

The Lifetime Learning Institute
Northern Virginia Community College, Annandale
Annual Financial Review Committee Report
August 20, 2022

The LLINOVA bylaws require the LLI Board of Directors appoint a Financial Review Committee to conduct an annual review of our Financial Position, Income and Expenses. The 2021-2022 review was held during the early part of August 2022. The committee was composed of Scott Pinckney, Chairman, a prior LLINOVA President, Chuck Hulick, who had held the LLI Treasurer position for six years and has been an active member of the Financial Review Committee. Doug Johnson, a long time member of LLINOVA who has conducted numerous financial investment classes, and LLI group travel excursions. Richard Sigman is a new LLI member and has a mathematician and statistician background with the Federal Government.

Supporting the Financial Review Committee's fiscal 2021-2022 review this year were Fritz Ernst who served as LLI Treasurer for the past two fiscal years and Debbie Cohen who has accepted the LLI Treasurer position for 2022-2023. The Fiscal 2022 Treasurer's files were maintained in three books of record: LLI Checks, (payments issued), LLI Deposits, and LLI Reports and Reviews.

Chuck Hulick reviewed the LLI Payments (check processing) of 58 checks issued during the period and categorized as follows:

Sixteen reimbursement payments: totaling \$6,043.16 were made in support of LLI sponsored events (e.g., LLI trips, Holiday party, Instructor expenses related to LLI courses) All were supported by satisfactory documentation.

Twelve payments of \$1,674.66 were made for a total of \$20,895.92, were for the LLI Administration Support Contract.

Two Insurance payments totaling \$1,756.00 were made for Directors Liability and Treasury Liability insurance to the Hartford Company, (an Affinity Non-Profit).

Investment Purchases: (All approved by the LLI Board)

Treasury Direct, \$19,994.94,	7/18,2021
Live Oak Bank CD, \$15,000.00	12/09/2021
Treasury Direct, \$24,469.17	5/17/2022
Treasury Direct, \$10,000.00	5/17/2022
Treasury Direct, \$24,805.56	5/26/2022

LLI Audit report August 9, 2022

Premise:

You want very safe liquid investments. I don't think membership or Board would be comfortable with any equity investments. T bills, CD's and series I savings bonds offer these. Time frame of no more than one year offers liquidity. Considering the higher rate of return in I bonds and CD's you should consider shifting some of the T bills into these. I bonds are especially attractive now. Even though their stated maturity is 30 years, the one year put offers liquidity. The \$45K in checking provides adequate working capital for operations.

Doug's economic forecast.

Fed caught between rock (inflation fight) and hard place (avoiding recession). Seldom have they been able to engineer a "soft landing". My guess is that they will cave into the political choice of avoiding recession and therefore, abandon inflation flight too early. After all, it is an election year and Democrats are desperate. The time lag between rate increases and economic impact makes Fed's job exceedingly difficult. There are signs that peak inflation is now – commodity price weakness, supply chain problems lessening, oil prices declining, housing price increases and consumer spending slowing down. This is offset by the continued increase in new jobs, but there are now signs that businesses are reassessing the future expectations and becoming more cautious. But easing will be slow and modest. Ukraine is the joker in the deck.

Therefore, I expect interest rates to peak below the higher targets that are now predicted. Problem is that abandoning inflation fight will exacerbate the problem in the future.

Doug Johnson

Chase Bank Card Payments:

Monthly payments totaling \$8,339.74 were made to cover various administrative items.

Northern Virginia Community College Support:

A payment of \$18,000.00 was made to NVCC from LLI member donations to the LLINOVA Scholarship Program.

IT SUPPORT: Four payments totaling \$1,280.00 were made for IT support work. All payments were supported by proper documentation.

Richard Sigman, reviewed LLI Deposits. Richard is a new LLI Nova member as of June 2022. Richard reviewed all 186 Deposits for FY 2022, including the Bank of America deposit statements, stripe.com information about credit-card payments to LLI, and associated output from Quick Books.

Richard's main question was, "Does the information in external financial records (i.e., The Bank of America deposit statements and the stripe.com information) agree with the treasurer's entries in Quick Books?". Richard's extensive review verified that the external financial records from the stripe.com information did agree for all transactions. This included four maturing T-Bills totalling \$70,000.00 and one \$25,153.59 closed CD. Richard also reviewed the same five investment transactions that were documented in Quick Books reporting \$5.06 and \$8.35 in interest on 1/27/2022 and 5/19/2022 respectively (LLI Investment Portfolio also listed in Chuck Hulick's report). For someone so new to LLI, Richard did an outstanding job!

Doug Johnson reviewed the Deposits binder and found no issues. As a departure from past LLINOVA Audit Reviews, Doug Johnson provided the LLI Board with an advisory narrative based upon his extensive career in financial investing. See Atch. #1

Sincerely,

Scott S. Pinckney, Chairman, Chuck Hulick, Doug Johnson, and Richard Sigman, Contributors.

1. Attachment, Doug Johnson's Premise and Economic Forecast