

**Foundation for Excellence**  
**Approved Policies and Descriptions**

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<b>Document</b>	<b>Status</b>	<b>Approved</b>	<b>Page</b>
<b>Policy</b>			
Confidentiality Policy	Board Approved	5.23.18	2
Conflict of Interest Policy	Board Approved	5.23.18	4
Diversity Policy	Board Approved	5.23.18	10
Equal Opportunity Policy	Board Approved	5.23.18	11
Expense Reimbursement Policy	Board Approved	5.23.18	12
Financial Accountability policy	Board Approved	10.22.18	15
Gift Acceptance Policy	Board Approved	5.23.18	25
Privacy Policy	Board Approved	5.23.18	39
Record Retention and Destruction Policy	Board Approved	5.23.18	41
Social Media Policy	Board Approved	5.23.18	42
Spending Policy	Board Approved	10.22.18	45
Whistle-Blower Policy	Board Approved	5.23.18	46
<b>Description</b>			
Audits Subcommittee Description	Board Approved	10.22.18	49
Engagement Expectations	Board Approved	5.23.18	51
Executive Committee Description	Board Approved	5.23.18	54
Finance Committee Description	Board Approved	5.23.18	56
Investment Subcommittee Description	Board Approved	10.22.18	58

## **Kalamazoo Foundation for Excellence Confidentiality Policy**

*Approved at the annual meeting of the Board of Directors on May 23, 2018.*

Kalamazoo Foundation for Excellence (FFE) maintains and manages information about donors, prospective donors, investments and other business information necessary for the day-to-day operations of the Corporation. The effective functioning of FFE also requires respecting the confidentiality of discussions that take place and information that is shared in the course of conducting FFE business.

FFE's board has adopted this Policy on Confidentiality to assist FFE's directors, officers, employees, nondirector volunteers, agents, and others in fulfilling their confidentiality obligations and commitments. While the policy addresses some common confidentiality concerns, it is not an exhaustive list of all situations where a confidentiality obligation may arise. Questions about whether information is confidential or about situations in which confidential information may be released or discussed should be directed to Legal counsel. As used in this Policy, the term "FFE personnel" includes the FFE's directors, officers, employees, nondirector volunteers, agents, and others.

**General Rule:** Information in the possession of FFE and discussions of FFE business should generally be presumed to be non-confidential. 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 FFE.

**Confidentiality of Donor Information:** Except as required by law, FFE will not disclose information about a donor or a donor's gift. However, unless otherwise required by the donor, the FFE may publish the names of individual donors in their Annual Report and other reported listings. FFE will not disclose the amount of any gift to the general public without the donor's consent. FFE may accept anonymous gifts.

The FFE because it was formed pursuant to the authority at MCL 117.4o, "is subject to all local, state, and federal laws or ordinances that apply to the city that authorized its formation." Thus the FFE is subject to the Open Meetings Act and Freedom of Information Act.

**Protection of Confidential Information:** FFE personnel may access confidential information necessary to perform their job responsibilities. FFE personnel are expected to exercise sound judgment in securing information taken outside FFE's offices or copied from its network. Any information so removed should be returned as soon as possible and deleted from laptops or other personal devices.

In the course of their work, personnel may access confidential information from mobile devices, such as smartphones, tablets and notebook computers. Personnel are expected to use mobile devices appropriately, responsibly, and ethically and in compliance with all relevant policies and laws. Any wireless device that makes or receives calls, leaves messages, sends or receives text messages, browses the Internet, or downloads and allows for the reading of and responding to email whether the device is FFE supplied or personally owned must be password protected. If a mobile device is lost or otherwise taken from the control of employees, the administration should be notified immediately and the appropriate action will be taken to assure network security is maintained.

**I have read the Policy on Confidentiality and agree to comply with it.**

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Printed Name                      Signature                      Date

**Kalamazoo Foundation for Excellence**  
**Conflict of Interest/Duality of Interest Policy**  
*Approved at the annual meeting of the Board of Directors on May 23, 2018.*

**PURPOSE**

Kalamazoo Foundation for Excellence (FFE) strives to maintain the highest ethical standards in all policies, procedures and programs and to avoid any conflicts of interest.

**DEFINITIONS**

**INTERESTED PERSON**

Any director, officer, member of a committee with board delegated powers, employee, nondirector volunteer or agent of the Corporation or independent contractor who currently or within the prior 12 months has a direct or indirect financial interest or duality of interest is an interested person. A person who is an interested person with respect to any entity of FFE is deemed an interested person with respect to all FFE entities.

**FINANCIAL INTEREST**

A person has a financial interest if the person has, directly or indirectly, through business, investment or family:

- a. An ownership or investment interest in any entity with which FFE has a transaction or arrangement, or
- b. A compensation arrangement with FFE and the person is in a position to exercise substantial influence over the affairs of FFE, or
- c. A compensation arrangement with any entity or individual with which FFE has a transaction or arrangement, or
- d. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which FFE is negotiating a transaction or arrangement.

Family includes:

- a. spouses, parents, grandparents and legal guardians,
- b. domestic partners,
- c. children, step-children, grandchildren, and step-grandchildren, great grandchildren, or step-great grandchildren (including those of spouses or domestic partners), brothers or sisters (including those of spouses or domestic partners),
- d. spouses of any of the above.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate board or committee decides that a conflict of interest exists.

### **DUALITY OF INTEREST**

A duality of interest exists when a director, officer, member of a committee with board delegated powers, employee, nondirector volunteer or agent of the Corporation is affiliated with an organization with which FFE has a transaction or arrangement. Such affiliation exists if the person is a director, officer or employee of the organization, or has an unofficial role such as significant donor, volunteer, advocate or advisor.

## **PROCEDURES**

### **DUTY TO DISCLOSE**

In connection with any actual or possible conflict of interest or duality of interest, an interested person must:

1. disclose the existence and nature of his or her financial interest or affiliation and all material facts to the directors and members of committees with board delegated powers considering the proposed transaction or arrangement.
2. report all outside activities at least annually (see attached related parties form).

Nothing herein shall require the disclosure of the name of a client in order to disclose a conflict of interest or duality of interest. It shall be sufficient that the disclosure of a potential conflict of interest or duality of interest is made, with names excluded.

### **DETERMINING WHETHER A CONFLICT OF INTEREST EXISTS**

After disclosure of the interest and all material facts, and after any discussion with the interested person,

1. He or she shall leave the board or committee meeting while the determination of a conflict of interest is discussed and voted upon.
2. The remaining board or committee members shall decide if a conflict of interest exists.

### **PROCEDURES FOR ADDRESSING THE CONFLICT OF INTEREST**

#### In General

An interested person may make a presentation at the board or committee meeting, but after such presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the conflict of interest or duality of interest.

The president/chairperson of the board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

After exercising due diligence, the board or committee shall determine whether FFE can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.

If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest the remaining disinterested parties shall determine by majority vote whether the transaction or arrangement is in FFE's best interest and for its own benefit and whether the transaction is fair and reasonable to FFE and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

#### Procurement of Merchandise and Services

In general, transactions for the purchase of materials, goods or supplies of an immaterial amount (less than \$5,000 in total for the fiscal year) do not need to be disclosed or considered.

Employees must disclose relationships with all vendors with whom they have a relationship beyond that as a customer. All transactions (including contracts and payments) with the vendor must be approved, in advance, by the employee's supervisor, even if less than \$5,000.

#### Grants

There are inherent conflicts based on roles and responsibilities of board members, as outlined in the organizing documents. The board of directors is conscious of these conflicts of interest and will follow the steps below when such conflicts are identified:

- a. Individuals will be expected to remove themselves from the meeting during discussion and decision making. If needed, those remaining in attendance at the meeting may request that the absent individuals return to the meeting to respond to specific questions.

#### Compensation

The board, or any committee to which it delegates this power, shall determine all compensation matters.

A voting member of the board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from FFE for services is precluded from voting on matters pertaining to that member's compensation and is prohibited from providing information to any committee regarding compensation.

The organization will follow the Intermediate Sanction Rebuttable Presumption requirements in determining salary.

