



**Special Olympics of Iowa  
Executive Summary- Investment Portfolio  
Finance Committee Meeting  
May 24, 2021**

**Market Commentary**

The first quarter launched 2021 on a positive note. Risk markets ignored short-term economic setbacks and outperformed in anticipation of additional fiscal stimulus and widespread vaccine distribution. The equity market turnaround since COVID-19 lows has been astonishing, with the S&P 500 up 75%—the biggest 12-month increase since 1936. While markets stayed broadly optimistic in the face of challenging conditions, bouts of volatility arose during the quarter as a stronger global growth outlook triggered inflation concerns, driving up bond yields and raising questions around future central bank policy.

**Portfolio Allocation and Performance**

Investment Policy Summary

The Portfolio shall maintain an asset allocation that reflects the long-term return objective and risk tolerance of SOIA. The allowed ranges for each approved asset class are described below:

<b>Growth Objective: Target 75% Equity / 25% Fixed Income</b>		
Asset Class	Allowable Range	Current Allocation
Money Market	0%-3%	1.85%
Core (IG) US Fixed Income	10%-25%	9.03%
Core (IG) Intl Fixed Income	0%-10%	2.29%
High Yield (BIG) Fixed Income	0%-10%	4.10%
US Large Cap Equity	30%-40%	42.80%*
US Mid Cap Equity	5%-15%	12.17%
US Small Cap Equity	5%-10%	9.87%
International Equity	10%-20%	11.45%
Emerging Markets Equity	0%-10%	2.93%
Real Estate	0%-5%	3.51%

\*Russell 1000 Growth ETF allocation includes securities classified as both Large Cap and Mid Cap

These asset allocation parameters are designed to give the investment adviser flexibility to achieve the portfolio objectives while remaining within acceptable limits of risk and diversification as approved by the Finance Committee. The current investment policy was approved and implemented in 4Q2019.

#### Performance Summary

	<u>YTD</u>	<u>1-Year</u>	<u>S/I (Annualized)</u>
Special Olympics Portfolio (Gross)	10.54%	42.43%	18.84%
Special Olympics Portfolio (Net)	10.39%	41.80%	18.30%
Blended Benchmark (75/25)	7.42%	33.70%	17.08%
S&P 500 Index	11.96%	46.26%	23.57%
Bloomberg Barclays US Aggregate Bond Index	(2.80%)	(0.34%)	4.05%

Over the recent months, a continued overweight to equities versus the benchmark was a primary driver of portfolio outperformance. In addition, our allocation to smaller companies has produced excess returns.

#### **Outlook**

While services sectors have generally struggled, manufacturing has continued to thrive. As social restrictions ease, pent-up demand should help drive a sharp recovery in economic growth. The re-opening of the U.S. economy is already nudging along a rebound in leisure and hospitality—an area of the economy particularly hurt by the pandemic. In Europe, government furlough schemes have diminished the impact of slower economic activity on the labor market, but extended lockdowns are taking their toll. Europe has fared worse than the U.S. overall, potentially experiencing a first quarter contraction. Yet, most economic indicators suggest that European activity has likely troughed and should recover in the second quarter.

#### **Transition Recap**

The account was transferred successfully from the prior custodian and the current portfolio strategy was fully implemented over several months per the revised Investment Policy Statement. The new IPS is similar in nature but allows for investment into additional asset classes that we feel will help drive long-term performance and improve diversification in the portfolio. Additional funds were transferred to the investment account from the bank and we invested those funds as opportunities arose.

Respectfully Submitted,

Ben Steele  
Lincoln Savings Bank  
LSB Capital Management





## SPECIAL OLYMPICS IOWA FINANCIAL SUMMARY AS OF AND FOR THE PERIOD ENDED APRIL 30, 2021 (UNAUDITED)

### **NET CASH SURPLUS (LOSS)**

The State office finished the period ending April 30, 2021 with a cash operating loss of (\$33,013).

