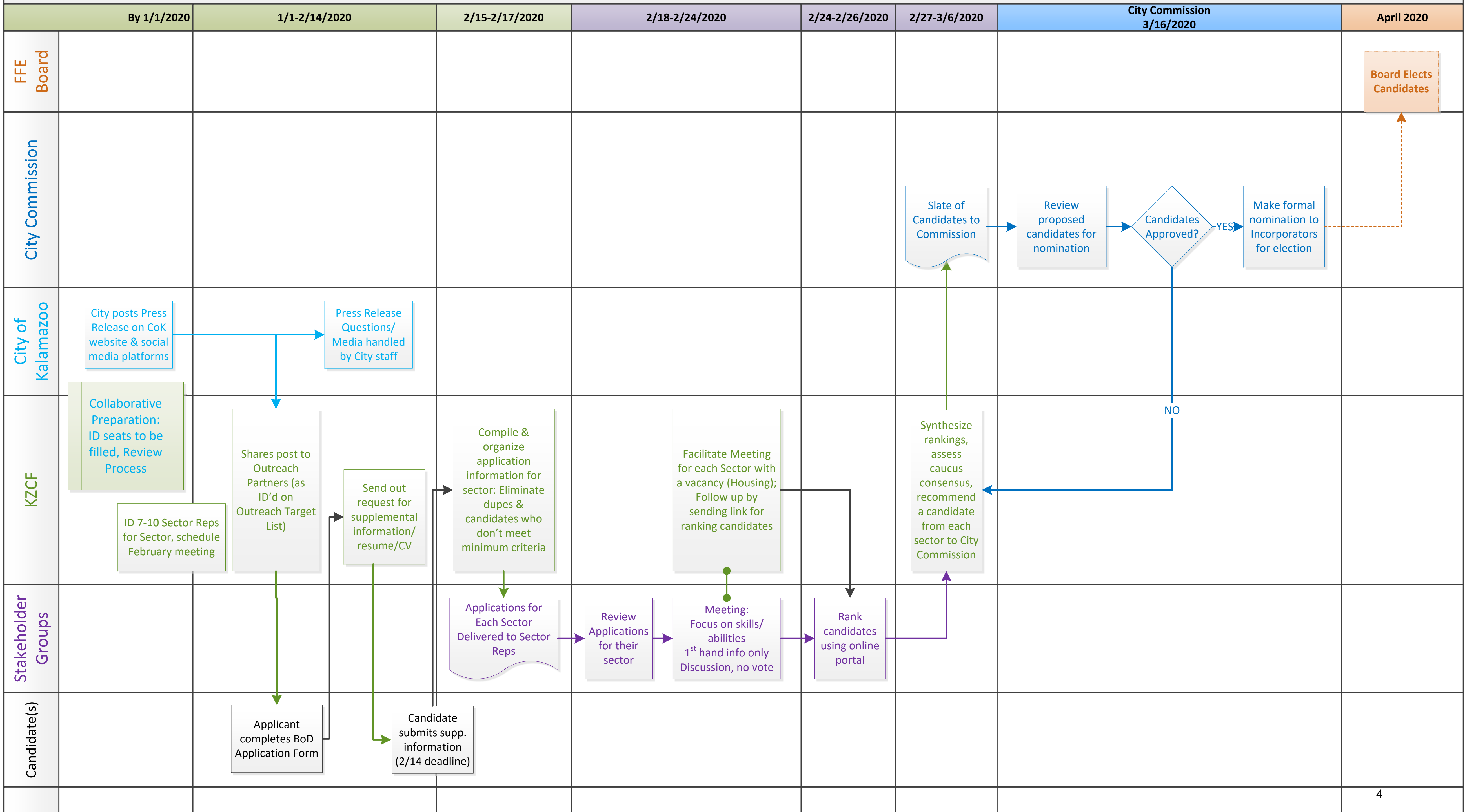
## DEVELOPMENT OF FINAL SLATE

The final step in the process is to consolidate the information gleaned from the sector reviewers to ensure the final recommendation preserves a broadly diverse and skilled Board of Directors. A team of Kalamazoo Community Foundation staff with broad knowledge and networks within the community was convened to utilize their expertise to review the final slate. In addition to this expertise, the team was selected to ensure diversity in perspectives across gender and race. The team reviewed the composition of the board with a lens for equity, diversity, skills, and sector representation. The experience, diversity, and analysis provided by this process, assisted in the delivery of the desired product – the recommended candidate ensures a well-balanced Board of Directors.

## AFTER ACTION REPORT

Following the completion of the application and review processes, participants will be invited to offer feedback on the experience to assist with process improvement for future recruitment efforts. Results of this feedback will be made available to the City Commission at a later date.

# Foundation for Excellence (FFE) Board of Directors Identification & Selection Process



# *Foundation For Excellence*

**BOARD OF DIRECTORS:** The Foundation For Excellence (FFE) Board of Directors represents and serves the public trust to ensure that the organization carries out the purposes for which it was established in a legal, ethical, and accountable fashion, thereby filling a critical link between the City of Kalamazoo and the Foundation. The FFE's work will align with the goals and objectives of the Imagine Kalamazoo 2025 Strategic Vision and Master Plan, the Shared Prosperity Kalamazoo plan, and the City of Kalamazoo. The City Commission is where all authority resides unless otherwise delegated to the FFE Board of Directors.

**DIRECTOR RESPONSIBILITIES AND LEADERSHIP ATTRIBUTES**

The Foundation For Excellence seeks to create an environment that allows for full activation of the talents and attributes that board members bring to the table. In addition to executing the duties and responsibilities for the role, board members have the opportunity to contribute their unique capabilities for maximum community impact.

**Engage as a team member-** contribute to the Board's efforts as a member of a high functioning team, by being accountable, direct and committed.

- Listen respectfully to all points of view, actively communicate, identify and consider risks and strive for effective decisions.
- Periodically conduct Board evaluation.

**Contribute Knowledge-** contribute a unique perspective to the breadth of knowledge that the Foundation For Excellence has at its disposal. The knowledge from directors and volunteers helps us widen that base of knowledge.

- From time to time extend learning through attendance at in-service workshops and Conferences.
- Apply broad community knowledge and represent the Foundation to the general public and to the business, corporate and non-profit communities.

**Engage in Action** - Come prepared for discussion and be willing to take personal action, in appropriate areas, willing to carry the work forward.

- Regularly attend Board, standing and ad-hoc committee meetings, retreats and work sessions.
- Review all agenda material in advance of the meeting to be well informed on issues.
- Respect and support all actions of the Board and maintain confidentiality. Confidential information will not be used for personal purposes or transmitted to others except in the course of a board member's duties on behalf of the Foundation For Excellence.

**Be Visionary-** contribute to the governance of the organization with a vision for the future.

- Establish and support the vision, mission, guiding principles and values, strategic direction, and policies for the Foundation.
- Become acquainted with the Foundation For Excellence concept, its legal basis, and function.