All compensation decisions shall be documented including the terms and the date approved.

#### **VIOLATIONS OF THE POLICY**

If the board or committee has reasonable cause to believe that a member has failed to disclose actual or possible conflicts of interests or duality of interest, it shall inform the member of the basis of such belief and afford the member an opportunity to explain the alleged failure to disclose.

If, after hearing the response of the member and making such further investigation as may be warranted in the circumstances, the board or committee determines that the member has in fact failed to disclose an actual or possible conflict of interest or duality of interest, it shall take appropriate disciplinary and corrective action.

### **RECORDS OF PROCEEDINGS**

The minutes of the board and all committees with board-delegated powers shall contain:

- a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest or duality of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest or duality of interest was present, and the board's or committee's decision as to whether a conflict of interest or duality of interest in fact existed.
- b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

### **RELATED PARTIES FORM**

Each director, officer, member of a committee with board delegated powers and employee shall annually sign a Related Parties Form which affirms that such person:

- a. Has received a copy of the conflict of interest policy,
- b. Has read and understands the policy,
- c. Has agreed to comply with the policy, and
- d. Understands that FFE is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

### **PERIODIC REVIEWS**

To ensure that FFE operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining.
- b. Whether the acquisition of goods or services from interested persons resulted in inurement or impermissible private benefit.
- c. Whether the acceptance of donations from interested persons resulted in inurement or impermissible private benefit.

When conducting the periodic reviews, FFE may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.



**Kalamazoo Foundation for Excellence**

**RELATED PARTIES FORM**

Name: \_\_\_\_\_

Names of family members :	
Names of individuals with whom you have a significant relationship	
Entities in which you or family members are (currently or within the prior year):	
a principal owner:	
have key management responsibilities:	
a director or trustee:	
a committee member or volunteer:	

My signature below indicates that I have received a copy of the Kalamazoo Foundation for Excellence conflict of interest policy, have read and understand the policy, agree to comply with the policy, and understand that the Kalamazoo Foundation for Excellence is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax exempt purposes.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

**KALAMAZOO FOUNDATION FOR EXCELLENCE  
DIVERSITY POLICY**

*Approved at the annual meeting of the Board of Directors on May 23, 2018.*

Kalamazoo Foundation For Excellence (FFE) respects the diversity that exists within our community and among our board of directors. We promote this diversity through a policy of inclusiveness where all persons are treated fairly regardless of their differences. FFE is committed to providing equal opportunity for involvement, development, and advancement for all regardless of the person's inclusion in any of the following classifications:

Age	Disability	Height	Religion
Ancestry	Ethnicity	Marital Status	Sex/Gender
Arrests (pre-nomination)	Familial Status	National Origin	Sexual Orientation
Citizenship	Gender Identity	Pregnancy	Veteran Status
Color	Genetic Information	Race	Weight

FFE respects and celebrates diversity that contributes to a healthy, caring community. FFE commits its resources to change in ways that signal to groups with diverse backgrounds, abilities, beliefs and perspectives that they are welcome partners in its efforts.

***Governance and Administration***

FFE is committed to fostering an organization that respects and appreciates diversity in its many forms as defined above. To that end FFE willingly makes the following commitments:

- Endeavor to inform diverse applicants of opportunities to partner with FFE through media, appropriate referral agencies and other pertinent sources;
- Seek community leaders who will bring diversity and varying points of view and life experiences to the board; and
- Select board members and staff that reflect the broad diversity of the community and provide all board members and/or staff with an opportunity to maximize the use of their work-related skills and talents.

***Donors***

In order to achieve the highest standards in all its activities, it is important that FFE benefit from the perspectives of many different segments of the community. Toward this end, it seeks to collaborate with donors of varying backgrounds, abilities, beliefs and perspectives and will, together with donors, seek to promote a healthy, caring community.

**Kalamazoo Foundation For Excellence**  
**Equal Opportunity Policy**

*Approved at the annual meeting of the Board of Directors on May 23, 2018*

**Scope:** Kalamazoo Foundation For Excellence (FFE) embraces and encourages the differences among directors, officers, employees, non-director volunteers, agents, and others and understands these are what makes our organization unique.

**General Guidelines:** We actively seek out to honor the full identities and perspectives of diverse individuals to advance organizational learning, understanding and decision-making for the benefit of our community. We are committed to providing an environment where all individuals are treated fairly and equitably regardless of, but not limited to:

- age
- ancestry
- arrests (pre-nomination)
- citizenship
- color
- disability
- ethnicity
- familial status
- gender identity
- genetic information
- height
- marital status
- national origin
- pregnancy
- race
- religion
- sex/gender
- sexual orientation
- veteran status
- weight

This policy not only applies to hiring, internal promotions, training opportunities, advancement opportunities, and terminations but in our daily interactions with all individuals inside and outside FFE.

This equal opportunity policy also applies to the selection and treatment of independent contractors, personnel working on our premises who are employed by temporary agencies, volunteers, interns and any other persons or firms conducting business with FFE.

All directors, officers, employees, non-director volunteers, or agents of the Corporation, have the responsibility to treat others with dignity and respect and to exhibit conduct that reflects our values of diversity, equity and inclusion. Individuals who believe they have been subjected to any kind of discrimination that is in conflict with FFE's equal opportunity policy and/or diversity, equity and inclusion initiatives should seek assistance from acting legal counsel.

**Kalamazoo Foundation for Excellence  
Expense Reimbursement Policy**

*Approved at the annual meeting of the Board of Directors on May 23, 2018.*

**SCOPE**

These expense reimbursement guidelines are applicable to all directors, officers, employees, nondirector volunteers, agents or others incurring expenses on behalf of Kalamazoo Foundation For Excellence (FFE). The intent of these guidelines is to provide and maintain fair, equitable and ethical treatment while insuring that FFE is in compliance with all legal and tax requirements. Not every situation can be covered by a set of written policies. Judgment and common sense should be used.

**SUBSTANTIATION AND APPROVAL OF EXPENSES**

**In General:**

An expense statement must be completed and signed for accounting and reimbursement purposes. Receipts for any expense in excess of \$75.00 must accompany the statement. The expense statement must include the amount, date and place, and business purpose of the expense. In the case of a meal or other entertainment event, the documentation must include the names of the persons entertained and the bona fide business discussion.

**Approval of Forms:**

In the case of an employee, nondirector volunteer, agent or others, the direct supervisor and FFE Coordinator must approve the expense statement in advance of payment of the reimbursable amount.

In the case of the President/CEO or a board member, the reimbursement request must be reviewed by the president of the board of directors. The vice president shall review a reimbursement request for the president of the board of directors. This review may occur after payment has been made.

**Companion:**

FFE will not pay for the cost of a spouse, domestic partner or other companion accompanying directors, officers, employees, nondirector volunteers, agents or others on business travel.

**Expense Advances:**

Substantiation of the use of the advance must be provided by the next accounts payable cycle.

**TRAVEL EXPENSES**

**In General:**

FFE assumes the cost when a director, officer, employee, nondirector volunteer or agent of the Corporation is required to travel in the performance of FFE duties. The mode of transportation

and level of accommodations must be approved by the FFE Coordinator prior to travel. All travel will be in the lowest cost class (generally coach).

Types of expenses reimbursed:

The types of expenses that will be reimbursed include: travel, lodging, transportation, and a reasonable amount for baggage handling, and business telephone calls. Personal telephone calls, dry cleaning, laundry, or other personal incidental expenses are not reimbursable. Generally meals during travel for trips of less than one day are not reimbursed. Exceptions should be discussed with FFE Coordinator. It is expected good judgment will be used when incurring expenses on behalf of FFE, recognizing that it is our responsibility to prudently manage our resources.

Saturday night stays:

In order to reduce the cost of airline tickets, FFE may encourage a Saturday night stay. The approval of FFE Coordinator of any extra expenses associated with early arrival or late departure from an out-of-town business trip is required. In no case may the extra expenses exceed the savings on the airline ticket.

**AUTOMOBILE EXPENSES**

In general:

FFE will reimburse the cost of travel by automobile for business purposes. No reimbursement will be made for commuting between the director, officer, employee, nondirector volunteer or agent of the Corporation's home and business or other personal mileage such as charitable mileage.

