



Kalamazoo
Foundation for
Excellence

2022
Annual Report

A Proven Partnership for Everyone in Kalamazoo

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

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

Fiscal Year 2022

The Foundation for Excellence fiscal year 2022 allocation to the City was set at \$26,850,747 following public presentations and discussion before City Commission in December 2021, and a vote of the City Commission on January 18, 2022. Of this sum, \$18,243,247 was directed to stabilization of the City's budget and lowering the City property taxes from 19.0275 mills to 12 mills. Furthermore, \$8,607,500 was allocated for aspirational City programs.

Budget Stabilization

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

Tax Reduction

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

Aspirational Support, by Project and Goal

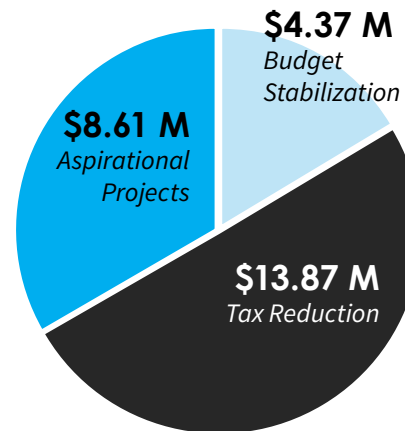
Residents are the beginning and the end of FFE's cycle of impact. All community goals funded by FFE were outlined by residents as part of the award-winning Imagine Kalamazoo 2025 planning process. This work builds on the City's deep investment in broad community involvement and collaboration.

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

The FFE's founding documents guide programming choices to address generational poverty, youth development, remove barriers to under-employed and

unemployed people, and improve infrastructure and neighborhoods, which align with the ten goals of Imagine Kalamazoo. City of Kalamazoo staff currently use a scoring process to ensure that projects proposed by City departments align with FFE and Imagine Kalamazoo goals, and have conducted the appropriate planning work to be successful. These projects are proposed to the FFE Board of Directors and City Commission in alternating public meetings for review, discussion, and final approval.

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



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

Aspirational Project Budgets 2017 - 2022

Economic Vitality, Shared Prosperity
\$22.79 million

Complete Neighborhoods, Connected City, Inviting Public Places
\$17.18 million

Youth Development
\$7.25 million

Safe Community
\$2.91 million

Good Governance
\$2.77 million

\$ 53,283,620 total

Statement of Financial Position

December 31, 2022

ASSETS

Current assets	
Current portion of cash and cash equivalents	\$ 8,604
Current portion of contributions receivable, net	38,515,000
Total current assets	<u>38,523,604</u>
Noncurrent assets	
Investments	160,641,982
Contributions receivable, net (less current portion)	250,131,000
Total noncurrent assets	410,772,982
TOTAL ASSETS	<u>\$ 449,296,586</u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	\$ 32,153
Due to City of Kalamazoo	1,007
TOTAL LIABILITIES	<u>33,160</u>

NET ASSETS

Without donor restrictions	160,617,426
With donor restrictions	
Time-restricted for future periods	288,646,000
Total net assets with donor restrictions	<u>288,646,000</u>
TOTAL NET ASSETS	<u>449,263,426</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 449,296,586</u>

Statement of Activities

Year Ended December 31, 2022

	Without donor restrictions	With donor restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 488,232	\$ -	\$ 488,232
Investment return, net	(30,201,087)	-	(30,201,087)
Net assets release from restrictions	39,308,492	(39,308,492)	-
TOTAL SUPPORT AND REVENUE	<u>9,595,637</u>	<u>(39,308,492)</u>	<u>(29,721,855)</u>
EXPENSES			
Supporting services			
General and administrative	209,696	-	209,696
CHANGE IN NET ASSETS	<u>9,385,941</u>	<u>(39,308,492)</u>	<u>(29,922,551)</u>
Net assets, beginning of year	151,231,485	327,954,492	479,185,977
Net assets, end of year	<u>\$ 160,617,426</u>	<u>\$ 288,646,000</u>	<u>\$ 449,263,426</u>

2022 FFE Board of Directors

Sandra Calderon-Huezo

President, Neighborhood Focus:
Edison

James K. Ritsema

Vice President, City Manager

Alisa Carrel, Treasurer

Arts Organizations

Barbara Hamilton-Miller

Secretary, Neighborhood
Focus: Oakland-Winchell

David Anderson

Mayor

Mary Balkema

Housing Sector

Dr. Andrea Bostrom

Healthcare Sector

Michael Harrison

At-Large Member

Jeanne Hess

City Commissioner

Stephanie Hoffman

City Commissioner

Rachel Lonberg

Faith-Based Organizations

Ida Salas

Business Sector

Alice Taylor

Neighborhood Focus: Northside

Charlene Taylor

Affinity Organizations

Von Washington, Jr.

Education

Bobby J. Hopewell

Founding Director Emeritus

How does FFE work?

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

Governance and Policies

The FFE strives to maintain the highest ethical standards and maximum transparency in everything it does. All meetings are announced in advance and open to the public subject to the 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 whistleblower protections. An open document library including all policies is available online at www.kalamazooffe.org.

Who is on the FFE Board of Directors?

The FFE bylaws establish a 16-member Board of Directors. Ten members are stakeholder directors, each representing a community interest such as healthcare, education, or business. Five are City Directors, representing the

City of Kalamazoo generally. These members include the Mayor, City Manager, two City Commissioners, and one At-Large city representative. Stakeholder and At-Large terms rotate every three years while City Directors serve for the duration of their employment or elected service. An effort is made to cultivate a Board that is largely representative of the community and that will add unique insights about every facet of Kalamazoo.

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

Questions or Comments?

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