Operating reserves (excluding centralized and restricted accounts) was \$1.566 million on April 30, 2021; providing approximately one year of reserve based on the current cash expense run rate.

### **Revenues and Cash Sources**

Cash revenues for the period totaled \$695,330, including \$177,663 from UCS and CDC grants. Fundraising event revenues were \$303,467 and were better than budget by \$71,467. Spring fundraisers included the Ames Polar Plunge and several other polar plunges. All have exceeded our budget expectations. Contributed revenues totaled \$214,199, with individual contributions trending slightly lower than budget mainly due to the transition of telemarketing vendors. In July 2020, we signed a contract with RNL for telemarketing solicitations and we began to see donations resume in October 2020.

The State office received round two of the CARES Act Payroll Protection Plan loan (PPP) with the Small Business Administration on February 5, 2021 which provided \$264,846 of capital to support payroll and eligible non-payroll expenditures during the pandemic. Just as with the last loan, the funds were booked as a liability on the balance sheet and will be converted to grant revenue when forgiven.

### **Expenses and Cash Uses**

Overall cash expenses were \$662,316. Promotional expenses are higher than budget due to increased attendance for the Polar Plunge events, specifically the Ames Plunge. Program expenses are also higher but mainly due to timing related to the Unified Champion Schools grant.

### **Final Summary**

While the 2021 budgeting process included enormous uncertainties, the outlook is optimistic for a successful year. Our cash position and investments remain strong. The annual audit with Bergan KDV included onsite field work during the first week of May. We are awaiting final amendments for the Employer Retention Credit related to the 4<sup>th</sup> quarter of 2020, estimated to be \$80,000. We are also exploring the potential of the Employer Retention Credit for 2021.

**CASH, CASH EQUIVALENTS AND INVESTMENTS**

The State office cash reserves are up from the prior year and continues to achieve its reserve policy of 6-months in available reserves. Investments continue to be very strong. Balances were as follows including cash accumulations by areas and delegations (aka centralized accounts).

	<b>4/30/2021</b>	<b>4/30/2020</b>
Operating Cash	\$ 445,361	\$ 310,127
Centralized Accounts	1,084,327	1,002,501
Cash Equivalents	339,622	487,250
Investments	1,121,377	773,182
Restricted Assets	211,477	158,295
	<u>\$ 3,202,165</u>	<u>\$ 2,731,355</u>