**Support the Leadership -** honor the roles of the governance board and the staff leadership, providing support to the City Manager and the leadership team through actions appropriate for volunteers.

- Meet the obligation of legal, fiduciary, and fiscal oversight responsibilities of a director.

- Assure compliance with state and federal regulations and laws.
- Make all decisions pursuant to founding documents, bylaws and established policy.
- Ensure adequate resources exist to carry out the strategic direction.
- Select, employ, provide specific expectations, conduct regular evaluations and determine compensation of the President/CEO, as needed.
- Delegate authority for organizational leadership and management to the President/CEO.

**Analyze at systemic and strategic levels-** Contribute to the Board's discussions by serving as a critical thinker, looking a long-term benefits and risks, provide focus and reflection on specific board level goals.

- Establish performance standards and evaluate the performance of the Foundation For Excellence.

**Demonstrate Strong Character-** in leadership thought and action, consistently display integrity credibility, courage and a commitment to the values of the Foundation For Excellence.

- Conduct affairs ethically and avoid real or perceived conflicts of interest.
- Meet the obligations of duty, care, loyalty and candor.
- Monitor compliance with the organization's principles and polices and ensure the Board, individual members and the President/CEO collectively are held accountable for their performance.

**Apply and Equity Lens –** Value diverse perspectives, deepen understanding of the impact of racism, classism, etc., and assess challenges and opportunities with a specific focus on those most impacted by systemic barriers.

- Acknowledge personal limitations and grow your own awareness, understanding and competencies in the area of diversity, inclusion, and equity.

**Activate Personal Networks** - Bring to the table broad and diverse relationships that complement the existing relationships at our disposal. Be willing and effective at making introductions that expand quality relationships for the Foundation For Excellences goals.

- Introduce staff to prospective donors, open doors to secure major gifts and consider making a personal provision to the Foundation.

**Use influence as appropriate-** serve as a civic minded leader, using personal influence to inspire positive community change.

**Tolerate Risk-** The Foundation For Excellence will at times need to take bold positions. The Board will engage in a risk/benefit analysis and make appropriate decisions.

- Explore innovative approaches to the Foundation's governance structure and operations and assess its strengths and weaknesses to build on the leadership of the Foundation.
- Always look toward the future, but have an appreciation of the past in advancing the Foundation's purpose.

# Foundation for Excellence

Applications for the Housing Sector Stakeholder Director Seats will be accepted **until 11:59PM ET, February 14, 2020.**

***We seek to engage organizations that are headquartered in, significantly located in, or overwhelmingly active within Kalamazoo City limits. We respect and promote the diversity that exists in our community through a policy of inclusiveness where all persons are treated fairly regardless of their differences or inclusion in any of the following classifications: age, ancestry, citizenship, color, disability, ethnicity, familial status, gender identity, genetic information, height, marital status, national origin, pregnancy, race, religion, sex/gender, sexual orientation, veteran status, and/or weight.***

## Housing Sector Stakeholder Application

***First, please tell us about YOU, the potential member of the Board of Directors for the Foundation for Excellence.***

**Contact Information:**

Your First Name:______________________________ Your Last Name: ________________________________________

Street Address:______________________________ City, State Zip: ________________________________________

City of Kalamazoo Resident? o Yes o No *(answering "no" does not bar you from consideration)*

Best Daytime Phone:______________________________ Email: ________________________________________

***Next, tell us about yourself and why you should be considered to represent your sector as a member of the Board of Directors:***

(*The questions here provide a brief introduction to who you are and why you are interested in this position. You are encouraged to submit a resume, CV, or other supplemental information along with your application to help us get to know you better.)*

**Sector Information:** Employer:__________________________________________Position/Title: __________________________

**Skills and Experience**:

The Foundation for Excellence will provide funding to stabilize the City of Kalamazoo's budget, lower its tax rate, and pursue aspirational community projects with the stated goal of continuing this work in perpetuity.

Please indicate skills or experience you can contribute to help the Board to achieve these priorities with a needed emphasis on your experience in housing or housing-related topics:

- ☐ Governance/Board Administration
- ☐ Finance
- ☐ Anti-Poverty Strategies
- ☐ Knowledge of this Community
- ☐ Economic Development
- ☐ Other: ______________________
- ☐ Community Development
- ☐ Youth Development
- ☐ Fundraising/Fund Development
- ☐ Job Training or Placement
- ☐ Neighborhood Improvement

Please describe the skills and experience you indicated above:

________________________________________________________________________________

________________________________________________________________________________

________________________________________________________________________________

________________________________________________________________________________

________________________________________________________________________________

________________________________________________________________________________

*We encourage you to submit your resume, CV, or other supplemental information along with your application to help us get to know you better.*

**Demographic Information:**
The Foundation for Excellence is committed to maintaining a Board of Directors with diverse perspectives and abilities. Therefore, we invite you to share, to your comfort level, how you identify in the following areas:

| Household Income *(circle range)* | Education *(circle highest level completed)* |
|---|---|
| Under $35,000 | No High School Diploma |
| $35,000-$50,000 | High School Diploma/Equivalent |
| $50,000-$75,000 | Trade/Vocational School |
| $75,000-$100,000 | Some College/No Degree |
| $100,000-$250,000 | Associates Degree |
| Over $250,000 | Bachelors Degree |
| | Master's Degree |
| | Doctorate |

Age______________________________

Race/Ethnicity______________________________

Marital/Family Status ______________________________

Gender Identity ______________________________

Veteran Status (y/n) ______________________________

Sexual Orientation ______________________________

Religious Affiliation ______________________________
*(If any)*

Are there other ways you could bring a diverse perspective to this Board of Directors? If so what are they?

____________________________________________________________
____________________________________________________________
____________________________________________________________
____________________________________________________________
____________________________________________________________

The Foundation for Excellence has contracted with us, the Kalamazoo Community Foundation, as a Governance Facilitator, responsible for the coordination, identification, and selection of persons as Stakeholder Directors to be recommended to the City Commission for nomination.

The Kalamazoo Community Foundation is the sole owner of the information collected on this form. We only have access to/collect information that you voluntarily give us through this tool, email or other direct contact from you.

We will not sell or rent this information to anyone.

We will not share your information with any third party outside of our organization, other than as necessary to complete the identification, selection, and nomination process as outlined in the Articles of Incorporation of the Foundation for Excellence.

