



**WorkSource Montgomery, Inc.  
Board Meeting Minutes**

August 17, 2017 - 12:00 pm – 1:00 pm

**Members:** Lynne Benzion (for David Petr), Donna Cooper, Dave Gamse, Ellie Giles, Steve Greenfield, Debbie Murphy, Lily Qi, Paul Tchorni, John Zudnick (for S. Edelstein)

**Staff:** Annette Gantt, Harry Thompson

A quorum being present, the meeting was called to order at 12:13 p.m.

**I. Welcome**

Donna welcomed and thanked board members for attending despite the short notice.

**II. FY18 Budget Review and Approval**

Cooper requested Tchorni present the budget to the board. Tchorni stated that after review and discussion of the proposed FY18 budget by the finance committee, the finance recommends approval of the budget and asked Thompson to walk board members through the budget. (Refer to Handout for details.)

**Thompson: Revenues**

- Highlighted projected FY18 revenues of \$6.785 million.
- Significant carryover from FY17 to FY18 due to WIOA youth grant being awarded very late (Jan. 17) also the ramp up of WSM.
- As a matter of practice and based on WIOA rules, WSM is allowed to carryover about 20%.
- Awards have been issued by the state, and were about 12% lower than the previous fiscal year.
- \$642K of the total awards has been set aside, in order to safe guard against an additional decrease in funding in October 2017.
- Significant area of revenue is the Montgomery County revenue. Under the accounting rules, these funds are unrestricted and booked as revenue.

Cooper asked for the definition for “unrestricted” vs. “restricted.” Restricted funds are grant funds that must be spent under specific programs, e.g., WIOA. WSM is not free to use the funding other than what is stated in the terms of the grant. Unrestricted funds are

awarded to WSM and are free to be used for general operations, other programs or special needs as required.

- Based upon budget WSM has budgeted an indirect rate of 19%, which is higher than the 10% allowed. As a result, WSM will use the audit to apply for a federal indirect rate increase, and then go back to state to request a higher rate. WSM is only expecting to receive the 10%. Percentage above 19% will be funded out of unrestricted funds. It is the cumulative of all of the grants. Gamse noted that his organization's indirect rate is capped by Montgomery County at 15%.
- Montgomery County funding for FY7 via the Pepco, \$425K came through as unrestricted. However, the subsequent funding is restricted to STEM programs (e.g., energy academy).

Murphy asked what other funding is included? Cooper requested that the "All Other" heading be delineated to the source of funds, e.g., MedImmune, Kaiser, Mont. College, funds raised for Summer RISE, etc.

#### **Thompson: Expenses by Use**

- Expenses for programs match the revenues and will come to a zero-net income. After indirect costs are allocated, anything in excess of what is allowed will come back to the unrestricted pool.
- Page 3, \$553,000 will be applied to unrestricted funds. Which will cause the indirect rate to decrease.
- Federal programs and various contracts with vendors (DB Grant, Identity, Ross) shows their award amounts and the actual expense being less because some portion will be carried over to FY19.
- Page 4: \$642K being reserved for the uncertainty of the final WIOA budget allocation in October.
- Future financial reports will show direct and indirect costs associated with each grant.

Murphy commented that the personnel is the largest allocated cost. Qi commented that the allowance of non-identified costs is based on the spending rates of FY17; adding in a cushion of non-identifiable costs.

Cooper asked how WSM compares from the two offices. Thompson stated that prior to May 1 of this year, the space was donated, which is included in the in-kind revenue and net. As of May 1, \$6,000 is budgeted per month, including \$4,300 for rent, the remainder for cost sharing.

Murphy requested an actual budget vs. comparative. Murphy asked whether increases were taken into consideration for this budget. Thompson shared that a modest cost of living increase only is included.

Cooper asked for further questions and/or comments. Murphy stated she is very uncomfortable with voting on a budget after the fiscal year has already started and would not like to do so in the future. Giles took responsibility and stated that moving forward we will create a tentative budget.

**Cooper asked Tchorni to make a motion.**

**Tchorni made motion for the FY18 budget to be approved by the WSM board. The motion was seconded, and approved unanimously with no further discussion.**

### **III. Strategic Plan**

Cooper stated that the strategic plan will be addressed at the next board meeting in September. Discussion will take place on whether the current strategic plan will be modified or whether the drafted strategic plan will be approved.

Meeting adjourned at 12:43 p.m.