Personal automobile:

Reimbursement for use a private automobile will be at the standard mileage rate set by the IRS. Reimbursement for parking and tolls will be reimbursed in addition to the standard mileage rate. A detailed record including date, purpose of travel, number of miles, and destination shall be provided in order to receive reimbursement.

**MEALS**

In general:

The cost of meals must be directly related to the conduct of our business. A bona fide and substantial business discussion must take place directly before, during, or directly after such entertainment. Therefore, a meal or event that was attended for personal reasons cannot be converted to a business event even if a business discussion ensues at the event.

Meals:

A director, officer, employee, nondirector volunteer or agent of the Corporation must be present at the meal. The meal must not be lavish or extravagant.

**COMMUNITY INVOLVEMENT**

In general:

FFE will reimburse for dues and meals associated with meetings of business clubs or community organizations approved by FFE Coordinator. FFE Coordinator must approve any expenses related to other business of the organization or any expenses related to a fundraiser or special event of a community organization. FFE will not reimburse the expense for any purchase that provides a personal benefit to the director, officer, employee, nondirector volunteer or agent of the Corporation (i.e. coupon books, raffle tickets).

**Kalamazoo Foundation for Excellence  
Financial Accountability Policy**

**Goal:**

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

**Purpose:**

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

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

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

Objective 1

*Maintain a governance structure that ensures high accountability:*

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

Strategy One

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



Objective 2

*Provide an independent review of the financial statements:*

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

Strategy One

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

Tactic C

*Review auditor's report on all critical accounting policies and practices and discuss any proposed journal entries recommended*      *June*      *Audit Committee*

Tactic D

*Review, and where applicable, assure implementation of auditor's management letter suggestions*      *June*      *Audit Committee*

Tactic E

*Encourage the lead and/or review partner to rotate every five years*      *As required*      *Audit Committee*

Tactic F

*Meet privately (without staff) with auditors to obtain an understanding of their evaluation of management, whether they encountered any difficulties or had any disagreements with management*      *June*      *Audit Committee*

Strategy Two

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**Date**      **Responsibility**

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***Ensure that the independent auditor remains independent***

Tactic A

*Consider soliciting and reviewing proposals for audit services at least every five years*      *As required*      *Audit Committee*

Tactic B

*Approve, in advance, any non-audit related services that exceed 5% of audit fees*      *As required*      *Audit Committee*

Strategy Three

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**Date**      **Responsibility**

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***Ensure that management stands behind the financial statements***

Tactic A

*Review management's representation letter to auditors*      *June*      *Audit Committee*

Tactic B

*President/CEO and Vice President, Finance & Administration certify the financial statements*      *June*      *Audit Committee*

Tactic C

*President/CEO and Vice President, Finance & Administration certify the Form 990*

*November*

*Board*

Objective 3

*Maintain internal controls that ensure high financial accountability:*

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

Strategy One

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

Strategy Two

	<b>Date</b>	<b>Responsibility</b>
<b><i>Engage accounting professionals to review the internal controls and make recommendations for improvement</i></b>		
<u>Tactic A</u> Retain, compensate and oversee work of internal auditor or audit firm (which should be different than the audit firm that completes the annual audit report).	<i>As required</i>	<i>Audit Committee</i>
<u>Tactic B</u> <i>Review and approve internal audit work plan</i>	<i>As required</i>	<i>Audit Committee</i>
<u>Tactic C</u> <i>Review report of agreed upon procedures and oversee adoption of the recommendations</i>	<i>As required</i>	<i>Audit Committee</i>
<u>Tactic D</u> <i>Meet privately (without staff) with internal auditors to obtain an understanding of their evaluation of management, whether they encountered any difficulties or had any disagreements with management</i>	<i>As required</i>	<i>Audit Committee</i>

Strategy Three

	<u>Date</u>	<u>Responsibility</u>
<i><b>Maintain an annual budget for operations and discretionary grants (including special projects) and report to the board periodically</b></i>		
<u>Tactic A</u>		
<i>Approve an annual budget for operations, community investment and capital expenditures that is consistent with field wide best practices</i>	<i>December</i>	<i>Board</i>
<u>Tactic B</u>		
<i>Review interim budget updates including information about variances</i>	<i>Monthly</i>	<i>Staff</i>
<u>Tactic C</u>		
<i>Review periodic financial statements including updates of the budgets and explanation of variances</i>	<i>Quarterly</i>	<i>Board</i>
<u>Tactic D</u>		
<i>Ensure goods or services are purchased from related parties at no more than fair market value</i>	<i>Ongoing</i>	<i>Staff</i>
<u>Tactic E</u>		
<i>Ensure that all expenditures are proper and, where appropriate, meet the guidelines of the Expense Reimbursement Policy</i>	<i>Ongoing</i>	<i>Vice President, Finance &amp; Administration</i>

Objective 4

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

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

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

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

Strategy One

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

Strategy Two

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

Strategy Three

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

Objective 5

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

Strategy One

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

Tactic A

*Provide key financial information in the annual report and on the FFE's website*      *Ongoing*      *Staff*

Tactic B

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

Tactic C

*Provide copies of the audited financial statements and Form 990 whenever requested*      *Ongoing*      *Staff*

Strategy Two

	<b>Date</b>	<b>Responsibility</b>
<b><i>Adhere to all government filing requirements</i></b>		

Tactic A

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

Tactic B

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

**Resources**

Kalamazoo Community Foundation: Audit Committee Charter

Keystone Community Bank: Audit Policy

Council on Foundations: Summary Statement on Accountability (Draft)

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

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

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



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

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

California's Nonprofit Integrity Act of 2004

Massachusetts Attorney General: Proposed Act to Promote

**Kalamazoo Foundation for Excellence**  
**Gift acceptance policy**

*Approved at the annual meeting of the Board of Directors on May 23, 2018.*

**PURPOSE**

The Kalamazoo Foundation for Excellence (FFE) has established a Gift Acceptance Policy to serve the best interests of the community by providing guidelines for negotiating and accepting various types of gifts for different purposes. Given the increasing complexity of IRS regulations, real estate and other property gifts, and state and federal environmental laws, FFE recognizes the value in carefully screening proposed gifts.

The purposes of the gift must fall within the broad charitable purpose of the FFE. In addition, the FFE board and staff must be able to assure that gifts accepted by the FFE do not place other assets at risk, and that they can be easily converted into assets that fall within the FFE's investment guidelines. FFE must also assure that it can administer the terms of the gift in accordance with the donor's wishes.

To facilitate this purpose, FFE follows the *Model Standards of Practice for the Charitable Gift Planner* adopted by the Partnership for Philanthropic Planning (formerly the National Committee on Planned Giving) and the American Council on Gift Annuities. This code of ethics for planned giving practitioners is Appendix A of this policy.

**FOUNDATION FOR EXCELLENCE RESPONSIBILITIES**

FFE staff should disclose to all prospective donors the benefits and liabilities that could reasonably be expected to influence the donor's decision to make a gift to the FFE. Donors will be encouraged to consult with legal counsel and financial advisors in making their decision. In particular, donors should be made aware of:

- the irrevocability of a gift;
- prohibitions on donor restrictions;
- items subject to variability (market value, investment return, and income yield); and
- the FFE's responsibility to provide a Donor Bill of Rights to donors.

Staff should maintain a written record of discussions with donors. The role of FFE staff shall be to inform, guide and assist a donor in fulfilling his or her philanthropic wishes, but never to pressure or unduly influence a donor's decision.

**GIFT ACCEPTANCE**

A contracted Governance Facilitator will provide the full-spectrum gift acceptance services for the FFE.