**By submitting this form, you give the Kalamazoo Community Foundation permission to use the information you share with us to facilitate the nomination and selection process for the Board of Directors of the Foundation for Excellence as outlined above.**

Signature:________________________________________ Date: ____________________

**When complete, please return to:**

**FFE Governance Facilitator**

Kalamazoo Community Foundation
c/o Sue Bos
402 E. Michigan Ave.
Kalamazoo, MI 49007

*Questions? Sue Bos, 269-381-4416 or sbos@kalfound.org*

## SECTOR REVIEWER PARTICIPATION INSTRUCTIONS

1) **February 17, 2020 –** Information Packets emailed to Sector Representatives, including:
   a. Overview of Stakeholder Director Responsibilities and Characteristics
      *This should help you have a more robust understanding of what the Stakeholder Director Position entails*
   b. Confidentiality Policy
      *We will ask you to read and agree to abide by this policy to help ensure the confidentiality of this process*
   c. Conflict of Interest Policy
      *We understand that as leaders in your sector, it is likely you have relationships of varying degrees with several of the applicants up for review. We will ask you to read and agree to abide by this policy to help ensure we avoid conflicts of interest in the process*
   d. Application Materials
      *These are applications from candidates who would like to be considered for this position. Reviewing these applications and providing input is the most important part of your role (more on that below)*

2) **February 17-22, 2020 –** Sector Representatives Complete an Independent Review:
   a. We ask that you read over each application and any supplemental materials (bio, resume, etc.) that were submitted by the applicant.
   b. As you review, please make a note of:
      i. Questions left unanswered by the materials
      ii. Concerns raised in the reviewing process
      iii. Helpful insights or comments that may benefit other reviewers (please only use FIRST HAND knowledge – not hearsay or information you heard from someone else.)

3) **By Noon, Sunday, February 23 –** Help us prioritize our time together by completing the online Conversation Priority Tool:
   a. Note any candidates for which you have a Conflict of Interest
   b. Note the candidates you feel are most important to discuss with the group due to questions, concerns, or valuable information to share.
      ***NOTE: It is possible we will not have time to discuss each candidate in depth.***

4) **10:00am, Monday, February 24 – Collaborative Review at the Kalamazoo Community Foundation:** Please arrive 5-10 minutes early for our conversation. It may be helpful to have the application materials and any notes handy to reference during the meeting, but I will also be able to project the applicant information onto the video screen.

5) **By 5pm, February 26 -** Complete the final Candidate Ranking Tool online
   a. This tool will allow you to choose your top 2 candidates, as well as add any notes or comments on other applicants. This information will help consolidate input from the sector representatives while considering the composition of the existing board to recommend nominees to ensure a balance of skills and perspectives is maintained.

We hope this whole process will take you about 2-3 hours over the next 2 weeks. We are immensely grateful for your willingness to support this process and the perspectives and insights you can share in helping to narrow this pool of candidates. If you have any questions, please don't hesitate to ask. My goal is to make this process as painless as possible for you – please let me know how I can help.

KALAMAZOO Community FOUNDATION

**MEMORANDUM**

**DATE:** March 5, 2020

**TO:** Kalamazoo City Commission

**FROM:** Carrie Pickett-Erway

**SUBJECT:** Recommended Candidate for Nomination to the Foundation for Excellence Board of Directors

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As the contracted Governance Facilitator for the Kalamazoo Foundation for Excellence (FFE), the Kalamazoo Community Foundation (KZCF) is happy to present the candidates recommended for nomination or re-appointment to fill the vacancies on the FFE Board of Directors. Below you will find a brief description of each candidate and the rationale for their selection. In addition, attached to this memo are the application materials submitted by these candidates.

## OVERALL COMPOSITION

The overarching goal of the Governance Facilitator role is to deliver recommendations for candidates to the FFE Board of Directors which will be well-positioned and well-suited to the essential governance work of the FFE. To achieve this, the overall composition of the board must continue to include a variety of skills and expertise, diverse perspectives, and strong representation of the key sectors of the City of Kalamazoo identified within the FFE Bylaws (see below).

The re-appointment of four current Directors and the appointment of one new candidate preserve this balance. In addition to the broad skillsets represented by the existing members, the new candidate brings additional expertise and diversity of perspectives. A chart highlighting the demographic information and expertise is included in the Recommended Slate Matrix (Attachment D).

As outlined in the FFE Bylaws, the inaugural slate of Stakeholder Directors was split into groups of one-, two-, and three-year terms to ensure one-third of the General Directors will have terms expiring each year. This year and for all future years, appointments will generally be for full, three-year terms. The FFE Bylaws also state that those appointed to initial one- or two-year terms are eligible for reelection to two additional three-year terms (beyond their initial partial term) before maxing out the "two (2) consecutive three-year terms" limit. Therefore, the class elected in 2020 will serve June 1, 2020 – May 31, 2023 and all four candidates, if elected, will be eligible for re-appointment in 2023. The Housing Director, if elected in this class as well, will be eligible for re-appointment in 2022. For a full picture of the term schedule, please refer to the Gantt Chart (Attachment E).

## RELEVANT SECTOR DESCRIPTIONS (from FFE BYLAWS)

Affinity Organizations (NPO) – *from a group of persons representing nonprofit organizations whose mission or purpose is to advocate for and/or provide supportive services to local families and individuals*

Arts Community – *from the local arts community shall be drawn a local nonprofit art, music or performing arts organization.*

Business/Banking – a respected business *person whose principle place of business is located in the City of Kalamazoo. Preference shall be given to someone involved in banking and financial institutions that have a significant corporate presence in the City of Kalamazoo, which may include national banks, state chartered banks, state chartered trust banks and credit unions.*

Housing – from nonprofit and for-profit entities whose core function or purpose is the provision of affordable housing.

Neighborhood – *persons living in three neighborhoods in the City of Kalamazoo with an organized neighborhood association. Best efforts shall be made to seek stakeholders from the various neighborhoods on a revolving basis, with priority given to those neighborhoods where at least 51% of households have incomes at or below 80% of the area median income. No organized neighborhood associations shall have more than one (1) representative on the Board at one time.*

## RECOMMENDED CANDIDATES FOR RE-APPOINTMENT

*(Complete application materials for each candidate are found in Attachment F)*

**AFFINITY ORGANIZATIONS (NPO) SECTOR – Charlene Taylor (re-appointment)**
**Key Competencies Reported:** 10/10 **Sector Ranking:** Overall Top Ranked

In 2019, Ms. Taylor received the highest ranking among nonprofit sector leaders by a clear margin. Ms. Taylor was appointed in 2019 to complete the unexpired term of Mia Henry through May 31, 2020. She is willing and able to continue in this role. Reports of her tenure with the board are positive, her colleagues support her continuing service, and City staff and sector leaders support her re-appointment for a full three-year term.

**ARTS COMMUNITY – Alisa Carell (re-appointment)**
**Key Competencies Reported:** 6/10 **Sector Ranking:** Overall Top Ranked

Received the highest ranking from the sector leaders. Ms. Carell was appointed to her inaugural term in January 2018. She is willing and able to continue in this role. She has been an active and productive participant on the Board of Director. Her colleagues support her continuing service, and City staff and sector leaders support her re-appointment for a full three-year term.

**BUSINESS/BANKING SECTOR – Adam McFarlin (re-appointment)**
**Key Competencies Reported:** 2/10 **Sector Ranking:** Overall Top Ranked

Mr. McFarlin received the highest ranking from sector leaders. Mr. McFarlin was appointed to his inaugural term in January 2018. He is willing and able to continue in this role. Reports of his tenure with the board are positive. His colleagues support his continuing service and City staff and sector leaders support his re-appointment for a full three-year term.

