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<b>MEETING:</b>	<b>DESC AUDIT AND FINANCE COMMITTEE MEETING</b>	<b>DATE:</b>	<b>December 2, 2019</b>
<b>IN-PERSON ATTENDEES:</b>	<b>DESC Board/Committee Members:</b> Mark Redman, Alice Thompson DESC Staff: Terri Weems, Alessia Baker-Giles, Lynette Robinson, Nicole Sherard-Freeman <b>Guests: Kristin Hunt</b>	<b>LOCATION:</b>	<b>440 E. Congress Corporate Board Room Detroit, MI 48226</b>
<b>VIA TELEPHONE:</b>	<b>DESC Board/Committee Members:</b> Maria Woodruff-Wright, Paul Trulik, Ric Preuss	<b>CALLED TO ORDER:</b>	<b>10:02 a.m.</b>
<b>ABSENT:</b>	<b>Excused:</b> Chris Uhl, Calvin Sharp <b>Unexcused:</b>	<b>ADJOURNED:</b>	<b>10:37 a.m.</b>
<b>FACILITATOR:</b>	<b>Mark Redman</b> chaired in the absence of Chris Uhl	<u>DATE MINUTES</u> <u>APPROVED/ADOPTED:</u>	<b>December 2, 2019</b>

<b>ITEM</b>	<b>DISCUSSION</b>	<b>OUTCOME/ACTION ITEM(S)</b>
<b>I. Welcome, Roll Call and Introductions</b>	<p><b>Mark Redman, DESC Committee Member, Audit and Finance Committee Chair, called the meeting to order at 10:02 a.m., December 2, 2019.</b></p> <p><b>Mark Redman, requested a Motion to approve the Meeting's Draft Agenda:</b>  <b>Motioned:</b> Alice Thompson  <b>Seconded:</b> Paul Trulik  <b>Motion Carried-Passed/Approved Unanimously</b></p> <p><b>Mark Redman, requested a Motion to approve, September 19, 2019, Draft Meeting Minutes:</b>  <b>Motioned:</b> Alice Thompson  <b>Seconded:</b> Paul Trulik  <b>Motion Carried-Passed/Approved Unanimously</b></p>	
<b>II. Old Business</b>	<p><b>Terri Weems, Interim President &amp; CEO, DESC reported on the following:</b>          Status of move:</p> <ul style="list-style-type: none"> <li>• Signed lease for DESC's Administrative Office</li> <li>• Currently in the process of renovations</li> <li>• Demolition has begun</li> </ul>	



### III. Finance Report

**Terri Weems** provided an updated set of financials. DESC's net position of \$5M is relatively unchanged; it's about \$400,000 less.

Terri provided an update on the Financial Statement Audit and the Single Audit. The financial statement audit provided an opportunity to identify controlled improvements. (The single Audit reviewed PATH and WIOA). No issues over the last couple of years.

DESC has a new controlled improvement opportunity around bank reconciliations which includes:

- Completed timely
- Reconciling items need to be resolved in a timely manner

Tax status update:

- A received ruling from the IRS
- DESC is currently a Public Charity, formally a private foundation
- Classified as an organization, exempt from Federal Income Tax

Kristin Hunt, Plante Moran reported on the following:

- 2019 Financial statement Audit
- Federal Compliance Grant Audit

**Terri Weems** requested a recommendation from the committee to approve the draft financial statements.

**Mark Redman** requested a Motion to approve; the 2019 Draft Financial Statements with the following corrections:

- Newly signed lease
- Current tax status
- Change wording from "buildings" to "leasehold improvements."

**Motioned:** Paul Trulik

**Seconded:** Maria Woodruff-Wright

**Motion Carried-Passed/Approved Unanimously**

**Alessia Giles reported on the Updated Budget:**

In June 2019 DESC board approved the FY20 budget in the amount of \$67,791,262 back in June 2019. As of October 2019 DESC, has realized a net budget increase of \$3,539, 421. This increase is the result of the following grants:

1. WIOA SW DW Retail Grant \$1,273,719
  - a. This grant was not included in the original FY20 grant as it was received later in FY19. DESC did not incur any expenditures during FY19, and the entire amount is being included in FY20 and has been allocated to participant training.
  
2. Ford Motor Company \$1,000,000
  - a. This allocation was received from the Ford Motor Company and has been allocated to participant training.
  
3. PATH Carry-In \$1,765,702
  - a. DESC received an additional allocation of PATH funding later in the grant period; the state allowed DESC to carry-over this amount to 12/31/2019.
  - b. Furthermore, DESC had subcontractors that did not expend their entire award, and the state allowed DESC to carry-over 8% of those funds.
  - c. \$1,515,702 will be allocated to a subcontractor, and \$250,000 has been allocated to training.
  
4. CDBG GDYT decreased by \$500,000

Terri Weems reported on the background of this funding reduction:

We have enjoyed CDBG funding over the past several years; we recently became aware that the city of Detroit needs to certified community-based organizations to administer the GDBG funds. There was only one organization that was identified as a certified CBO (community-based organization) that could qualify for CBDG funding. (only one organization could qualify) We were limited in the number of dollars we could expend of the full CDBG award, which reduced the award to 1M of 1.5M.

**Preview Next Meeting, January 30, 2020**

- Budget assumptions

<b>IV. New Business</b>	<p><b>Nicole Sherard-Freeman</b> shared information on the process of establishing our next Career Technical Education Center with either Southeastern or Golightly. There was a discussion with Southeastern to add Robotics or Mechatronics, welding, and CNC machining. FCA is making a significant investment.</p> <p><b>Ric Preuss</b> added that Chrysler is hiring for a new plant and hiring 110 electricians amongst all the other trades.</p>	
<b>V. Public Comment</b>	<p>No public attendees present</p>	
<b>VI. Adjournment</b>	<p><b>Mark Redmond, DESC Committee Member, Audit and Finance Committee Chair requested a motion to adjourn the meeting:</b></p> <p style="text-align: center;"><b>Motioned:</b> Ric Preuss  <b>Seconded:</b> Paul Trulik</p> <p style="text-align: center;"><b>Motion Carried-Passed/Approved Unanimously</b></p>	

**DRAFT SUBMITTED BY:**

Printed Name: S. Rene Fowler

Title: Executive Administrative Assistant

Signature: *S. Rene Fowler*

Date: December 9, 2019

**DATE MINUTES APPROVED/ADOPTED:** January 30, 2020 **Initials:** *SRF*

**NEXT MEETING: January 30, 2020, 10:00 a.m. – 11:30 a.m., Detroit Employment Solutions Corporation, 440 E. Congress, Suite 400, Detroit, Mi 48226**