## **FORM OF GIFTS TO THE FFE**

### **Gifts Requiring Committee Review**

- Tangible personal property that is not readily marketable
- Real property
- Closely-held and S corporation stock
- Partnership interest
- Accounts receivable (gifts of loans, notes, mortgages, etc.)
- Gifts of intellectual property, mineral reserves, precious metals, and other types of assets carrying their own challenges
- Gifts whose structure falls outside the ordinary purposes, bylaws, and procedures of the FFE
- Life insurance policies requiring future premium payments by the FFE

### **Gifts Not Requiring Committee Review**

- Cash or cash equivalents
- Checks
- Marketable securities
- Gifts of personal property for use in FFE offices or programs
- Life insurance policies except as noted above

**See Appendix B for detail on each gift category**

## **GIFTS DECLINED**

The FFE reserves the right to refuse any gift it believes is not in the best interest of fulfilling its duties and obligations in support of the City of Kalamazoo as established in the FFE's founding documents. In addition, the FFE will not knowingly accept a charitable gift from a donor who:

- A. Has insufficient income and assets remaining after making a gift to provide for his/her needs such as personal support and healthcare.
- B. Has insufficient income and assets remaining after the gift to provide for his/her heirs for whom he/she is fiscally responsible.
- C. Has an apparent insufficient mental capacity to make a rational decision.
- D. Has insufficient input from competent financial, legal, and /or personal counsel.
- E. Has obtained the assets through illegal activities, including but not limited to assets derived from illegal business practices or from fundraising efforts that are in violation of applicable state or federal laws.

## **ACKNOWLEDGMENT**

Donors shall receive an expression of sincere thanks and gratitude from the FFE and an acknowledgement of the gift in accordance with federal regulations.

## **PUBLICITY**

No public media exposure with respect to a donor's gift will be generated without the consent of the donor.

## **RESTRICTIONS**

In conformance with Treasury Department regulations, gifts to the FFE may not be directly or indirectly subjected by a donor to any material restriction or condition that prevents the FFE from freely and effectively employing the transferred assets, or the income derived therefrom, in furtherance of its exempt purposes.

## **ACTING AS TRUSTEE**

The FFE will **not** serve as a trustee. Further, no employee shall serve as a trustee, conservator, executor, or personal representative for one of the FFE's donors or prospects unless specifically approved by the FFE board of directors. All officers shall report such relationships in the Related Parties Form as provided periodically to the board of directors.

## **INVESTMENT OF GIFTS**

It is the policy of the FFE to convert all gifts to cash as soon as possible. The FFE Investment Committee reserves the right to make any or all investment decisions regarding gifts in accordance with its Investment Policy.

In making a gift to the FFE, donors give up all rights, title, and interest to the assets contributed.

## **COSTS OF ACCEPTING AND ADMINISTERING GIFTS**

Generally, costs associated with the acceptance of a gift such as attorney fees, accounting fees, other professional fees as well as other costs to establish a gift such as appraisal, escrow, evaluation, and environmental assessment fees will be borne by the donor. The potential long-term costs that could be associated with a gift will be weighed in relation to the benefit of the gift when considering whether or not to accept the gift. In addition, the donor may be asked to provide the financial resources for the FFE to hold the asset.

## **CONFIDENTIALITY**

FFE staff shall maintain strict control over files and information received from or about donors or prospective donors so as to maintain confidentiality of such information.

## **PUBLIC FUND RAISING**

Fundraising undertaken by donors in connection with FFE require special consideration. See Appendix C.

### **Appendix A**

#### **Model Standards of Practice for the Charitable Gift Planner**

##### **Preamble**

The purpose of this statement is to encourage responsible gift planning by urging the adoption of the following Standards of Practice by all individuals who work in the charitable gift planning process, gift planning officers, fund raising consultants, attorneys, accountants, financial planners, life insurance agents and other financial services professionals (collectively referred to hereafter as “Gift Planners”), and by the institutions that these persons represent.

This statement recognizes that the solicitation, planning, and administration of a charitable gift is a complex process involving philanthropic, personal, financial, and tax considerations, and often involves professionals from various disciplines whose goals should include working together to structure a gift that achieves a fair and proper balance between the interests of the donor and the purposes of the charitable institution.

##### **I. Primacy of Philanthropic Motivation**

The principal basis for making a charitable gift should be a desire on the part of the donor to support the work of charitable institutions.

##### **II. Explanation of Tax Implications**

Congress has provided tax incentives for charitable giving, and the emphasis in this statement on philanthropic motivation in no way minimizes the necessity and appropriateness of a full and accurate explanation by the Gift Planner of those incentives and their implications.

##### **III. Full Disclosure**

It is essential to the gift planning process that the role and the relationships of all parties involved, including how and by whom each is compensated, be fully disclosed to the donor. A Gift Planner shall not act or purport to act as a representative of any charity without the express knowledge and approval of the charity, and shall not, while employed by the charity, act or purport to act as a representative of the donor, without the express consent of both the charity and the donor.

#### IV. Compensation

Compensation paid to Gift Planners shall be reasonable and proportionate to the services provided. Payment of finder's fees, commissions or other fees by a donee organization to an independent Gift Planner as a condition for the delivery of a gift is never appropriate. Such payments lead to abusive practices and may violate certain state and federal regulations. Likewise, commission-based compensation for Gift Planners who are employed by a charitable institution is never appropriate.

#### V. Competence and Professionalism

The Gift Planner should strive to achieve and maintain a high degree of competence in his or her chosen area, and shall advise donors only in areas in which he or she is professionally qualified. It is a hallmark of professionalism for Gift Planners that they realize when they have reached the limits of their knowledge and expertise, and as a result, should include other professionals in the process. Such relationships should be characterized by courtesy, tact, and mutual respect.

#### VI. Consultation with Independent Advisors

A Gift Planner acting on behalf of a charity shall in all cases strongly encourage the donor to discuss the proposed gift with competent independent legal and tax advisers of the donor's choice.

#### VII. Consultation with Charities

Although Gift Planners frequently and properly counsel donors concerning specific charitable gifts without the prior knowledge or approval of the done organization, the Gift Planner, in order to ensure that the gift will accomplish the donor's objectives, should encourage the donor early in the gift planning process, to discuss the proposed gift with the charity to whom the gift is to be made. In cases where the donor desires anonymity, the Gift Planner shall endeavor, on behalf of the undisclosed donor, to obtain the charity's input in the gift planning process.

#### VIII. Description and Representation of Gift

The Gift Planner shall make every effort to assure that the donor receives a full description and an accurate representation of all aspects of any proposed charitable gift plan. The consequences for the charity, the donor and, where applicable, the donor's family, should be apparent, and the assumptions underlying any financial illustrations should be realistic.

#### IX. Full Compliance

A Gift Planner shall fully comply with and shall encourage other parties in the gift planning process to fully comply with both the letter and spirit of all applicable federal and state laws and regulations.

#### X. Public Trust

Gift Planners shall, in all dealings with donors, institutions and other professionals, act with fairness, honesty, integrity and openness. Except for compensation received for services, the terms of which have been disclosed to the donor, they shall have no vested interest that could result in personal gain.

## **Appendix B**

### **Forms of Gifts to the FFE**

Gifts to the FFE take on a variety of forms. Many are outright gifts by living donors, either on a one-time or periodic basis. Others are testamentary gifts that take effect upon a donor's death or other forms of deferred gifts.

If the value of a gift other than cash or marketable securities exceeds \$5,000, a donor is required to have a qualified appraisal performed and submitted to the IRS on form 8283. If such gifts are sold within two years of receipt at a price other than the appraised value, Form 8282 must be filed by the FFE.

The FFE reserves the right to accept or reject any gift as it sees fit. It is the policy of the FFE to convert all gifts to cash as soon as possible.

#### **Cash**

The FFE accepts cash, checks, or money orders made payable to the FFE or any of its funds.

#### **Marketable Securities**

The FFE will add the net proceeds of a marketable securities contribution to the FFE. The FFE will govern the disposition of securities, and will make all decisions regarding the sale or retention of securities.

#### **Stock in Privately Owned Companies and Partnerships**

Donors wishing to make gifts of stock in a closely-held corporation or S corporation or a gift of a partnership interest must have it valued by a qualified independent accounting or appraisal company prior to making a contribution. If it is immediately marketable, it will be sold. Otherwise, it will be held by the FFE until it may be redeemed or sold for cash.

Generally, the FFE does not accept gifts of general partnership interests due to potentially unlimited liability.