**NEIGHBORHOOD SECTOR – Alice Taylor (Northside) (re-appointment)**
**Key Competencies Reported:** 1/10 **Sector Ranking:** Ranked in Top 5

Ms. Taylor was appointed to her inaugural term in January 2018. She is willing and able to continue in this role. Ms. Taylor has been an active and productive participant on the Board of Directors. Her colleagues support her continuing service and City staff and sector leaders support her re-appointment for a full three-year term.

## RECOMMENDED CANDIDATE FOR APPOINTMENT

*(Complete application materials for each candidate are found in Attachment G)*

**HOUSING SECTOR – Stephanie Hoffman (appointment to fill unexpired term)**
**Key Competencies Reported:** 4/10 **Sector Ranking:** Overall Top Ranked

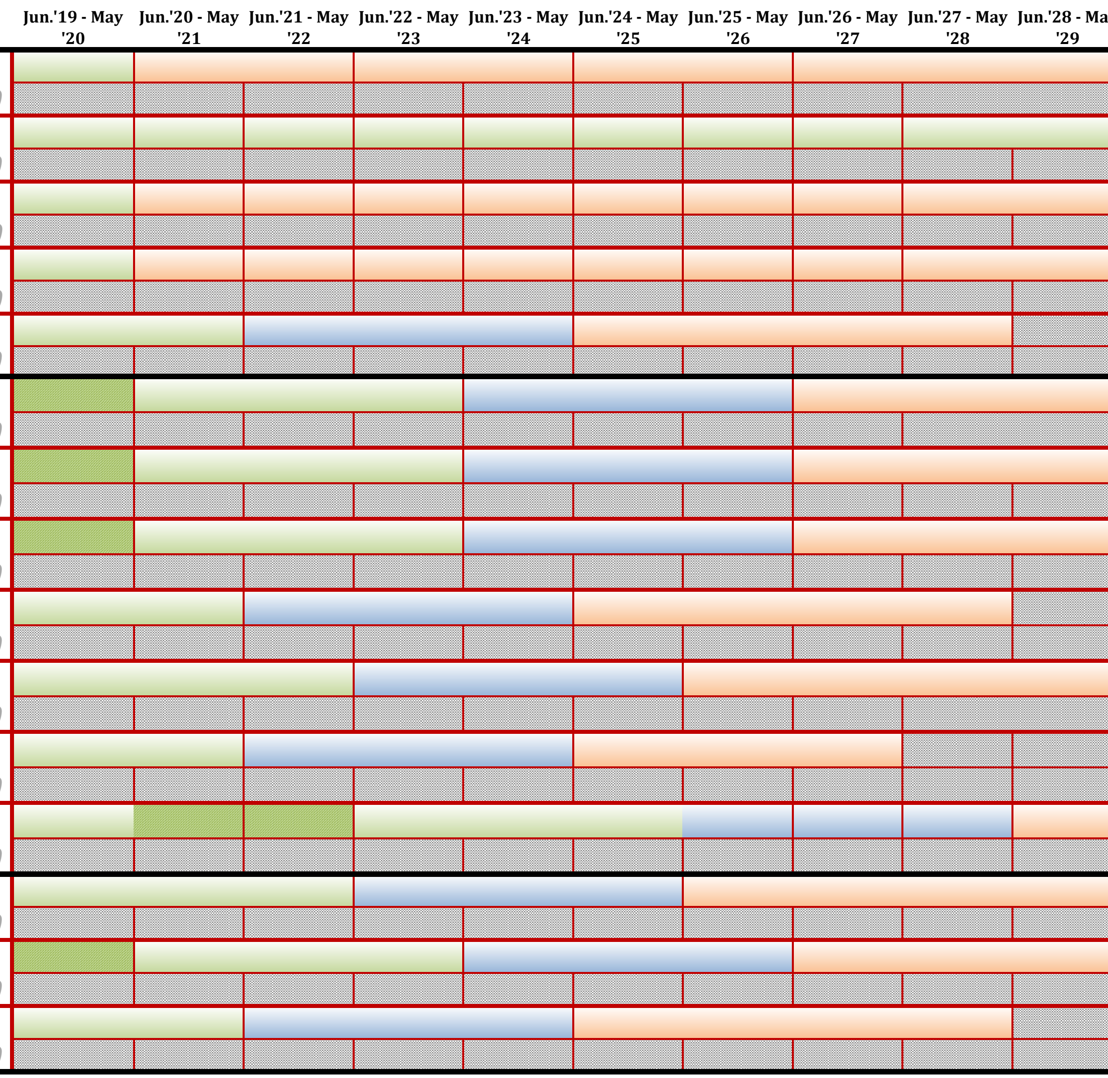
Ms. Hoffman received the highest ranking from sector leaders. Ms. Hoffman is consistently in the community partnering with leaders, agencies and everyday people. She is an advocate on the structural/development side of housing. Ms. Hoffman is recommended for appointment to fill the unexpired term of JoVaughn Head through 5/31/2022 and will then be eligible for re-appointment to two additional full, three-year terms.

| Resident of COK | governance/Board Administration | Finance | Anti-poverty strategy | Community Knowledge | Economic Development | Community Development | Youth Development | Fundraising/Fund Development | Job Training/Placement | Neighborhood Improvement | Other | Age | Race/Ethnicity | Marital/Family Status | Gender Identity | Sexual Orientation | Education Level | Income | Veteran Status | Religious Affiliation (if any) | Other Diverse Perspective |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Y | X | | | X | | X | | X | | X | X | 45-54 | Caucasian | Single | Female | Heterosexual | Master's Degree | $50,001-$75,000 | No | Christian | Hearing Disabled |
| Y | X | | | | | | | X | | | | >35 | Caucasian | Single/No kids | Male | Heterosexual | Master's Degree | $50,001-$75,000 | No | N/A | |
| N | X | | X | X | X | X | X | | | | | 45-54 | African American | Married | Male | Heterosexual | Master's Degree | $100,001-$250,000 | No | Non Denomnational | |
| N | X | | X | X | X | X | X | X | | | | 35-44 | African American | Married w/ Children | Female | Heterosexual | Doctorate | $100,001-$250,000 | No | Christian - Baptist | |
| Y | X | | | X | X | | X | X | | | | 64-74 | White | Married | Female | | Bachelor's Degree | $100,001-$250,000 | No | Methodist | |
| Y | | | | X | | | | | | | | 55-64 | African American | Single | Female | | Associate's Degree | $35,001-$50,000 | No | Galilee Baptist Church | |
| Y | | | | X | | X | | X | | | X | 35-44 | Hispanic | Single | Female | Straight | Associate's Degree | Under $35,000 | No | Catholic | |
| Y | X | | | | | X | | X | | | | 35-44 | white | Married (2 young children) | cis woman | heterosexual | Master's Degree | $75,001-$100,000 | No | Unitarian Universalist | |
| Y | X | X | X | X | X | X | X | X | X | X | X | 64-74 | African American | Single | female | heterosexual | Bachelor's Degree | $35,001-$50,000 | No | Baptist | |
| Y | X | | X | X | | | | | | | X | 45-54 | African American | Committed | Female | Straight | Some College/No Degree | $75,001-$100,000 | Y | Christian | |

