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

Donald W. Layden, Jr.
Chair

EMPLOY MILWAUKEE BOARD OF DIRECTORS

PERSONNEL, FINANCE & AUDIT COMMITTEE

May 28, 2020 – 8:30 a.m.

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MINUTES

Members Present: John Kissinger (Chair), Chytania Brown, Molly Gena, Jon Mariano, Alan Perlstein, Karen Spindler
Members Absent: All present
Staff Present: Pete Coffaro, Lowell Raven, MelissaKaye Shekoski, Eileen McMahon
Guests Present: Sumapreet Ghuman (DWD), Renee O'Day (DWD)

Chair John Kissinger called the meeting to order at 8:31 a.m.

1. Welcome

Chair John Kissinger welcomed committee members.

2. Approval of Minutes from February 24, 2020

After a brief review and discussion by the committee, February 24, 2020 meeting minutes were approved as circulated.

3. Effect of COVID-19 on EMI

Chytania Brown reported COVID-19 quarantine began on March 16th, 2020, her first day in the CEO role. On Day 1 management staff created COVID 19 work plan and were 95% ready as far as equipment staff would need to work from home. Additional Zoom licenses were purchased for managers. The receptionist received all building calls that were auto transferred to her phone. EMI held numerous calls on a weekly basis with participants and partners as well as kept constant dialog with DOL and WI-DWD. Soon after we were approved for PPP loan, which helped prevent any further layoffs due to this serious health crisis. No employees have been diagnosed with COVID 19 as of this meeting. Per the plan, we will be opening in stages with second stage beginning next week and will include management, fiscal and all Earn and Learn team members. Building will only be open to scheduled Earn and Learn participants. All staff and visitors will be required to wear face masks and use hand sanitizer. Facilities Director is using building checklist that follows CDC guidelines to keep staff and external visitors safe.

Question was posed if contracted partners are shut down and if so when they will resume operations? Ms. Brown responded Mr. Coffaro and his staff are working with the Job Centers. Major issue has been unemployment situation and no technology to apply when Centers are closed. Providers are working on phase in plans and DWD informed EMI their staff will return to Job Centers in mid-July.

Members briefly discussed and praised staff for the positive outcome of staff working together during an unprecedented world pandemic to remain productive.

4. Finance Updates

Packet Information – EMI Financial Statement Notes as of March 31, 2020, EMI Statement of Financial Position as of March 31, 2020, EMI Statement of Activities as of March 31, 2020

Lowell Raven, Finance Director, reported on the highlights of EMI Financial Statement narrative. The \$500,000 line of credit has been paid down to \$312,000, with \$188,000 available. EMI currently working with PNC Bank to finalize building appraisal, which should allow for line of credit extension. Agency has switched to monthly financial close-outs. Previously quarterly updates and annual close. EMI cash position December 2019 to March 2020 has improved and Accounts Receivable has been paid down by \$685,000, majority of which was debt owed to subcontractors. Ms. Brown added that new financial reports have been created starting in February 2020 and asked members to review documents in their packet and to send any feedback or modifications to her.

Financial ratios have improved to where EMI current ratios are at best practice. Direct vs. indirect expenses are being reviewed and \$38,000 has been moved from indirect to direct expenses, which are fully reimbursable. As this review process continues, the current fiscal year deficit will be directly reduced dollar for dollar by every cost identified as direct.

5. FY2021/PY2020 - Approval

Packet Information – EMI FY2021 Budget Narrative & Fund Development Report, FY2021 Budget Comparison vs. FY2020, EMI FY2021 Budget Comparison by Funding Source

Mr. Raven informed members that 990s were prepared and filed with IRS on May 8th, 2020 and audit was issued. EMI worked with internal auditors with data collection firm. This information was accepted immediately. Committee reviewed budget materials including narrative and details. FY2021 budget is \$16,361,000, of which government contracts are at \$15,594,000. The projected fund development goal is at \$500,000. New addition to budget is contingency fund of 5% of revenue for future unexpected costs.

FY21 to PY20 percentages are comparable, however less funding was received from DOL translating to less direct program funds. The actual contracted costs percentages are identical.

Question was posed if contingency would be an admin cost vs. programmatic? Response was it is budgeted to be for either, but purpose will be to prevent a budget shortfall.

Further discussion ensued on \$500,000 for fund development and members agreed it should be increased to \$1,000,000. The hope is there will be a grant to assist with dislocated worker issue that resulted from COVID 19 impact on businesses. Committee agreed that rest of budget looks reasonable.

Karen Spindler motioned to approve FY2021/PY2020 Budget as is except for fund development increase from \$500,000 to \$1,000,000; Alan Perlstein seconded; approved unanimously.

6. FY2020 Fund Development Report

Packet Information – EMI Fund Development Report

Ms. Shekoski reported multiple grants have been applied for this Spring with a few challenges thrown in due to audit result/rating. There are \$2.2 million in grants pending partnering with other agencies including United Way. Two of the grants would impact the reentry population, where EMI is on the forefront of innovative strategies and programming in serving this population.

Question was posed why no portion of the pending grant amount was included in current budget?

Response was due to notification for all grants applied for not expected until the July through August time-period. Chair Kissinger added that more aggressive fund development goal just approved should help these numbers and this committee will continue to monitor progress.

7. Building Update

Packet Information – EMI Tenancy Report YTD

Mr. Raven referred to EMI Tenancy Report which indicates projected rent revenue of \$236,000, up significantly from prior year. EMI is currently occupying 50% of the facility, 32% is leased out, and 18% is vacant. Ms. Brown added that current tenants have been notified of additional space available with the hope that by July 2020 there will be additional rent revenue. Members discussed lease terms and rent revenue improvements.

8. Personnel Status Report

Packet Information – EMI New Hire and Termination Report Thru May 31, 2020

Current open positions include Staff Accountant, HR Manager, and Youth Program Manager. These positions are reflected in 2021 budget. MRA has been on board since last Fall with the purpose of bringing the agency up to date on policies and now during COVID-19 working close with consultant with return to work plans, etc. Once HR Manager is hired, EMI will be concluding with MRA. Mr. Coffaro added that there has been turnover in the Financial Compliance Auditor position, which has been vacant since last October. This position has not been budgeted for currently.

9. Audit

- **Going Concern**

Certain costs in FY20 were not included in FY21. The PPP funding should help with no additional layoff costs and we are projecting \$303,000 for eliminated positions to help our financial position by next year. EMI will continue to monitor the building as far as continuing to lease or sell depending on the economic climate.

Committee had brief discussion on the difficulty of planning financially for the Earn and Learn program. This year 500 participants was the lowest ever but not as many worksites due to pandemic-related issues for businesses. Question was posed on the cost and response was \$1,300 per student.

- **Status of WIPFLI**

Chair Kissinger led discussion on recent errors made by WIPFLI during their audit. Since businesses rely on auditors to make sure everything is done properly EMI has in effect lost a year due to their mistake. Members considered going out for RFP. Mr. Raven explained WIPFLI and EMI have already invested three years and there is a significant amount of learning in a change of accounting firm. His preference is to have WIPFLI perform audit in September and then November. My preference is to continue for one year and I will run the audit. Mr. Perlstein recommended if keep WIPFL for one more year then request additional level of review with most senior person there.

Chair Kissinger asked if there was a consensus to keep. Approved by consensus with one abstention.

10. Other Items

No further discussion due to lack of time.

Chair Kissinger adjourned meeting at 10:14 a.m.

Next Meeting: August 27, 2020 8:30 a.m. at Employ Milwaukee