The acceptability of a gift of closely-held stock, S corporation stock, or a partnership interest will depend on the ultimate financial liability of the FFE, the amount of management attention required, whether the gift provides minority or majority control, or whether the donor requires that such interest not be sold.

Consideration will be given to whether the S corporation stock or partnership interest generates unrelated business taxable income, if there is corresponding revenue to pay such taxes, the nature

of the business, recordkeeping and accounting requirements, and how quickly the gift can be converted to cash.

## **Life Insurance Policies**

The FFE will accept gifts of permanent life insurance policies if the FFE is named as owner of or is assigned ownership in such policies. Policies continuing on a premium-paying basis will be maintained as such by the FFE so long as gifts are made to the FFE in the amount of the premiums due. Premiums can be of a reducing amount if dividends are directed toward future premiums. Should such premium gifts not be forthcoming, the FFE may, on the recommendation of the Committee, elect:

- To have the FFE continue the premium payments.
- To surrender the policy in exchange for its cash surrender value.
- To invoke procedures under which the existing policy values can sustain the policy without further outlay of FFE funds for premium. This can take on any of the following forms:
  - Change the dividends to Net (Have the dividends pay future premiums)
  - Use the automatic premium loan feature (Borrow against the cash value to pay future premiums)
  - Use a combination of the two previous options (Have the dividends pay as much of the premium as possible and borrow against the cash value for the remainder amount)
  - Change the policy to paid-up in which case, no more premiums will be due

The FFE discourages the contributions of life insurance policies subject to policy loans and reserves the right to accept or reject such policies as well as those carrying assignments to other entities. The FFE will consider its own interest and the best interest of the donor in the light of tax ramifications in determining on a case-by-case basis the acceptability of encumbered life insurance policies. Particular care will be given to problems of self-dealing, jeopardy investments, and unrelated business income in this regard.

## **Real Property**

If a donor wishes to contribute real property or an interest in real property to the FFE either directly or through a life estate arrangement, the Committee shall consider all facts and circumstances in determining whether or not to recommend accepting the gift. Donors always should be advised to confer with their own counsel to review the terms of the gift.

Following the Appendixes is the ***Kalamazoo Foundation for Excellence Real Estate Acquisition Checklist***. This checklist will be utilized for all transactions involving real estate gifts.



### **Tangible Personal Property**

The donor will be advised whether the gift will be retained and used by the FFE or disposed of immediately.

### **Accounts Receivable**

The FFE will consider gifts of loans, notes, and mortgages, subject to review by the Committee.

**KALAMAZOO FOUNDATION FOR EXCELLENCE**

**Real Estate Acquisition Checklist**

**Description of property:** \_\_\_\_\_

Address

Completed  
by and date

Street

City

State

ZIP

(Parcel number and legal description)

Task

**CONSIDERATIONS BEFORE ACCEPTANCE OF GIFT**

Visit the site, or arrange to have a representative of the FFE visit the site.

Review the property “for sale” listing history. NOTE: If the proposed donation is less than the entire property, a land division application will need to be submitted and approved prior to the donation being accepted.

Request that the donor pay all costs associated with acceptance of property including title insurance policy, survey, environmental, and **tax**, and legal costs

Review gift acceptance policies

**EVIDENCE OF CLEAR TITLE**

Include review of existing easements. Easements should be declared in the title policy and noted on the survey of the property. Contract with a title company and surveyor for these services?

Obtain title insurance commitment before acquiring title

Items to deliver to title company if available:

- Recent prior title policy

- Abstract

- Condominium project

  - Master deed

  - Letter from association verifying status of assessments

Obtain title insurance policy after taking title

### EVIDENCE OF BOUNDARIES

Assess need for survey

- Obtain recent survey and review

- Obtain mortgage report and review

- Determine if any improvements subsequent to survey

- Determine if surrounding properties are improved

Obtain a survey

- Residential properties - stake survey

- Commercial properties - ALTA survey

### EVIDENCE OF CONDITION OF PROPERTY

Similar to having a title company on contract, it might be beneficial to have an

environmental firm on contract.

## Environmental

Obtain Phase I Environmental Site Assessment

Have Phase I reviewed by attorney

Obtain Phase II sampling if any "recognized environmental conditions" were identified in Phase I

Have Phase II reviewed by attorney

Obtain Baseline Environmental Assessment if property meets definition as a "facility" - must be performed within 45 days of transfer

Have BEA reviewed by MDEQ

Obtain sellers disclosure statement

Obtain building inspection

Check with local government for code/ordinance violations

Obtain well/septic inspection

## RENTAL PROPERTIES

Confirm zoning compliance with local government including use, setbacks,

parking, square footage, and city registration

Obtain copies of leases

Verify Lessor right to assign

Verify no pending real estate commissions

Verify existence and amount of security deposits

Obtain copies of service contracts and management contracts

Obtain estoppel certificate

Verify no lessor defaults

Verify no oral agreements

Obtain copy of approved site plan

### TRANSFER OF TITLE

Tax Clearance Certificate is needed prior to recording.

Obtain warranty deed transferring title to Kalamazoo Foundation for Excellence Real Estate Holdings, Inc. - usually prepared by donor's attorney

Record deed with the County Clerk/Register

Obtain assignment of lease

File Real Estate Transfer Tax Valuation Affidavit

File Property Transfer Affidavit - if property is transferred for less than \$100 there may be no tax on transfer

Upon presentation by the donor, sign Form 8283 for donor's tax return

LIABILITY AND CASUALTY INSURANCE

Obtain liability and casualty insurance. In instances where partial ownership is conveyed the primary owners are required to name Kalamazoo Foundation for Excellence as an additional named insured with evidence of such being remitted to the FFE.

**SALE OF PROPERTY**

If listing the property with a broker, negotiate a reasonable commission and length of agreement consistent with current norms.

TRANSFER OF TITLE TO PURCHASER

Prepare and file Form 8282 if property is sold within two years of gift date and transfer the title by a quitclaim deed.

**Kalamazoo Foundation for Excellence**  
**Privacy Policy**

*Approved at the annual meeting of the Board of Directors on May 23, 2018.*

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**PRIVACY STATEMENT**

This website is owned and operated by Kalamazoo Foundation for Excellence (FFE). Our intention is to inform and educate visitors about our work in support of the City of Kalamazoo. FFE is committed to honoring the privacy of all those we work with, including visitors to our website and subscribers to our electronic newsletters.

We do not sell or rent personal information to others. We use your information only for the limited purposes of sending you updates and useful information about our organization, promotional information, enhancing the site operation, for statistical purposes and for overall systems administration.

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**PERSONAL INFORMATION**

Your right to privacy is very important to us. We recognize that providing FFE with your personal information is an act of trust. When you visit FFE online, you remain anonymous, as we do not require registration to view our website or access information.

We may occasionally ask for your feedback via surveys or other communications to better understand your interests and needs. We will also request information through online forms used to register for an event. FFE does not share or make public any personal information gathered through our website.

FFE's encryption technology complies with current security standards to provide security and privacy when you initiate online transactions or send secure messages.

We do not reveal the name of anonymous donors.

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**PUBLIC INFORMATION**

Under IRS Code, the following FFE documents are public information:

- IRS Forms 990 and affiliated schedules for the past three years (excluding Schedule B).
- Exemption letter from the IRS.
- Approved application for exemption with supporting documentation.

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**THIRD PARTY SITES**

Throughout our website(s), we offer links to third party sites. Since we do not control those websites, we encourage you to review their privacy policies as well.

## **COMMUNICATIONS**

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If at any time you wish to stop receiving FFE's electronic newsletters or other communications, or to be removed from our email list, you may unsubscribe from that list as explained in each message. FFE will not give your email addresses to other organizations; however, we may occasionally send you mailings regarding events, products or services by reputable third parties if we think they may be of interest to you. In such circumstances, we do not provide the organization with your information, but send the mailing ourselves.