*yellow highlight indicates proposed new or reappointed candidates*

| Demographic Diversity: | Proposed Slate of Stakeholder Directors | City of Kalamazoo |
|---|---|---|
| City Residency | Eight City Residents, Two outside City Limits (All Five City Directors are all City Residents - the minimum of nine is met) | Not applicable |
| Age: | One Millenial, Six GenX, Three Baby Boomer | Millenial (35%), GenX (19%), Baby Boomer (14%) |
| Race: | Four White/Six People of Color, three races/ethnicities represented | White (68.1%), Afr. Amer. (22.2%), Latino (6.4%) |
| Family Status: | Four Married, Six Not Married, Both with and without children | Married Households (26.1%), Single (73.9%) Households with own children under 18 (23.3%) |
| Gender: | Two Men, Eight Women (City Directors: Four Men, One Woman) - the total balance is 6 men/9 women) | Male (49.3%), Female (50.7%) |
| Sexual Orientation: | Eight identify as straight, none identify as LGBTQ, two did not answer | not available |
| Education: | One Some College/No Degree, Two Associate's Degrees, Two Bachelor's, Four Master's, One Doctorate | High Sc./Some College (47.9%), Assoc. (9.1%), Bach'r. (18.6%), Mast. or higher (14.8%) |
| Income: | Spanning from under $35,000/yr to over $100,000/yr | Household: <$35k (22%), $35k-$50k (15%), $50-$75k (23%), $75-$100k (16%), $100k+ (24%) |
| Veteran Status: | One veteran, Nine non-veterans | Veteran (10.9%), Nonveteran (89.1%) |
| Religious Background: | Eight Christians of different backgrounds, One Unitarian, one non-identified | not available |
| Physical Ability: | One hearing disabled (not deaf) | able bodied (86.2%),differently abled (13.8%) |
| Neighborhoods | Edison*, Oakland/Winchell, and Northside* *(Also Residents from:Parkview Hills, Arcadia, West Main Hill)* *Priority Neighborhoods, per FFE Bylaws | not available |

| Group | # | Seat | Director Type | Term |
|---|---|---|---|---|
| Commission Appointees | 1 | **Mayor: David Anderson** | *Ex Officio Director* | *(term of office)* |
| Commission Appointees | 2 | **Manager: Jim Ritsema** | *Ex Officio Director* | *(as long as holds position)* |
| Commission Appointees | 3 | **Commissioner: Jeanne Hess** | *Commission Director* | *(6/1/19 - may not exceed elected term)* |
| Commission Appointees | 4 | **Commissioner: Jack Urban** | *Commission Director* | *(6/1/19 - may not exceed elected term)* |
| Commission Appointees | 5 | **Commissioner: Nathan Dannison** | *At-Large City Director* | *(1/2/18-6/1/21)* |
| Sector Representatives | 6 | **Affinity Org (NPOs): Charlene Taylor** | *Stakeholder Director* | *unexpired term: (1/2/18-5/31/20)* |
| Sector Representatives | 7 | **Arts Community: Alisa Carell** | *Stakeholder Director* | *(1/2/18 - 5/31/20)* |
| Sector Representatives | 8 | **Business/Banking: Adam McFarlin** | *Stakeholder Director* | *(1/2/18 - 5/31/20)* |
| Sector Representatives | 9 | **Education: Von Washington, Jr.** | *Stakeholder Director* | *(1/2/18-5/31/21)* |
| Sector Representatives | 10 | **Faith Based Organizations: Rachel Lonberg** | *Stakeholder Director* | *(6/1/19 - 5/31/22)* |
| Sector Representatives | 11 | **Healthcare: Angela Graham-Williams** | *Stakeholder Director* | *(1/2/18 - 5/31/21)* |
| Sector Representatives | 12 | **Housing Sector: Vacant** | *Stakeholder Director* | *unexpired term:(6/1/19 - 5/31/22)* |
| Neighborhood | 13 | **Neighborhood 1: Sandra Calderon-Huezo (Edison)** | *Stakeholder Director* | *(6/1/19-5/31/22)* |
| Neighborhood | 14 | **Neighborhood 2: Alice Taylor (Northside)** | *Stakeholder Director* | *(1/2/18-5/31/20)* |
| Neighborhood | 15 | **Neighborhood 3: Barbara Miller (Oakland/Winchell)** | *Stakeholder Director* | *(1/2/18-5/31/21)* |




**Key:**

**Initial Partial or Unexpired Term** — ****does not count towards term limit****

**First Full Term**

**Second Term (Term Limited)**

**Successor Term**

Annual Meeting Reappoint/Replace:

**2020** Seats #6, #7, #8, #14

**2021** Seats #5, #9, #11, #15

**2022** Seats #10, #12, #13

City of Kalamazoo
Foundation For Excellence

# FFE Board of Directors Application

**First Name:** Stephanie **Last Name:** Hoffman

**Address:** [redacted]
**Phone Number:** [redacted]
**Email:** [redacted]

**City Resident:** Yes

**Employer:** Open Doors Kalamazoo **Position/Title:** Executive Director

**Skills/Experience:**
- Governance/Board Administration
- Anti-Poverty Strategies
- Knowledge of the Kalamazoo Community
- Affordable housing with a supportive services component

**Please describe the skills and experience indicated above:** In the past several years I have sat on the boards of Restore Ministries (Prison-Reentry program), the Douglas Community Association (Youth-focused), Fair Housing Center of SW Michigan (Advocacy), and the ISAAC Housing Task Force (Co-Chair). In those roles, there have always been common themes in addressing barriers in each organization-housing is the number one issue. I have been able to not only learn but also bring knowledge necessary to advance thinking as it pertains to the board's role and ways to influence and govern within the organization. I believe it is the board's responsibility to bring positive change to our community within the respective organizations. Being able to talk openly about equity, justice, and inclusion has been key to shifting the paradigm in thinking. As deputy director, then executive director of a non-profit, I have had the privilege of designing and implementing supportive services programming that changed the trajectory of many families and individuals, by building intentional relationships based on the family/individual's dreams and aspirations. At Open Doors we understand the power of relationship and one's ability to transcend personal and generational issues with support.

**Age:** [redacted]
**Race/Ethnicity:** [redacted]
**Marital/Family Status:** [redacted]
**Gender Identity:** [redacted]
**Sexual Orientation:** [redacted]
**Education Level Completed:** [redacted]
**Other:**
**Household Income:** [redacted]
**Veteran Status:** [redacted]
**Religious Affiliation:** [redacted]

**Other ways to bring diverse perspective:** I come with a host of identities that enables me to bring a diverse perspective to the Board of Directors. I am a single black female, who served proudly in the U.S. Army honorably. I grew up in a single-parent household with a strong, independent mother. I know personally, the woes families and individuals experience due to not having enough income and access to resources. Many would consider my family growing up as "poor." When using terms like this to describe others, it connotes an individual is somehow deficient in their being. I have the ability to bring personal and professional experience to the Board that would have the potential of changing how we as a society view our fellow brothers and sisters.