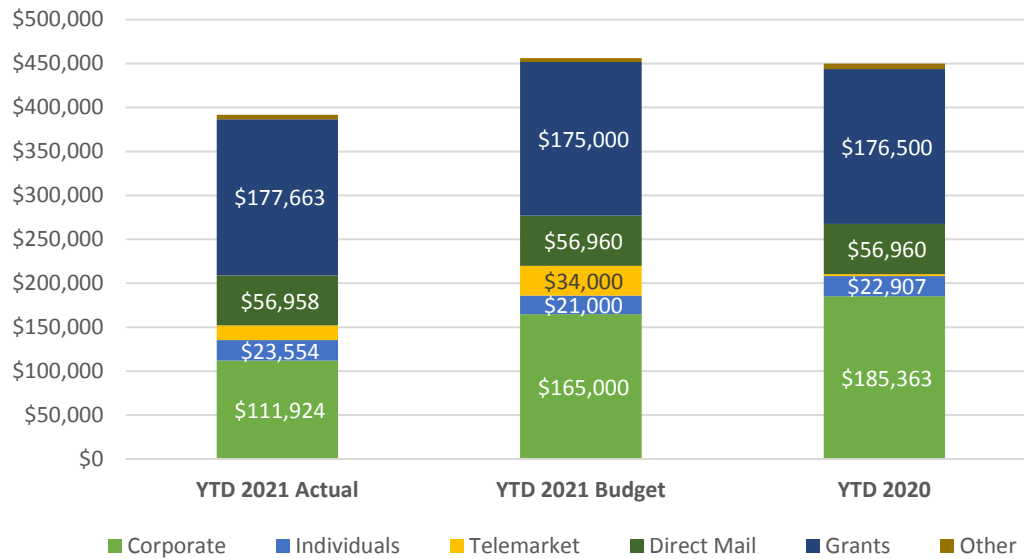
**STATEMENT OF FINANCIAL POSITION**

<b>ASSETS</b>	<b>4/30/2021</b>
Cash and cash equivalents	845,922.99
Accounts Receivable	14,239.52
Investments	1,121,377.29
Prepaid expenses	76,196.19
Property and equipment, net of accumulated depreciation	1,621,021.41
Restricted for permanent endowment	
Beneficial interest in community trusts	35,642.53
Beneficial interest in perpetual trust	175,834.53
 Total assets	 <u><u>3,890,234.46</u></u>

<b>LIABILITIES AND NET ASSETS</b>	
Accounts payable	8,713.18
Accrued expenses	15,717.47
Deferred revenue	-
Notes payable	264,846.55
 Total liabilities	 289,277.20
 Total Fund Balance	 3,600,957.26
 Total Liability and Fund Balance	 <u><u>3,890,234.46</u></u>

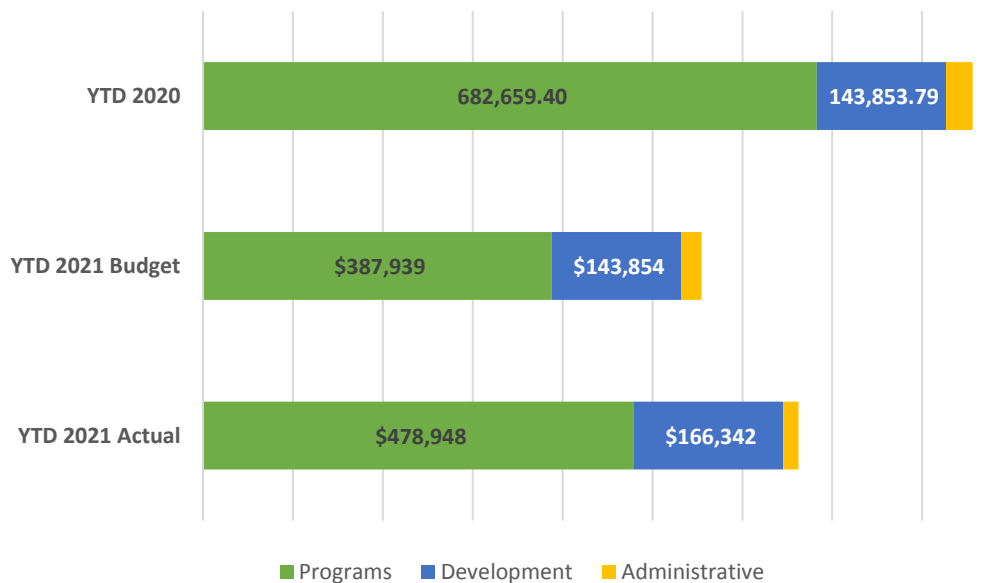
**CONTRIBUTED INCOME**

Contributed income is running slightly lower than budget and prior year. We expect corporate contributions to even out over time. Grants include the UCS grant and CDC grant as anticipated and consistent with budget and prior year. Telemarketing revenue continues to grow following a transition from Heritage to RNL that occurred in July 2020.



**SPENDING ON PROGRAMS**

Cash spending is lower than the prior year but more than budget mainly due to Unified Champion School grant dollars being spent on equipment before the school year ends and in accordance with the grant terms.





