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| <b>MEETING:</b>             | <b>Detroit Employment Solutions Corporation (DESC)<br/>AUDIT AND FINANCE COMMITTEE MEETING</b>  | <b>DATE:</b>                                  | <b>August 13, 2020</b>         |
| <b>ATTENDEES:</b>           | <b>DESC Board/Committee Members:</b> Chris Uhl, Alice Thompson, Maria Woodruff-Wright, Calvin Sharp, Paul Trulik, Ric Preuss, Mark Redman, Nicole Sherard-Freeman<br><b>DESC Staff:</b> Terri Weems, Alessia Baker-Giles, Lynnette Robinson, David Jackson, Elizabeth Hennessey, S. Rene Fowler <b>Guests:</b> John Allen | <b>LOCATION:</b>                              | <b>Zoom Conference Meeting</b> |
| <b>BY WAY OF TELEPHONE:</b> |   | <b>CALLED TO ORDER:</b>                       | <b>10:02 a.m.</b>              |
| <b>ABSENT:</b>              | <b>Excused:</b><br><b>Unexcused:</b>  | <b>ADJOURNED:</b>                             | <b>10:35 a.m.</b>              |
| <b>FACILITATOR:</b>         | <b>Chris Uhl, DESC Treasurer, Audit and Finance Committee Chair</b>   | <u>PREVIOUS MINUTES<br/>APPROVED/ADOPTED:</u> | <b>June 18, 2020</b>           |

| ITEM                                     | DISCUSSION   | OUTCOME/ACTION ITEM(S) |
|--|--|------------------------|
| I. Welcome, Roll Call, and Introductions | <p><b>Mark Redman, DESC Member, Audit and Finance Committee Chair, called the meeting to order at 10:02 a.m., August 13, 2020, by way of the Open Meetings Act, In response to the COVID 19 virus pandemic and consistent with the provisions of Governor Whitmer's Executive Orders #2020-15 ("Temporary Authorization of Remote Participation In Public Meetings") and #2020-21 ("Temporary Requirement To Suspend Activities That Are Not Necessary To Sustain or Protect Life"), this meeting will be conducted entirely by remote access.</b></p> <p><b>Mark Redman requested a Motion to approve the Meeting's Draft Agenda:</b><br/> <b>Motioned:</b> Alice Thompson<br/> <b>Seconded:</b> Paul Trulik<br/> <b>Motion Carried-Passed/Approved Unanimously</b></p> <p><b>Mark Redman requested a Motion to approve, June 18, 2020, Draft Meeting Minutes:</b><br/> <b>Motioned:</b> Alice Thompson<br/> <b>Seconded:</b> Calvin Sharp<br/> <b>Motion Carried-Passed/Approved Unanimously</b></p> |                        |

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| <p><b>II. Old Business</b></p>    | <p>There was no old business to discuss.</p>   |  |
| <p><b>III. Finance Report</b></p> | <p><b>2021 Update</b></p> <p>Terri Weems provided a Financial update stating several allocations are final with a few pending. She also stated DESC is in the process of preparing for the Annual Audit.</p> <p>Alessia Baker-Giles provided the focus and planning for the Annual Audit Update:</p> <ul style="list-style-type: none"> <li>• Plante Moran will conduct a virtual audit</li> <li>• Access to Plante Moran portal for uploading documents has been established</li> <li>• Auditors virtual fieldwork will be conducted September 14, 2020 – October 2, 2020</li> <li>• Auditors requested draft trial balance, week of September 7, 2020</li> <li>• Single Audit – auditors selected WIOA Grant to meet the threshold, (Auditors will review several grants):             <ul style="list-style-type: none"> <li>Admin</li> <li>Adult</li> <li>Dislocated Worker</li> <li>Youth</li> </ul> </li> </ul> <p>Finance is prepared for the Audit.</p> <p>Terri Weems stated two things get accomplished as a result of this audit.</p> <ol style="list-style-type: none"> <li>1. A general Financial Statement Audit – for the \$60 Million plus in revenue</li> <li>2. A Single Audit – (review a few of our grants)</li> </ol> <p>Mark Redman asked how the Pandemic has affected and impacted the operation's ability to record transactions?</p> <p>Terri Weems stated DESC’s IT Department prepared DESC with a plan in January, 2020 to convert our technology to mobile technology. We had already begun replacing desktops with laptops when the Pandemic hit. We are well-positioned to work remotely.</p> <p>Alessia Baker-Giles, Finance Director stated she didn’t think any issues were Pandemic related, but related from DESC’s office relocation. Plante Moran was informed DESC was is in the middle of a move.</p> |  |

Terri Weems stated we may have time issues if requests are paper related, but most of our documents are online and therefore should not be a problem.

Terri Weems presented a couple of new initiatives since the budget was last presented stating when we last presented the budget, \$67M was expected revenue, a large amount was a carryover. There was a slowdown period from March through June, where funds were unspent due to a decrease in activity, \$12M of that was carried over.