**Grant permission:** I grant permission to the Kalamazoo Community Foundation to use and share the information I have provided as necessary to complete the identification, selection, and nomination process for the Board of Directors as outlined in the Articles of Incorporation of the Foundation for Excellence.

| |
|---|
| Date: **4/27/2020 FFE**<br>Item: **D.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 27, 2020

**SUBJECT:**

Renew Endowment Investment Consultant Agreement

**RECOMMENDATION:**

It is recommended that the Board approve a renewal of the Merion Capital LLC endowment investment consulting contract for a term of three years, ending 12.31.2022, pay the contract from the endowed funds and recommend to City Commission that the $180,000 agreement expense in the 2020 FFE budget be reallocated to COVID-19-response.

**BACKGROUND:**

**Background**
The Merion Capital LLC endowment investment consulting agreement proposed for renewal continues unchanged from the initial one-year agreement approved by the FFE Board at its April 2019 annual meeting. In the time since that approval, Merion Capital has been instrumental in aiding City staff in the overall project of establishing the administrative, governance, and compliance framework of the FFE endowment fund, and in seeding its first significant investments in 2020.

As part of this renewal, and since funds are now available in the endowment to do so, staff recommends that this agreement now be paid directly from the endowment instead of through the annual allocation to the City.

**Reallocation**
Staff continue to track the increasing and complex needs in our community related to COVID-19. Staff anticipate needing to realign resources with those needs this year pending the approval of the City Commission.

**STRATEGIC VISION ALIGNMENT:**

**FISCAL IMPACT:**

The FFE 2020 budget allocation to the City of Kalamazoo contains $180,000 under Good Governance for the cost of the endowment investment consultant agreement with Merion Capital LLC. The anticipated establishment of the endowment fund since the passage of that budget allocation now makes it possible to transition those costs to the endowment where they belong moving forward.

# INVESTMENT CONSULTANT AGREEMENT

between

KALAMAZOO FOUNDATION
FOR EXCELLENCE

and

MERION CAPITAL LLC

January 1, 2020

This is a renewal Agreement
Original Agreement dated April 22, 2019

Attachments are integral parts of the Agreement
Attachment A: Scope of Services
Attachment B: Fee Structure

# INVESTMENT CONSULTANT AGREEMENT

THIS AGREEMENT is made [Enter Date] , between the KALAMAZOO FOUNDATION FOR EXCELLENCE, A Michigan Nonprofit Corporation, of 241 West South Street, Kalamazoo, MI 49007 ("Client") and MERION CAPITAL LLC, a Michigan limited liability company, of 3020 Brandywine Road, Kalamazoo, Michigan 49008 ("Consultant").

## Background

Client desires to contract for services in the area of investment consulting, and Consultant is willing to provide such services. Client has created the Investment Subcommittee of the Kalamazoo Foundation for Excellence ("FFEIS"), which shall select consultant and shall oversee services provided by Consultant.

1. Duties of Consultant. Consultant agrees to provide the services set forth in Attachment A, Scope of Services, attached hereto. The services to be provided by Consultant shall be provided by Chris C. Ruppel on behalf of Consultant or such other person as may be approved by the Client.

2. Reports. Consultant shall submit reports to the FFEIS as set forth in Attachment A, Scope of Services. At the FFEIS's request and at mutually agreed upon times, Consultant shall meet with the FFEIS to review investment performance. Consultant shall be available to answer questions by FFEIS members and client staff from time to time as needed without additional charge.

3. Authority to Direct Consultant Activities. Upon execution of this Agreement, the FFEIS shall provide Consultant with a list of Authorized Persons who will be permitted to advise, inform, and direct Consultant on the Client's behalf. The list of Authorized Persons and any changes to such list shall be made in writing to Consultant and signed by the FFEIS's Chairman or the Chairman's designee. Until notified of any change, Consultant may rely on and act upon instructions and notices received from an Authorized Person identified on the then current list furnished by the FFEIS.

4. Changes in Work. In the event the FFEIS requires a major change in scope, character, or complexity of the work after the work has progressed, the FFEIS shall so authorize in writing, subject to Consultant's approval. If that change in scope requires a

change in compensation, the parties shall agree on such change and it shall be set forth in writing signed by Consultant and the Client. No claim for additional compensation shall be made by the Consultant in the absence of such a signed writing.

5. Compensation. Consultant's annual compensation for services shall be billed in quarterly increments as specified in Attachment B, Compensation, attached hereto. Michigan law requires that Consultant shall not be compensated on the basis of a share of capital gains upon or capital appreciation of funds or any portion of the funds of Client.

6. Duration and Termination. This Agreement shall be for a period of 3-years ending December 31, 2022 and may be renewed for successive 3-year periods with mutual agreement of all parties. Notwithstanding the foregoing, this agreement may be terminated at any time by either party in accordance with the following: (a) by the Client upon written notice to Consultant; or (b) by Consultant at any time, without penalty, upon thirty (30) days prior written notice to Client. Consultant's fees will be prorated to the date of termination. Consultant has no termination or other back-end load charge. Upon termination of this Agreement, Client acknowledges that Client's account may incur fees or charges by third parties (other than Consultant) for closing out investments, backend loads or other expenses. The consulting fee shall be reviewed at the end of the first year of the Agreement, and subsequently at the request of either party.

7. Liability of Consultant. Consultant shall exercise its discretion in making decisions within the authority conferred upon it under this Agreement based upon information and data that is from time to time in its possession. Consultant shall endeavor to receive such information on data from sources which are considered reliable, but Consultant does not guaranty the accuracy of such information. Except for negligence or misconduct or violation of applicable law, neither Consultant nor any of its officers, managers or employees shall be liable for any action performed or permitted to be performed or any errors of judgment in providing the services of this Agreement. Consultant shall make a good faith effort to require brokers, dealers and investment advisers selected to effect any transactions affecting Client's account to perform their obligations properly, but Consultant's liability for improper actions of any broker, dealer, custodian or investment adviser of the account is limited by the standards described in federal securities laws. Federal securities laws impose liabilities under certain circumstances on persons who act in good faith, and therefore nothing herein shall in any way constitute a waiver or limitation of any rights which the Client may have under any federal securities laws.

8. Standard of Care. The sole standard of care imposed upon Consultant by this Agreement is to act with the care, skill, prudence, and diligence then prevailing under the circumstances that a prudent person acting in a like capacity and familiar with such matters would use in conducting an enterprise of like character and with like aims. In connection

therewith, Consultant shall exercise its discretion in making recommendations based upon information and data that is from time to time in its possession. Consultant shall endeavor to receive such information and data from sources which it considers reliable, but it does not guaranty the accuracy of such information.