## 2021 Actual (unaudited) vs 2021 Budget

Notes	MTD April 2021			YTD April 2021		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>Revenue</b>						
Promotion Revenue	\$ 37,904	\$ 122,500	\$ (84,596)	\$ 303,467	\$ 232,000	\$ 71,467
Individual Contributions (incl. telemarketing)	31,145	29,240	1,905	97,145	111,960	(14,815)
SOI Grants	-	175,000	(175,000)	177,663	175,000	2,663
Corporate Contributions	32,484	50,000	(17,516)	111,924	165,000	(53,076)
Program Revenue	-	-	-	-	-	-
Civic Contributions	1,988	100	1,888	3,797	4,200	(403)
Other Combined	-	-	-	1,333	-	1,333
<b>Total Cash Revenues</b>	<b>103,521</b>	<b>376,840</b>	<b>(273,319)</b>	<b>695,330</b>	<b>688,160</b>	<b>7,170</b>
Investment income	110,078	-	110,078	114,618	-	114,618
Gain (Loss) on Investments	(67,976)	-	(67,976)	5,275	-	5,275
<b>Investment Income</b>	<b>42,102</b>	<b>-</b>	<b>42,102</b>	<b>119,893</b>	<b>-</b>	<b>119,893</b>
In Kind Revenue	-	-	-	750	-	750
<b>Total Revenue</b>	<b>145,623</b>	<b>376,840</b>	<b>(231,217)</b>	<b>815,972</b>	<b>688,160</b>	<b>127,812</b>
<b>Expenses</b>						
<i>Development Expenses</i>						
Development Payroll	18,594	15,814	(2,780)	69,906	67,228	(2,677)
Promotion Expenses	16,233	10,700	(5,533)	71,905	49,500	(22,405)
Other Combined	6,294	6,817	523	24,531	27,125	2,595
<b>Total Development Expenses</b>	<b>\$ 41,121</b>	<b>\$ 33,331</b>	<b>\$ (7,790)</b>	<b>\$ 166,342</b>	<b>\$ 143,854</b>	<b>\$ (22,488)</b>
<i>Program Expenses</i>						
Program Payroll	41,818	48,429	6,611	198,055	209,887	11,832
Program Expenses	106,195	31,710	(74,485)	214,040	111,116	(102,924)
Other Combined	14,975	18,609	3,634	66,853	66,935	82
<b>Total Program Expense</b>	<b>\$ 162,988</b>	<b>\$ 98,748</b>	<b>\$ (64,240)</b>	<b>\$ 478,948</b>	<b>\$ 387,939</b>	<b>\$ (91,009)</b>
<i>Admin Expenses</i>						
Admin Payroll	2,758	4,709	1,950	10,848	20,017	9,169
Audit Fees	-	-	-	-	-	-
Investment Management Fees	133	150	17	930	800	(330)
Other Combined	1,044	515	(530)	5,249	2,049	(3,200)
<b>Total Admin Expense</b>	<b>\$ 3,936</b>	<b>\$ 5,373</b>	<b>\$ 1,437</b>	<b>\$ 17,027</b>	<b>\$ 22,667</b>	<b>\$ 5,640</b>
<b>Total Cash Expenses</b>	<b>\$ 208,045</b>	<b>\$ 137,452</b>	<b>\$ (70,593)</b>	<b>\$ 662,316</b>	<b>\$ 554,459</b>	<b>\$ (107,857)</b>
Program In Kind	-	-	-	750	3,451	2,701
Development In Kind	-	-	-	-	-	-
<b>Total Inkind Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 750</b>	<b>\$ 3,451</b>	<b>\$ 2,701</b>
<b>Depreciation Expense</b>	<b>\$ 7,947</b>	<b>\$ 7,100</b>	<b>\$ (847)</b>	<b>\$ 31,392</b>	<b>\$ 28,400</b>	<b>\$ (2,992)</b>
<b>Total Expenses</b>	<b>215,991</b>	<b>144,552</b>	<b>(71,439)</b>	<b>694,458</b>	<b>586,310</b>	<b>(108,148)</b>
<b>Net Income</b>	<b>\$ (70,369)</b>	<b>\$ 232,288</b>	<b>\$ (302,657)</b>	<b>\$ 121,514</b>	<b>\$ 101,850</b>	<b>\$ 19,664</b>