## **QUESTIONS AND COMMENTS**

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We welcome comments and questions on this policy. To share feedback or to request information from FFE, please send an email to The Coordinator at [ffe@kalamazoocity.org](mailto:ffe@kalamazoocity.org) or write to:

Kalamazoo Foundation for Excellence  
ATTN: [FFE Department](#), [Privacy Policy](#)  
241 W. South Street  
Kalamazoo, MI 49007



**Kalamazoo Foundation for Excellence  
Record Retention and Destruction Policy**

*Approved at the annual meeting of the Board of Directors on May 23, 2018.*

Kalamazoo Foundation for Excellence Record Retention and Destruction Policy is intended as a guideline for retention and destruction of records. The goals of this policy are to ensure that:

- (1) all non-critical records are retained for the minimum period required by law and no longer, thereby eliminating the storage-space problem and minimizing expenses;
- (2) all critical records, including those which may substantially affect the obligations of FFE or document FFE's compliance with the law, are retained for a sufficient period of time as to be useful to that end; and
- (3) records are destroyed only pursuant to a standard policy which has been developed for business reasons.

**Legal Hold**

FFE takes very seriously its obligations to preserve information relating to litigation, audits, and investigations. The Audit Committee or President/CEO may issue a notice, known as a "Legal Hold", suspending the destruction of records due to pending, threatened or otherwise reasonably foreseeable litigation, audits, government investigations or similar proceedings. No records specified in any Legal Hold may be destroyed, even if the scheduled destruction date has passed, until the Legal Hold is withdrawn.

The consequences of failing to retain items subject to a Legal Hold can be serious, including possible criminal and civil sanctions against FFE and its directors, officers, employees, nondirector volunteers or agents and possible disciplinary action against responsible individuals (up to and including termination of employment). Each individual has an obligation to contact the President immediately in the event the individual obtains knowledge of any potential or actual litigation, external audit, investigation, or similar proceeding involving FFE. Questions and Legal Holds should be addressed to the Audit Committee Chair, President

**Records Retention Schedule**

Attached to this policy is a Records Retention Schedule. This Schedule sets forth the recommended retention periods for each category of records. This policy shall apply to all records regardless of whether the records are stored on paper or on computer hard drives or other electronic media. The categories are intended to be general and should be interpreted as including all types of records relating to that category, including correspondence, notes, reports, etc. Documents that are sent to storage should be identified by category and should indicate a planned destruction date determined in accordance with the attached schedule.

The Records Retention Schedule is not a comprehensive list of all types of records FFE might have, nor will compliance with this list guarantee compliance with all applicable laws. In addition, some individual records within a given category will have more significance than others, depending on the circumstances, and may warrant retention beyond the time period indicated. Any retention of records beyond the time periods indicated should be approved by the President so the change may be incorporated in the Audit Committee's annual review of the policy.

**Kalamazoo Foundation for Excellence**  
**Social Media Policy**

*Approved at the annual meeting of the Board of Directors on May 23, 2018.*

This policy applies to the Kalamazoo Foundation for Excellence (FFE) directors, officers, employees, nondirector volunteers or agents of the Corporation who may possess confidential or proprietary information about FFE. This policy refers to such people as “our team.”

In order to effectively communicate with donors and others in the community, FFE maintains a website and actively participates in several social media networks. FFE has given authority to certain FFE team members to maintain its social media presence and may invite others to submit postings. With the exception of the guidelines set forth regarding Confidential/Proprietary Information, this policy does not cover these activities.

Social media has proved to be an indispensable part of our modern information landscape. Therefore, we encourage our team to personally engage in social media. However, it is the right and responsibility of FFE to protect itself from having members of our team speak on behalf of the organization when they are not authorized to do so, the unauthorized disclosure of confidential and/or proprietary information and from, and inappropriate use of FFE’s information technology resources.

Social media includes, but is not limited to, personal blogs; networks such as Facebook, LinkedIn, Instagram and Twitter; video or wiki postings; chat rooms; personal websites; or other similar forms of online journals, diaries or personal newsletters not affiliated with FFE.

**Commenting on Behalf of FFE**

FFE does not discourage self-publishing and self-expression. We take a neutral position regarding your use of social media in connection with personal interests and affiliations or other purposes that are lawful and contribute to a healthy, caring community. However, you are expected to follow the guidelines set forth in this policy to make clear that your comments and posts are by you as an individual and not as a director, officer, employee, nondirector volunteer or agent of FFE.

Unless authorized in writing by A Board Officer or FFE legal counsel, members of FFE’s team are not authorized to, and therefore are restricted from, commenting on behalf of FFE through social media.

**Disclosing Confidential/Proprietary Information**

Members of FFE’s team must adhere to our Confidentiality Policy in their use of social media. This means you may not discuss any confidential and/or proprietary FFE-related matters or information through social media. Likewise, our team may not post through social media confidential and/or proprietary donor or FFE-related documents, or post any information that would violate our Confidentiality Policy.

**Using FFE IT Resources**

As with all personal use of FFE’s information technology resources (i.e. desktop computers and

mobile devices), use of FFE's IT resources to conduct personal social media activities should be kept to a minimum and not disrupt work activities. Excessive or inappropriate personal use of FFE IT resources for social media purposes will be subject to disciplinary action, up to and including termination

When using social media, you must use your personal email address and may not use your FFE email address as your means of identification and communication.

### **General Guidelines**

It is important that each member of FFE's team understand there are benefits and risks associated with posting to social media networks. FFE's official viewpoints are:

- To maintain organizational transparency, if you comment on FFE-related topics, you must identify yourself as a member of FFE's team.
- When you identify yourself as a FFE director, officer, employee, nondirector volunteer or agent of the Corporation when participating in social media, you must clearly state you are commenting on behalf of yourself, and that your comments, posts and view are your own and that you are not commenting on behalf of FFE.
- Team members will use sound judgment when posting to social media networks and be aware that most people will view their professional and personal social media activities as one and the same.
- Team members will refrain from posting on behalf of FFE or acting in an official capacity without informing A Board Officer or FFE legal counsel. For example, an individual team member may establish a Twitter account for the purpose of tweeting about his or her work at FFE, but must inform A Board Officer or FFE legal counsel before creating the account. This does not refer to individual posts after such an account is established. These accounts are subject to the Commenting on Behalf of the FFE, Confidential/ Proprietary Information and Use of Organization IT Resources section of this policy.
- Team members are personally responsible for their commentary and social media posts. You can be held personally liable for commentary that is considered defamatory, threatening, intimidating, harassing, obscene, proprietary, libelous or slanderous.
- Team members will not plagiarize or abuse any copyrights. Any and all content used from another source must be done so with proper attribution.

Space and time don't allow us to define what, exactly, constitutes "common sense." Therefore, FFE asks that team members use their very best judgments, and to remember that anything posted can be a direct reflection of our brand, our mission, our ethics, our editorial voice and of the people working for and on behalf of FFE. FFE team members will speak respectfully and thoughtfully, and avoid any circumstance that may unravel the hard work we've spent building FFE's reputation.

### **Monitoring**

No social media network is ever truly private. Your postings can be reviewed by anyone, including FFE. FFE will monitor comments, posts, blogs, forums and discussions about FFE, its team and its donors, that are posted on the Internet or are otherwise publicly available.

**Reporting Violations**

FFE asks and encourages staff or interns (paid or unpaid) to report any violations, or possible or perceived violations of this policy to A Board Officer or FFE legal counsel or the Executive Director. Board members, committee members and other volunteers should report violations or possible or perceived violations to the president of the board of directors.

When reporting a violation or possible or perceived violation, whenever possible, please provide a hyperlink, screenshot and/or printout of the content you believe to be in violation of this policy so FFE may examine the content and context of the alleged violation.

**Discipline for Violations**

In the case of FFE staff or interns (paid or unpaid), violation of this Social Media Policy will result in disciplinary action, up to and including termination (consistent with our Employment at Will Policy), depending on the nature and severity of the violation. Violations by members of the board of directors, committees and other volunteers may lead to dismissal from the board, committee on which the person serves or volunteer position held. FFE reserves the right to take legal action against team members who engage in prohibited or unlawful conduct.