9. Confidentiality. All information and advice furnished by either party to the other under this Agreement shall be treated as confidential and shall not be disclosed to third-parties except as required by law.

10. Benefit and Assignment. This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective successors, assigns, heirs and legal representatives. No assignment of this Agreement, as the term "assignment" is defined in the Investment Advisers Act of 1940, shall be made by Consultant without the written consent of Client.

11. Non-Exclusive Contract. The Client acknowledges that Consultant is acting as an investment advisor to other clients and nothing in this Agreement shall restrict Consultant's right to render investment advice or other services to others. The Client understands that Consultant may give advice and take action with respect to other clients which may differ from the advice given to the FFEIS or the timing or nature of action taken with respect to the account.

Consultant or its managers, officers or employees may, from time to time, recommend to the FFEIS to buy or sell securities that are also recommended to clients, and its managers, officers and employees may maintain accounts with Consultant. Consultant has adopted the written policy that transactions for clients have priority over personal transactions of Consultant or its officers, directors or employees, and personal transactions shall not operate adversely to the interests of any client.

12. Representations. Consultant represents that it is registered as an investment advisor with the Securities and Exchange Commission under the federal Investment Advisers Act of 1940. Client represents that the employment of Consultant is authorized by the governing documents relating to the account and that the terms of this Agreement do not violate any obligation by which Client is bound, whether arising by contract, operation of law or otherwise. Client further acknowledges that it has received a disclosure statement as is required by Rule 204-3 of the Investment Advisers Act of 1940.

13. Miscellaneous.

13.1 Notices. All notices, demands and requests required or permitted to be given under the provisions of this Agreement shall be in writing and shall be deemed given: (a) when personally delivered to the party to be given such notice or other communication; (b) on the business day that such notice or other communication is sent by facsimile or similar electronic device, fully prepaid, which facsimile or similar electronic communication shall promptly be confirmed by written notice; (c) on the third business day following the date of deposit in the United States mail if such notice or other communication is sent by certified or registered mail with return receipt requested and postage thereon fully prepaid; or (d) on the business day following the day such notice or other communication is sent by reputable overnight courier, to the address set forth above or to such other addresses as the parties may designate in writing.

13.2 Entire Agreement and Governing Law. This Agreement constitutes the entire Agreement of the parties with respect to the management of the account and can be amended only by a written document signed by the parties. Except to the extent that federal law applies, this Agreement shall be governed by the laws of the State of Michigan.

13.3 Independent Contractor. Both parties hereto, in the performance of this Agreement, will be acting in an individual capacity and not as agents, employees, partners, joint ventures, or associates of one another. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purposes whatsoever. Neither party will assume any liability for any injury (including death) to any persons, or any damage to any property arising out of the acts or omissions of the agents, employees or subcontractors of the other party.

13.4 Authorization. The person executing this Agreement on behalf of Client hereby acknowledges and agrees that he or she is duly authorized to execute this Agreement on behalf of Client and that Client shall be bound thereby.

IN WITNESS WHEREOF, the parties have executed and made this Agreement effective as of the date first written above.

Client: KALAMAZOO FOUNDATION FOR EXCELLENCE

By: ________________________________

Its: ________________________________

Consultant: MERION CAPITAL LLC

By: ________________________________

Its: ________________________________

Original Agreement dated April 22, 2019

# Attachment A

# Scope of Services

INVESTMENT CONSULTANT AGREEMENT

between

KALAMAZOO FOUNDATION
FOR EXCELLENCE

and

MERION CAPITAL LLC

January 1, 2020

This is a renewal agreement
Original Agreement dated April 22, 2019

**ATTACHMENT A: Scope of Services**

Merion Capital LLC will provide general investment consulting services to the Kalamazoo Foundation for Excellence ("FFE", or "Client", or "Foundation"). These services include the following:

## A. Meeting Participation/Availability

Attend the following meetings with the Investment Subcommittee and/or staff on and off site:

- Quarterly Investment Subcommittee meetings;
- Routine due diligence meetings with investment managers and service providers;
- Formal interviews with existing and potential investment managers and service providers;
- Ad hoc investment meetings with the Investment Subcommittee members and/or Foundation staff;
- Ad hoc due diligence meetings with investment managers, service providers, and Foundation staff.

## B. Formulation and Review of Investment Goals, Objectives, and Policies

Provide ongoing advice and technical support in the establishment and refinement of portfolio asset allocation, investment goals, objectives, and policies. The consultant will use asset allocation models, as requested by the Investment Subcommittee and/or staff, to determine the influence of differing asset mixes and investment style strategies on the projected return to the Foundation and the projected risk resulting from differing asset mixes and strategies.

## C. Asset/Liability and Spending Policy Modeling Studies

Provide the Investment Subcommittee with one asset/liability modeling study over the initial three year term of this contract. Consultant will work with the staff under terms defined by the Investment Subcommittee. Additional asset/liability and modeling studies, if needed, will be provided on a pre-approved fee basis.

## D. Investment Manager Search/Selection

Provide the Investment Subcommittee with two manager searches over the initial one year term of this contract under general investment consulting services. An investment manager search is defined by the specific investment role, style, or mandate, not by the number of managers selected to implement the investment. Additional searches, if needed, will be provided on a pre-approved fee basis. The search and selection process will include the following:

- Meeting with the Investment Subcommittee to discuss the search objectives;
- Providing the Investment Subcommittee with a preliminary list of candidates and summary analysis;
- Meeting with Investment Subcommittee to determine candidates for further analysis and interviews;
- Providing the Investment Subcommittee with a detailed written comparative analysis (a

search report) on each candidate surviving the initial review process;
- Arranging and participating in preliminary candidate interviews and assisting in the finalist selection
- Conducting on-site due diligence visits with Investment Subcommittee and primary search candidates, as appropriate;
- Developing summary interview materials for the use;
- Scheduling and attending finalist presentations
- and, assisting the Investment Subcommittee in selecting investment managers

## E. Performance Monitoring
- Perform ongoing review of portfolio performance; of the underlying investments; and of the investment managers.
- Evaluate investment manager performance in terms of effective implementation of investment strategy, performance versus established benchmarks, organizational stability, and adherence to the investment contract.
- Identify current or anticipated underperformance within the portfolio, recommend corrective action, and participate in implementing the recommendations.
- The consultant will also assist Client with rebalancing activities and transition management as needed.

## F. Educational Sessions /Policy Development
Provide the Investment Subcommittee with up to two educational sessions on specific topics per year. The purpose of these sessions is to educate and update the Investment Subcommittee members and staff regarding current investment topics and trends in the capital market.

## G. Performance Measurement and Reporting
- Prepare and present written and verbal quarterly summaries of investment manager activities and performance to the Investment Subcommittee. Review calculations of investment performance.
- Reconcile discrepancies in the returns calculated by custodian/master trustee versus the returns calculated by investment managers.

## H. Review of Fees and Contracts
- Review guidelines and objectives for new and existing investment managers, review benchmarks, contracts and fees, recommend revisions, and participate in negotiations with investment managers or service providers to effect revisions.
- Identify and recommend new investment opportunities, liquidation or restructuring of existing investments and allocations to existing managers.

