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Tom Barrett, Mayor, City of Milwaukee  
Designated Chief Elected Official

Donald W. Layden, Jr.  
Chair

## EMPLOY MILWAUKEE BOARD OF DIRECTORS

### SPECIAL PERSONNEL FINANCE & AUDIT COMMITTEE MEETING

March 29, 2021 – 8:30 a.m. VIA ZOOM TECHNOLOGY

Employ Milwaukee – 2342 N. 27<sup>th</sup> Street, Milwaukee, WI 53210

### MINUTES

**Members Present:** John Kissinger (Chair), Chytania Brown, Molly Gena, Alan Perlstein, and Karen Spindler

**Employ Milwaukee Staff Present:** Lowell Raven and Sharron Briggs

**Guests Present:** Jean Christensen, CPA, John Hemming CPA and Melanie Otts of WIPFLi, LLP CPA & Consultants

#### 1. Welcome

Committee Chair John Kissinger welcomed committee members.

He called the meeting to order at 8:34 a.m.

#### 2. Agenda Item: Presentation and Recommendation for Approval of the FY'20 Audit (Approval)

Jean Christensen reviewed the Financial Statements and Supplementary Information Years Ended June 30, 2020 and 2019 for Employ Milwaukee, Inc. (EMI). Jean will be retiring this year May 31<sup>st</sup>; she introduced John Hemming as the agencies new audit partner who will serve as the contact person after her retirement. Jean reviewed the financial statements in the financial section of the audit report and noted that EMI had a clean unmodified opinion. She noted that there were no internal control findings over financial reporting noted. Jean reviewed the relevant footnotes associated with the financial audit. Jean then proceeded to review the compliance portion of the audited financial statements. She noted that there was a clean unmodified opinion for both the reports on compliance and internal controls and the report on compliance over major federal and state programs. Jean stated there were no internal control findings over major federal and state programs. Jean noted the major programs audited for compliance purposes were comprised of the WIOA Cluster (Youth, Adult, Dislocated Worker) which is 53% of EMI's federal funding. In addition, she also noted that the other major program tested for compliance purposes was the State Summer Youth program. Lastly, Jean reported that there were no questioned costs as well as no audit findings.

#### Concerns:

Alan Perlstein had a concern that the line of credit was reflected in the current liability section of the Statement of Financial Position v being reflected in the long-term liability section. John Kissinger concurred; and Jean indicated that changing the line of credit liability to long-term could be done quickly. The committee members agreed to the

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change and the external auditors would provide an updated draft to Lowell to review so that the FY'20 audited could be subsequently issued.

**Subsequent Event/Going Concern:**

Jean then discussed subsequent events as they pertained to the previous fiscal year '19 going concern. In a summary prepared for the special meeting it was noted that EMI had a decrease in net assets of \$484,575 during the year ended June 30, 2020. As of that date, EMI's current liabilities exceeded its current assets by \$1,909,500 and net assets without donor restrictions were in a deficit position of \$944,906. In response to the financial condition, EMI management decided to sell the EMI building in February 2021 resulting in a gain on the sale of the building that will be recognized in the future of over \$2 million. A portion of the proceeds from the sale were used to pay off the remaining balance of the note payable with PNC Bank as well as the line of credit. After these debts were paid off, the organization received \$1,204,509 of cash from the sale. EMI also entered into a lease with the buyer of the building for a portion of the space. EMI has agreed to adopt a new lease standard early during FY'21 so that the entire gain on the sale of the building can be recognized in FY'21 and be considered for subsequent event purposes to help mitigate the going concern. Accordingly, WIPFLI external auditors concluded for FY'20 audit purposes that EMI has mitigated the going concern as of June 30, 2020 with the sale of the building and will have sufficient resources available for its current liabilities and its net assets without donor restriction will no longer be in a deficit position.

**Observations:** Jean applauded EMI staff; especially Lowell for the hard work in providing information and answering questions for the FY'20 audit which has been a challenge within this COVID 19 environment; the committee concurred and congratulated EMI on a job well done.

Due to the lateness of the FY'20 audit being presented to the committee; John requested that EMI complete the FY'21 audit in a timely manner. Chytania & Lowell indicated that it is EMI's goal to have the audit fieldwork begin much earlier with the goal of having the audit issued no later than December 2021.

**Action:** The Personnel, Finance & Audit Committee reviewed the results of the FY'20 Audit as presented and approved a recommendation that the FY'20 audit and the audited results be accepted at the subsequent Executive Committee meeting that is immediately following at 9:30AM on March 29, 2021.

*Motioned by: Karen Spindler  
Second by: Alan Perlstein  
Unanimously Approved*

**The meeting was adjourned at 9:15 a.m.**