**Kalamazoo Foundation for Excellence**  
**Spending Policy**

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

The intent of the Donors is to have the Kalamazoo Foundation for Excellence (FFE) support the operational budget at a sufficient level to allow the millage level to be competitive with surrounding communities thereby maintaining a competitive capital investment environment. Further the Donors understood the City's need to invest in aspirational services that would support the accomplishment of not only becoming but continuing to be a growing and dynamic city.

It is intended that funds used for and held by the Kalamazoo Foundation for Excellence shall be available in perpetuity.

**Methodology**

Annually, the City shall prepare a budget and report the progress made to meet the accountability standards aligned with the benchmarks identified to become a growing and dynamic city. Further, the City administration would annually request from the Foundation support of its operational budget needs as well as investment into aspirational programs necessary to continue to achieve progress towards Imagine Kalamazoo 2025 goals.

The Foundation shall provide appropriate funding to support these additional aspirational projects.

In determining whether to appropriate or accumulate fund assets, Subsection 'c' of Section 9.03 of the FFE Bylaws will be consulted, and FFE will act in good faith with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. In accordance with Michigan's Uniform Prudent Management of Institutional Funds Act, the following factors will be considered in the determination to spend or accumulate endowment fund assets:

- the duration and preservation of the endowment fund;
- the purposes of the institution and the endowment fund;
- general economic conditions;
- the possible effect of inflation or deflation;
- the expected total return from income and the appreciation of investments;
- other resources of the institution; and
- the investment policy of the institution

**Kalamazoo Foundation for Excellence**  
**Whistle-Blower Policy**

*Approved at the annual meeting of the Board of Directors on May 23, 2018.*

In keeping with the policy of maintaining the highest standards of conduct and ethics the Kalamazoo Foundation for Excellence (FFE) will investigate any suspected material violation of law or policy or any questionable accounting or auditing matter by directors, officers, employees, nondirector volunteers or agents of the Corporation.

Directors, officers, employees, nondirector volunteers or agents of the Corporation are encouraged to report suspected material violation of law or policy or any questionable accounting or auditing matter (i.e. to act as “whistle-blower”), pursuant to the procedures set forth below.

**Reporting:**

An employee’s concerns about suspected material violation of law or policy or any questionable accounting or auditing matter should be reported to his or her supervisor or, if suspected by a consultant, vendor or volunteer, to the employee supporting the consultant’s, vendor’s or volunteer’s work. If for any reason a person finds it difficult to report his or her concerns to a supervisor or employee supporting the consultant’s, vendor’s or volunteer’s work, the person may report the concerns directly to the President or the Chair of the Audit Committee. Concerns pertaining to activities of the President should be reported to the Chair or Vice-Chair of the board of directors or the Chair of the Audit Committee. Alternately, to facilitate reporting of suspected violations where the reporter wishes to remain anonymous, a written statement may be submitted to one of the individuals listed above.

**Definitions:**

Baseless Allegations: Allegations made with reckless disregard for their truth or falsity. People making such allegations may be subject to disciplinary action by FFE and/or legal claims by individuals accused of such conduct.

Material violation of law or policy or any questionable accounting or auditing matter. Examples of such conduct include, but are not limited to:

- providing false or misleading information on FFE’s financial documents, grant reports, tax returns or other public documents;
- providing false information to or withholding material information from FFE’s auditors, accountants, lawyers, directors or other representatives responsible for ensuring FFE compliance with fiscal and legal responsibilities;
- material violation of FFE policy, including among others Confidentiality, Conflict of Interest, Whistle-Blower, Record Retention and Discrimination or Harassment;
- embezzlement, private benefit, misappropriation or misuse of FFE’s resources, such as funds, supplies, or other assets;
- authorizing or receiving compensation for goods not received or services not performed; and

- authorizing or receiving compensation for hours not worked

Whistle-Blower: A director, officer, employee, nondirector volunteer or agent of the Corporation who informs a supervisor, the President, or the Chair of the Audit Committee about an activity relating to FFE which that person believes to be a material violation of law or policy or any questionable accounting or auditing matter.

## **Rights and Responsibilities:**

### Supervisors

Supervisors are required to report suspected material violation of law or policy or any questionable accounting or auditing matter to the President, or the Chair of the Audit Committee, if appropriate.

Reasonable care should be taken in dealing with suspected misconduct to avoid:

- baseless allegations;
- premature notice to persons suspected of misconduct and/or disclosure of suspected misconduct to others not involved with the investigation; and
- violations of a person's rights under law

Due to the important yet sensitive nature of the suspected violations, effective professional follow-up is critical. Supervisors, while appropriately concerned about "getting to the bottom" of such issues, should not in any circumstances perform any investigative or other follow up steps on their own. Accordingly, a supervisor who becomes aware of suspected misconduct:

- should not contact the person suspected to further investigate the matter or demand restitution.
- should not discuss the case with attorneys, the media or anyone other than the President or the Chair of the Audit Committee, if appropriate.
- should not report the case to an authorized law enforcement officer without first discussing the case with the President, or the Chair of the Audit Committee, if appropriate.

### Investigation

All relevant matters, including suspected but unproved matters, will be reviewed and analyzed, with documentation of the receipt, retention, investigation and treatment of the complaint. Investigations will be conducted by the President or the Chair of the Audit Committee, if appropriate. Appropriate corrective action will be taken, if necessary, and findings will be communicated back to the reporting person and his or her supervisor. Investigations may warrant investigation by an independent person such as auditors and/or attorneys.

### Whistle-Blower Protection

FFE will protect whistle-blowers as defined below.

- FFE will use its best efforts to protect whistle-blowers against retaliation, as described here: Whistle-blowing complaints will be handled with sensitivity, discretion and confidentiality to the extent allowed by the circumstances and the law. Generally this means that whistle-blower complaints will only be shared with those who have a need to know so that FFE can conduct an effective investigation, determine what action to take based on the results of any such investigation, and in appropriate cases, with law enforcement personnel. (Should disciplinary or legal action be taken against a person or persons as a result of a whistle-blower complaint, such persons may also have right to know the identity of the whistle-blower.)
- Directors, officers, employees, nondirector volunteers or agents of the Corporation may not retaliate against a whistle-blower for informing management about an activity which that person believes to be material violation of law or policy or any questionable accounting or auditing matter with the intent or effect of adversely affecting the terms or conditions of the whistle-blower's employment, including but not limited to, threats of physical harm, loss of job, punitive work assignments, or impact on salary or fees. Whistle-blowers who believe that they have been retaliated against may file a written complaint with the President or the Chair of the Audit Committee, if appropriate. Any complaint of retaliation will be promptly investigated by the President or the Chair of the Audit Committee, if appropriate and appropriate corrective measures taken if allegations of retaliation are substantiated. This protection from retaliation is not intended to prohibit supervisors from taking action, including disciplinary action, in the usual scope of their duties and based on valid performance-related factors.
- Whistle-blowers must be cautious to avoid baseless allegations (as described earlier in the definitions section of this policy).



**Kalamazoo Foundation for Excellence  
Board of Directors  
Audit Subcommittee**

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

**STATUS:** Optional Subcommittee

**PURPOSE/FUNCTION:** To assist Kalamazoo Foundation For Excellence (FFE) and its related entities with audit responsibilities and pertinent policy oversight.

1. Oversee the audit of annual financial statements in accordance with generally accepted accounting principles, and determine that financial controls are reasonable;
  2. Participate in City's Purchasing Division process for bidding external auditing services;
  3. Retain, compensate, and oversee the work of the FFE's external auditor;
    - a. Review and provide input on external audit work plan,
    - b. Review auditor's opinion and audited financial statements,
    - c. Review auditor's report on all critical accounting policies and practices,
    - d. Review and, where applicable, assure implementation of auditor's management letter and report results of same to the board of directors;
- Approve any non-audit related services, other than preparation of tax returns, that exceed 5% of audit fees;
6. Adopt internal accounting controls and practices recommended by City Administration to align with City that will facilitate the ability of the FFE Board and City Administration as the entity responsible for administering FFE accounting and financial reporting to certify FFE's financial statements;
  7. Monitor and assure application of Conflict of Interest Policy, Record Retention Policy, Whistle Blower and other applicable policies;
  8. Assess the relevancy of answers to any Form 990 questions addressing accounting practices and the veracity of information provided to the public;
  9. Review and analyze other pertinent data brought by staff or the board of directors

**DECISION-MAKING AUTHORITY:** The Committee will formulate appropriate policies, procedures and make decisions as noted above.