**New Fiduciary related activities:**

1. Reimaging Civic Commons
  - Service support to Project Managers
  - Manage finances
  - Pay invoices
  - Collect Administrative Fee which is revenue for DESC (The past month, an expectation close to \$1M was associated with Admin Fees)
  - DESC fees will be in the realm of \$50K to \$100K over a two year period
2. CHC (Community Health Corps)
  - Secured nearly \$2M to support CHC
  - Door to door outreach
  - Case management intervention for Detroiters
    - Reduce barriers in human services
    - Prepare Detroiters for employment in an economic mobility
  - Project expected to begin this fall, if successful, will continue for several years

We will provide more information at the DESC Annual Corporate Board Meeting, August 25, 2020.

**GDYT UPDATE**

Terri Weems provided available information on the finances, stating we do not have final numbers as of today. Finance will provide a more comprehensive update at the Annual Corporate Board Meeting, August 25, 2020.

**June reporting:**

- \$10.5 Million through our fundraising efforts
- \$1.2 Million through our fundraising efforts for technology



A significant amount of work was performed to react to the COVID19 situation and move to a virtual platform for our GDYT Youth (up to 8,000 students). There was a need to convert to a virtual experience and ensure Youth had access to technology, laptops, Chromebooks, internet connection and technical support.

Nicole Sherard-Freeman and GDYT Executive Director, Marie Hocker did an outstanding job meeting the needs. Monies were raised to meet the initial fundraising target and additional funds to address the digital divide.

Doing well with the collection of receivables, GDYT has historically been difficult from a financial perspective. A tremendous amount of Philanthropic dollars were used in addition to our traditional Federal formula dollars. We rely on the Philanthropic dollars coming in on time to pay our youth:

- Earlier collection of receivables this year
- Spend trending under expectations

The Finance Team did an excellent job of managing receivables, collections and payments to ensure we were in a good cash flow position.

Nicole Sherard- Freeman complimented Terri Weems on being masterful in figuring out how to help leverage the public, council and private funding sources and maximizing every funding source brought in.

**Cares Act (Payroll Protection Program) Update**

Alessia Baker-Giles presented the Cares Act timeline:

- Award notice of \$1,751,600 received April, 28, 2020
- Funds received May 6, 2020
- 75% used for payroll expenses
- 25% used for mortgage, rent, utilities
- Twenty-four weeks maintain salaries for forgiveness

Terri Weems stated If we were to expend all of our \$1.7 M by June we would not have had the opportunity to spend down some of our other grants which were expiring in June. Other grants are more flexible in nature, or had the opportunity to be expended in the new fiscal year. It was best used to have this more flexible Paycheck Protection Program dollars extend into our new fiscal year.

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|   | <p>We decided to take the extension, there are benefits and risks associated with 24 weeks instead of 8 weeks extension with PPP:</p> <p>Benefits</p> <ul style="list-style-type: none"> <li>- maximize funding</li> </ul> <p>Risks</p> <ul style="list-style-type: none"> <li>- Used for Payroll expenses</li> <li>- Required to keep a certain number of employees; if a portion is laid-off, furloughs, terminated; a portion of the loan is no longer forgivable.</li> <li>- Rules can continue to change</li> </ul> <p>We were able to maximize our funding sources by leveraging these dollars into the FY21. It helped to free up additional resources.</p> <p>Several board members expressed the decision made was best for maximizing forgiveness.</p> <p><b>Preview next meeting, November 12, 2020</b></p> <p>No items listed for next meeting preview.</p> |  |
| <p><b>IV. FY2021 Meeting Schedule</b></p> | <p><b>Chris Uhl, DESC Treasurer, Audit and Finance Committee Chair, Requested a Motion to approve FY2021 Meeting Schedule:</b><br/>         Motioned: Paul Trulik<br/>         Seconded: Mark Redman<br/> <b>Motion Carried-Passed/Approved Unanimously</b></p>   |  |
| <p><b>V. New Business</b></p>             | <p>There was no new business.</p>   |  |
| <p><b>VI. Public Comments</b></p>         | <p>No emails from the public</p>  |  |

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| <p>VI. Adjournment</p> | <p>Chris Uhl, DESC Treasurer, Audit and Finance Committee Chair, requested a motion to adjourn the meeting:</p> <p style="text-align: center;"><b>Motioned:</b> Alice Thompson<br/> <b>Seconded:</b> Calvin Sharp<br/> <b>Motion Carried-Passed/Approved Unanimously</b></p> |  |
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**DRAFT SUBMITTED BY:**

Printed Name: S. Rene Fowler

Title: Executive Administrative Assistant

Signature: *S. Rene Fowler*

Date: August 14, 2020

DATE MINUTES APPROVED/ADOPTED: 11/12/2020 Initials: srf

**NEXT MEETING:** November 12, 2020, 10:00 a.m. – 11:30 a.m., Detroit Employment Solutions Corporation, 440 E. Congress, Suite 400, Detroit, MI 48226 or via Zoom.