## I. Other
Conduct such services under the contract as may be reasonably asked of an investment

consultant.

# Attachment B

# Fee Structure

INVESTMENT CONSULTANT AGREEMENT

between

KALAMAZOO FOUNDATION
FOR EXCELLENCE

and

MERION CAPITAL LLC

January 1, 2020

This is a renewal agreement
Original Agreement dated April 22, 2019

## ATTACHMENT B: Fee Structure

Merion Capital LLC ("Consultant") will provide general investment consulting services pursuant to the Scope of Services, Attachment A, to the Kalamazoo Foundation for Excellence ("Client").

The annual retainer will be $180,000 effective January 1, 2020 through December 31, 2022.

The retainer will be paid retrospectively in equal quarterly installments of $45,000 beginning on March 31, 2019, and thereafter on June 30, September 30, and December 31, or the nearest workday following the calendar quarter ending date this Attachment is in force.

Should the Investment Consultant Agreement be terminated by either party in accordance with Paragraph 6 of the Agreement, Consultant's fees will be prorated to the date of termination and any underpayment promptly remitted to Consultant by the Client.

By the signatures affixed hereunder this Attachment B, Fee Structure, supersedes and replaces any and all previous fee structure agreements between the Consultant and Client.

Client — KALAMAZOO FOUNDATION FOR EXCELLENCE

By: ________________________________

Its: ________________________________

Consultant — MERION CAPITAL LLC

By: ________________________________

Its: ________________________________

| |
|---|
| Date: **4/27/2020 FFE** |
| Item: **D.3.** |

# 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 27, 2020

**SUBJECT:**

Annual Election of Officers

**RECOMMENDATION:**

It is recommended that the Board elect the proposed slate of officers.

**BACKGROUND:**

At its April 20, 2020 meeting, the Executive Committee discussed previous procedures for nominating officers. Each current officer expressed a willingness and interest to continue serving the Board. Director Miller moved to nominate a continuation of the current officers to the Board of Directors:
+ President Graham-Williams;
+ Vice President Ritsema;
+ Treasurer McFarlin;
+ Secretary Miller;
Director Ritsema seconded the motion. The motion was approved my unanimous voice vote.

Excerpted from Bylaws Section 5.01: "The Officers shall be elected by the Board of Directors at its first meeting and at each annual meeting thereafter. (..) Each Officer shall be elected for a term extending until the next annual meeting of the Board of Directors or until his or her resignation or removal. In voting to elect Officers, each Officer position shall be elected by a plurality of the votes cast at an election."

**STRATEGIC VISION ALIGNMENT:**

**FISCAL IMPACT:**

Date: **4/27/2020 FFE**
Item: **D.4.**

# 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 27, 2020

**SUBJECT:**

Annual Committee Appointments

**RECOMMENDATION:**

It is recommended that the board discuss and consent to the President's appointments.

**BACKGROUND:**

The Board of Directors was invited by email to review the attached document committee appointments. Board Directors who were listed as eligible in each open category and interested were asked to email Foundation Manager, Steve Brown.

Bylaws: Section 6.01 – General: “The President, with the consent of the Board of Directors, shall designate the persons to serve on each committee, fill vacancies on committees, and serve as Chairperson of the committee.”

**STRATEGIC VISION ALIGNMENT:**

**FISCAL IMPACT:**

April 23, 2020

BOARD MEMORANDUM

**2020 Committee Appointments**

The Board of Directors is invited to review the following information regarding committee appointments. **Board Directors who are listed as eligible in each open category and who are interested should email Foundation Coordinator, Steve Brown, at browns@kalamazoocity.org by 10am on Monday, April 27**. The President will preview her appointments and request discussion on the topic at the annual meeting on April 27 prior to making her appointments.

*"The President, with the consent of the Board of Directors, shall designate the persons to serve on each committee, fill vacancies on committees, and serve as Chairperson of the committee."*

**Bylaws:** Section 6.01 – General

**Executive Committee**

*See Section 6.03 of the FFE Bylaws*

Members: 6 - President; Treasurer, Secretary; one (1) City Director; and one (1) representative of the Finance Committee in addition to the Treasurer.

1. _______________ (President)
2. _______________ (Vice President)
3. _______________ (Treasurer)
4. _______________ (Secretary)
5. _______________ (Eligible: Anderson, Dannison, Hess, or Urban)
6. _______________ (Representative from Finance Committee other than Treasurer)

**Finance Committee**

*See Section 6.02 of the FFE Bylaws*

Members: 6 - The Committee shall consist of FFE's Treasurer, the City's Finance Director, or similar position (or a person appointed by the City's Finance Director), the City Manager, and two (2) Stakeholder Directors. The President is *ex officio* a member of all standing committees.

1. _______________ (President, *ex officio*)
2. _______________ (Treasurer)
3. Steve Vicenzi, CFO and Finance Director
4. Jim Ritsema, City Manager and Director
5. _______________ (Eligible: Calderon-Huezo, Carrel, Dr. Graham-Williams, Hoffman*, Lonberg, McFarlin Miller, A. Taylor, C. Taylor, Washington)
6. _______________ (Eligible: Calderon-Huezo, Carrel, Dr. Graham-Williams, Hoffman*, Lonberg, McFarlin, Miller, A. Taylor, C. Taylor, Washington)

** Pending Ms. Hoffman's appointment to the Board in an earlier agenda item at this meeting.*

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

KALAMAZOO FOUNDATION FOR EXCELLENCE
241 W. South Street
Kalamazoo, Michigan 49007
269-337-8047

# NOTICE OF ELECTRONIC MEETING

The annual meeting of the **Kalamazoo Foundation for Excellence (FFE) Board of Directors** will take place on Monday, April 27, 2020 at 2:00 p.m.

This meeting will be conducted electronically in order for members, staff, and the public to comply with the Governor's Executive Order No. 2020-42, "Temporary requirement to suspend activities that are not necessary to sustain or protect life."

Accessing the Meeting

This meeting will be streamed live on the City's Facebook page (https://www.facebook.com/KalamazooCity/) and YouTube Channel (https://www.youtube.com/channel/UCIgXSSXLSDxThVaaiRMsR5Q).

Members of the public without computer or internet access can listen to the meeting by calling **269.552.6425** and entering the following Meeting ID when prompted: **967-2019-0340**.

Public Input and Participating in the Meeting

The agenda and supporting documents for this meeting are available at https://kalamazoomi.civicclerk.com/web/home.aspx.

Persons who wish to contact members of the FFE Board of Directors to provide input about items on the meeting agenda may do so on April 27th between 1:30 and 2:30 p.m. by calling 269.226.6573 and leaving a recording.

Instructions for Persons with Disabilities

Persons with disabilities who need accommodations to effectively participate in the meeting should email Steve Brown at browns@kalamazoocity.org by 5:00 p.m. on Friday, April 24th to request assistance.