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

**MEMBERSHIP:** The Committee shall consist of members of the board of directors.

- a. Term of office: Term as Director
- b. How appointed: Virtue of office

**MEMBERSHIP CRITERIA:** Member FFE board of directors

**MEETING SCHEDULE:** At least twice annually around the audit work plan and auditor's opinion and management letter, and as needed relative to other responsibilities.

**MEMBERS:**

**Board Approval Date:**

**Kalamazoo Foundation for Excellence  
Engagement Expectations**

*Approved at the annual meeting of the Board of Directors on May 23, 2018.*

**BOARD OF DIRECTORS:** Kalamazoo 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 community and FFE. The board is where all authority resides unless otherwise delegated to the President/CEO.

**DIRECTOR RESPONSIBILITIES AND LEADERSHIP ATTRIBUTES**

FFE 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 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 FFE.

**Activate Personal Networks** - Bring to the table broad and diverse relationships that complement the existing relationships at our disposal. Willing and effective at making introductions that expand quality relationships for FFE's goals.

- Provide introductions to prospective donors, open doors to secure major gifts and consider making a personal gift to FFE as appropriate.

**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 organization.

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

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

**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 a board evaluation.

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

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

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

**Tolerate Risk-** FFE 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 FFE's governance structure and operations and assess its strengths and weaknesses in order to build on leadership excellence.
- Always look toward the future, but have an appreciation of the past in advancing FFE's purpose.

**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 FFE.
- Become acquainted with the supporting organization concept, its legal basis, and function.

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

- Understand organizational structure and issues.
- Meet the obligation of legal, fiduciary, and fiscal oversight responsibilities of a board member.
- 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.

**Kalamazoo Foundation for Excellence**  
**Board of Directors**  
**Executive Committee Description**

*Approved at the annual meeting of the Board of Directors on May 23, 2018*

**STATUS:** Board Standing Committee

**PURPOSE/FUNCTION:** To assist Kalamazoo Foundation For Excellence (FFE) with responsibility for ongoing review in five primary areas to enhance the quality and future viability of FFE in general and board of directors specifically.

**ONE: Board Responsibilities:**

1. Meet prior to scheduled meetings of the board of directors to prepare agendas, plan for meetings, and make recommendations to the board on matters concerning the operations and programs of FFE;
2. Identify strategic issues and primary areas of focus for board discussion;
3. Conduct a periodic evaluation of the governance and committee structure of the board;
4. Focus on other issues as brought officially by the President, City Commission, designated staff or Executive Director to the Committee or on matters related to the board of directors;
5. Periodically review FFE governing documents (By-laws, policies, etc.) and propose additions or modifications as appropriate;
6. Regularly review and update the Board of Directors Member Responsibilities.

**TWO: Board Composition:**

1. Assess current and anticipated needs for the board's composition by determining the knowledge, attributes, skills, abilities, influence, and access the board will need in order to consider the issues and topics that will come before it in the foreseeable future;
2. Coordinate with the Governance Facilitator to ensure the recruitment process is conducted in a timely manner and meets the identified needs for board composition;
3. In cooperation with the President, meet periodically with each director to review his/her fulfillment of all Board Member Responsibilities, assess his/her continuing interest in board membership and anticipated term of service and identify the appropriate Committee membership(s) in consultation with each board member.

**THREE: Board Knowledge:**

1. Design and oversee a process of board orientation, including essential and needed information prior to a potential candidate agreeing to possible election as a director;
2. Oversee orientation process as appropriate for new board members (e.g., providing information needed during the first cycle of board activity, assignment of a board mentor, etc.), usually for one year;
3. Design and implement an ongoing program of board information and education to help board members perform their duties and responsibilities in an effective and efficient manner (i.e., board development moment at board meetings).

**FOUR: Board Effectiveness:**

1. Conduct a periodic and formal assessment of the board's performance.
2. Propose, as appropriate, changes in board structure, role, and responsibilities;
3. Provide ongoing counsel to the board President and other board leaders on steps he/she might take to enhance board effectiveness;
4. Regularly review the board's practices regarding member participation, conflict of interest, confidentiality, etc., and suggest improvements as needed.

**FIVE: Board Leadership:**

1. Provide leadership in succession planning, recruitment, and preparation for future board leadership;
2. Nominate board members for election as board officers.
3. Nominate board members for election to serve on board committees and subcommittees.

**DECISION-MAKING AUTHORITY:** Depending upon the authority identified within each section and following careful review, analysis, and evaluation in each area of responsibility, the Committee will:

- (1) formulate its decision and report that decision to the board of directors; or
- (2) formulate appropriate policies, procedures, and recommendations for consideration by the board of directors.

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

**MEMBERSHIP:** President, Treasurer, Secretary, one (1) City Director, and one (1) representative of the Finance Committee (in addition to the Treasurer).

**MEETING SCHEDULE:** Prior to the scheduled board of directors meetings in April and September or October and at other times as needed to accomplish the committee's purpose.

**Kalamazoo Foundation For Excellence**  
**Board of Directors**  
**Finance Committee**

*Approved at the annual meeting of the Board of Directors on May 23, 2018.*

**STATUS:** Board Standing Committee

**PURPOSE/FUNCTION:** To assist Kalamazoo Foundation For Excellence (FFE) with financial responsibilities, reporting, and policy oversight.

- Recommend short and long term financial goals for FFE;
- Prepare on a timely basis and monitor an annual budget for FFE that is aligned with its purpose and priorities;
- Formulate and recommend financial policies and ensure compliance with those financial policies adopted by the board of directors, including a Gift Acceptance Policy;
- Identify short-term and long-term financial challenges before they become urgent issues;
- Meet prior to the April and September meetings of the board of directors to review the FFE's finances and speak with representatives of the City of Kalamazoo to discuss its need for funding for the upcoming year and its plans for aspirational projects.\*
- Make recommendation to the board of directors on the amount of a grant that FFE shall make that year to the City based on any written agreement among the City, FFE;
- Work in conjunction with the board of directors, as requested, in the review of the Spending Policy.

**DECISION-MAKING AUTHORITY:** The Committee will formulate appropriate policies, procedures and recommendations for consideration by FFE's board of directors and make decisions and provide advice as noted above.

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

**MEMBERSHIP:** 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.



- a. Term of office: FFE board member term corresponds to their board term.  
City's Finance Director (or appointee): one year, renewable
- b. How appointed: Board of directors of the FFE

**MEMBERSHIP CRITERIA:** Members of the committee shall have significant knowledge and/or leadership experience in financial management. While past experience in the financial services industry can be desirable, members may not be a current principal or employee of a financial services company.

**MEETING SCHEDULE:** At least annually, prior to the September board of directors meeting on finance review and grant making matters, and as needed relative to other responsibilities and/or at the request of the board of directors or President.

**\*Timeline of Process**

- The Administration submits the City's updated operational + capital work plans, including aspirational project proposals for FFE funding, to the City Commission in April for Commission consideration.
- The City Commission approves FFE funding proposals in April and sends them on to the FFE Board for consideration.
- The FFE Board considers FFE Funding proposals in May/June and indicates support for the City to include these proposals in the City's Proposed Budget;
- The City Administration prepares directives for a Proposed Budget in July; the City prepares a Proposed Budget inclusive of the FFE funding requests in the Fall (no later than Dec. 1<sup>st</sup> according to City Charter).
- The City Commission considers the Proposed Budget inclusive of FFE Funding Requests and adopts an Adopted Budget by Feb 1<sup>st</sup>.
- Any changes to FFE Funding requests (as compared to what the FFE Board reviewed in May/June) would have to be brought back to the FFE Board for final consideration.

**Kalamazoo Foundation for Excellence**  
**Board of Directors**  
**Investment Subcommittee**

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

**STATUS:** optional subcommittee of the FFE Finance Committee

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

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

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

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

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

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

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

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

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

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