## 2021 Organizational Budget

<u>REVENUE</u>	<u>2021 Budget</u>
Contributions-Civic Clubs	\$ 45,000
Contributions-Corporate	234,000
Contributions-Foundations	-
Contributions-Individuals	70,000
Contributions-Royalty Income	-
Contributions-Telemarket	108,000
Contributions-Direct Mail	230,000
Promotions Revenue	747,100
Program Revenue	-
Grants	532,000
Other Income	-
<b>TOTAL CASH REVENUES</b>	<b>1,966,100</b>
Investment Income	-
In-Kind Donations	-
<b>TOTAL REVENUE</b>	<b>\$ 1,966,100</b>

<u>EXPENSES</u>	<u>Program</u>	<u>Development</u>	<u>Administrative</u>	<u>Total</u>
Area Compensation	\$ -	\$ -	\$ -	\$ -
Accounting Expenses	-	-	-	-
Audit Fees	-	-	17,500	17,500
Automobile Expenses	7,168	1,726	106	9,000
Awards	-	-	-	-
Bank Charges\Interest Expense	956	230	2,040	3,226
Big 12 Expenses	2,500	-	-	2,500
Board of Director Expense	796	192	12	1,000
Building Interest	-	-	-	-
Building Maintenance	17,920	4,316	264	22,500
Conferences & Meetings	-	-	-	-
Criminal Background Checks	1,200	-	-	1,200
Dues & Subscriptions	6,451	1,554	95	8,100
Equipment Lease & Repair	1,051	253	16	1,320
Fundraising	-	4,800	-	4,800
General Program Supplies	10,200	4,500	-	14,700
Hotels/Meals/Incidentals	3,823	537	33	4,393
Insurance	36,318	8,746	536	45,600
Investment Management Fees	-	-	5,200	5,200
Legal Fees	2,389	575	35	3,000
Liability Insurance	-	-	-	-
Long Range Planning	-	-	-	-
Office Supplies	1,959	472	29	2,460
Permits & Licenses	478	115	7	600
Postage & Shipping	4,779	1,151	70	6,000
Printing	4,779	1,151	70	6,000
Program Expenses	173,005	-	-	173,005
Unified Champion Schools	282,250	-	-	282,250
Promotion Expenses	-	152,400	-	152,400
Public Education	24,000	-	-	24,000
Public Relations	-	7,200	-	7,200
Salaries and Benefits	601,322	193,737	57,686	852,745
SOI Accreditation Fee	46,800	-	-	46,800
Supplies for Staff	-	-	180	180
Team Iowa Expenses	-	-	-	-
Computer and Maintenance	17,203	4,143	254	21,600
Telemarket Expenses	-	34,800	-	34,800
Telephone/FAX/Internet	4,779	1,151	70	6,000
Training & Consulting	956	230	14	1,200
Utilities	15,674	3,775	231	19,680
Professional Development	1,200	-	-	1,200
Torch Run Conference	-	-	-	-
Volunteer Recruitment	10,353	-	-	10,353
<b>TOTAL CASH EXPENSES</b>	<b>\$ 1,282,779</b>	<b>\$ 428,348</b>	<b>\$ 84,485</b>	<b>\$ 1,795,612</b>
In Kind Contributions	-	-	-	-
Volunteer Hours Donated	-	-	-	-
Depreciation Expense	67,858	16,341	1,001	85,200
<b>TOTAL CASH and NON-CASH EXPENSES</b>	<b>1,350,637</b>	<b>444,689</b>	<b>85,485</b>	<b>1,880,812</b>
<b>INCREASE IN NET ASSETS</b>				<b>\$ 85,288</b>