HOUSING SERVICES MID MICHIGAN

October 13, 2015 Board Meeting

Call to order: President Bob Brown call to order at 2:09 p.m.

Present: Leon Monroe, Sean Cotter, Bob Brown, Janice Land, Tom Fuller, Tom Reich, Jim Dexter, Denise Dunn (ex-officio), Aaron Stevens (auditor, Abraham & Gaffney, P.C.)

Proxy: Dar Benjamin proxy to Brown, B.J. Behnke proxy to Reich.

**Minutes**:

President Brown wanted to clarify that the Michigan Premium, Texas Road House, and Texas Hold’em were all various types of other fundraising that were discussed.

Dexter asked if the issue with Maner and the audit preparation was resolved. Dunn explained that eventually the information was transmitted to Abraham & Gaffney, but it was late by several months and required significant pushing from Dunn. Dunn stated that the actual bill from Maner came in $200 less than the bid.

Fuller moved to approve the minutes with the edits from Brown concerning the fundraising corrected. Dexter moved to support. Motion carried.

Brown moved the audit report up from New Business to be addressed first.

**Audit report:**

Stevens presented a final report. HSMM received an “unmodified report” which is the best possible report to receive. Stevens advised that the current ratio is 1.63 of assets to liabilities and that the number needs to remain above 1 to be in a good position. Stevens noted that the ratio is relatively low, but understandable given that HSMM works with so many federal grants. Stevens explained that net assets to expenses is just under 8%, which is lower than they would like to see but is also understandable as a result of working with so many federal grants. This is an improvement over the last four years.

Stevens reported no material weaknesses, no significant deficiencies, no material noncompliance, and no other findings. Stevens stated that this is “as good as it gets, as clean as an audit can be.” Did not qualify as a low-risk auditee because of a prior finding, but after two years we can be considered a low-risk auditee again. Stevens thanked Dunn and the staff for their assistance.

Stevens wanted to share that there is a new federal accounting standard for revenue recognition on contracts that will go into effect for HSMM in 2020. This matters for contracts that pay out over time, which include many of our grants. The non-profit commercial reporting requirements are also changing to distinguish between donor-restricted and unrestricted assets. This January the Michigan Non-Profit Corporation Act made some changes regarding non-profit governance. Stevens recommended that legal counsel take a look at the changes. Dunn asked about posting the final audit report to the HUD Section 8 portal, as there were technical problems in the past. Dunn, Brown, and Stevens will work together.

Monroe moved to accept the audit report. Reich second. Motion carried.

**Acceptance of the financial report**:

Dunn noted that there was a recent HUD reimbursement covering 3 months at $51,201.41. The prison reentry reimbursement was also lagging behind, but the grantors have now come current in reimbursing us. Dunn noted that Section 8 is now separating out administrative fees and has reduced the amount that HSMM can be reimbursed by 25%.

Dexter asked about situations in which we would not be at capacity for vouchers. Dunn provided the example of a client passing away and it taking the next person the full 60 days to find, inspect the unit, and approve the new property. Dexter asked if there was a way to move down the list if there is a ready apartment that the person at the top of the list wants to pass up. Dunn explained that you cannot move down the list until the first person on the list has fully exercised their opportunities during the mandated timeline. Cotter asked if there is a way to send out notifications more expediently. Dunn explained that there must be a regular notification and then a most clients do respond almost immediately. Dexter asked if any projects are required to accept Section 8 vouchers. Brown explained that there can be requirements for certain developments in exchange for tax credits.

Dexter and Brown asked about the negative net income of $74,438.30. Dunn will request a clarification on whether this is just a balancing number.

Dunn said that there are some donations this month: $250 from Eaton Federal with an ad on the back of the resource directory, $300 from a landlord, and $50 from the Eagles.

Fuller moved to accept the financial report. Dexter supported. Motion carried.

**Executive Director’s Report**:

Dunn said that the $25,171.43 spent in August 2015 is representative of a typical month, save for very slow months.

Dunn explained that HSMM will do income screening for ALICE loans (low-income individuals who need emergency expenses). The loans are meant for situations such as vehicle repairs. Independent Bank will do the loans at 6% and United Way is guaranteeing the loans starting with a pool of $10,000. They will be reported so the person can build credit. The individual must open a savings account that to autodraw to pay the loan. They must also attend a financial capabilities class from HSMM that HSMM can potentially be reimbursed. HSMM just received its first applicant today.

Dunn reported there was a phone hearing on an unemployment hearing. Dunn reported that HSMM won part and lost another part, but Dunn is appealing the portion that HSMM lost. Dunn explained that HSMM won the portion where vacation time paid out to the former employee, which was taken care of by the 501 Alliance. Dunn stated that the unemployment judge found in favor of the former employee regarding the firing for cause, and she is appealing it. The 501 Alliance is representing HSMM.

Fuller asked about the employee who was long absent. Dunn said that she advised insurance that she is no longer employed here.

Dunn reported September involved interviewing for four positions, and HSMM is now in training mode for the new hires. Dexter asked where the former employees went. Dunn explained the Veterans’ Grant employee went to the VA, the data entry person moved to Kentucky, and the administrative assistant took a library position that is in line with her long-term professional goals. The AmeriCorps member took a position as a case manager with a Housing First Program and was time limited in the position.

**Old Business:**

AmeriCorps Member spot was awarded, but there have now been three offerees who backed out after determining that they could not do the position justice. The AmeriCorps position is not yet filled but HSMM is actively searching and has the position posted.

Dunn reported that the new windows have been installed and are excellent.

Dexter previously asked about how HSMM handled the booking of the flex plan in the financials. Dunn went to the budget report and explained that our out of pocket costs are $560 and the rest is contributions from employees. Dexter and Dunn will discuss how to address the lines in the budget report.

Dunn reported that she has contacted Sage and has corrected the negative errors from last month concerning the assets.

The electronic vote for the ESG funds are on pages 13 and 14 of the board packet. Fuller moved to affirm the vote for ESG 1. Dexter second. Motion carried. Fuller moved to affirm the vote for ESG 2. Land second. Motion carried.

**New Business:**

Dunn has replaced the admin assistant, data entry position, and Clinton County SSVF case manager.

Dunn reported that HUD overpaid $50,833 and HSMM underspent despite having 75 households. The discrepancy is because every household has a different dollar contribution toward the 30% of their rent. Dunn explained the earning verification process to the board.

Dunn stated MCAH requested a support letter to assist older adults remain in their housing. Dunn provided the letter.

Dunn stated that Blue Care Network provided the reimbursement check for violating the 80/20 rule. Because HSMM pays 100% of premiums, HSMM will keep the entire check of approximately $3000.

Dunn advised that HSMM would close on Christmas Eve, Christmas Day, New Year’s Eve, and New Year’s Day, which fall on Thursday and Fridays.

Dunn explained that HSMM will heading up the HUD grant on behalf of the COC this year. Dunn advised that this will be the most competitive HUD grant to date and the actual application is already a dramatic change from the prior year. The grant is due November 20.

Next meeting is December 8, 2015 at noon with HSMM staff.

Dexter moved to adjourn, Fuller supported. Motion carried.

Meeting adjourned at 3:49 p.m.

Respectfully submitted,

Nicole Shannon

Secretary