

THE IRONMAN FOUNDATION, INC.
Tampa, Florida

FINANCIAL STATEMENTS
DECEMBER 31, 2012

THE IRONMAN FOUNDATION, INC.
Tampa, Florida

C O N T E N T S

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FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Ironman Foundation, Inc.
Tampa, Florida

We have audited the accompanying balance sheet of The Ironman Foundation, Inc. (a Florida not-for-profit corporation) which comprise the statement of financial position as of December 31, 2012 and the related statements of activities and cash flows from September 1, 2012 through December 31, 2012, and the related notes to the financial statements.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also, includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentations of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2012, and the changes in its net assets and its cash flows from September 1, 2012 through December 31, 2012 in accordance with accounting principles generally accepted in the United States of America.

Price & Associates, CPAs

Tarpon Springs, Florida

May 6, 2013

THE IRONMAN FOUNDATION, INC.

Tampa, Florida

STATEMENT OF FINANCIAL POSITION

December 31, 2012

	2012
	Unrestricted
Assets	
Cash and cash equivalents	\$ 1,128,820
Investments (Notes 8 and 9)	895,701
Receivables	6,668
Notes receivable - WTC (Note 4)	1,628,424
Due from WTC (Note 3)	557,626
Total current assets	<u>4,217,239</u>
Notes receivable (Note 4)	279,305
Intangible assets, net of accumulated amortization (Note 6)	<u>24,051</u>
Total Assets	<u>\$ 4,520,595</u>
Liabilities and Net Assets	
Liabilities	
Accrued expenses	\$ 21,462
Custodial funds (Note 5)	169,430
Total Liabilities	<u>190,892</u>
Net Assets	
Unrestricted	4,329,703
Total Net Assets	<u>4,329,703</u>
Total Liabilities and Net Assets	<u>\$ 4,520,595</u>

See accompanying notes and independent accountant's audit report.

THE IRONMAN FOUNDATION, INC.

Tampa, Florida

STATEMENT OF ACTIVITIES
FROM SEPTEMBER 1, 2012 THROUGH DECEMBER 31, 2012

	2012
	Unrestricted
Revenues	
Community Entry Fees	\$ 833,710
Business and Individual Contributions	96,007
Other Public Support	13,233
In-kind Contributions	1,287
Interest	27,108
Dividends	14,865
Total revenues	<u>986,210</u>
Expenses	
Grants program	467,818
Support services	55,981
Management and general	48,970
Total expenses	<u>572,769</u>
Increase (decrease) in net assets before investment losses	413,441
Unrealized loss on investments	4,986
Increase (decrease) in net assets	408,455
Beginning of period	<u>3,921,248</u>
End of period	<u>\$ 4,329,703</u>

See accompanying notes and independent accountant's audit report.

THE IRONMAN FOUNDATION, INC.

Tampa, Florida

STATEMENT OF CASH FLOWS
FROM SEPTEMBER 1, 2012 THROUGH DECEMBER 31, 2012

	2012
	Unrestricted
Cash flows by Operating Activities	
Increase in net assets	\$ 408,455
Adjustments to reconcile increase in net assets	
Increase (decrease) in:	
Amortization	4,581
Unrealized loss on investment	4,986
Receivables	27,695
Interest receivable - WTC	83,559
Notes receivable - WTC	871,505
Due from WTC	(197,234)
Accrued expenses	(24,089)
Custodial funds	(300,881)
Total cash provided (used) by Operating Activities	878,577
Cash Flows from Investing Activities	
Increase in notes receivable	(279,305)
Contribution of investments	(31,440)
Total cash provided (used) by Investing Activities	(310,745)
Net increase (decrease) in cash	567,832
Cash, beginning of period	560,988
Cash, end of period	\$ 1,128,820
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash paid for interest	\$ -
Cash paid for taxes	\$ -

See accompanying notes and independent accountant's audit report.

THE IRONMAN FOUNDATION, INC.
Tampa, Florida

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1 - NATURE OF ACTIVITIES

The Ironman Foundation, Inc (Foundation) is a nonprofit organization, incorporated in the State of Florida on February 17, 2003. The Foundation is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. The Foundation's mission is to leave the Ironman's legacy through philanthropy, voluntarism and grant making; by supporting various athletic, community, education, health, human services and public benefit non-profit organizations around the world. The Foundation's primary sources of revenue are from entry fees paid by participants in Ironman events, private contributions and corporate contributions. The World Triathlon Corporation (WTC) is the sole member of the Foundation. The WTC sponsors Ironman events, such as triathlons in countries around the world.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accounts of the Foundation are maintained, and the financial statements are prepared, on the accrual basis of accounting. Accordingly, revenues are recognized when earned, and expenses are recognized when incurred.

Financial Statement Presentation

In order to accommodate the various alternatives for donors' distribution objectives, the Foundation's records are maintained in accordance with the principles of fund accounting. This is the procedure by which resources are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund.

The Foundation has presented its financial statements in accordance with generally accepted accounting principles for not-for-profit organizations. Under this guidance, the Foundation is required to report information regarding its financial position and activities according to three classes of assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets are available for support of the Foundation's activities.

Temporarily restricted net assets represent funds subject to donor-imposed restrictions which will be met either by the Foundation's actions or the passage of time. Temporarily restricted net assets are reclassified to unrestricted net assets when the restrictions are met or have expired. These reclassifications are reported in the statement of activities as net assets released from restrictions. As of December 31, 2012, there were no temporarily restricted net assets.

Permanently restricted net assets represent endowment funds subject to the restrictions of gift instruments requiring the principal to be maintained intact and the investment income be used for the operations of the Foundation. Investment income from certain endowment funds is restricted for specified purposes. As of December 31, 2012, there were no permanently restricted net assets.

See independent auditor's report

THE IRONMAN FOUNDATION, INC.
Tampa, Florida

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. All pledges receivable and amounts received that are donor restricted for future periods or donor restricted for specific purposes are reported as temporarily or permanently restricted. The restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restriction when the donor stipulated time restriction ends or the purpose restriction is accomplished by the Foundation. All gifts granted to the Foundation are recorded at fair value at the time of receipt.

If contributions are conditioned upon a future event, such as incurring qualified costs, those contributions are recognized when the conditions are substantially met. If the donor or grantor makes payment prior to the conditions being substantially met, the Foundation recognizes a refundable grant advance.

In-Kind Contributions

In-kind contributions represent benefits provided to the Foundation by the WTC. In-kind contributions are recorded as revenues and expenses and have been included in the statement of activities.

Accounts Receivable

Accounts receivable are recorded net of any estimated losses due to uncollectible accounts. An allowance for receivables is provided based on management's judgment including such factors as prior collection history and type of receivable. Management considers the receivables recorded at December 31, 2012 to be fully collectible.

Community Entry Fees

Community entry fees include entry fees paid by participants in Ironman events and represent the primary source of revenue for the Foundation. See Note 3 for further discussion.

Grants Program

The grants program includes the monies remitted to nonprofit entities awarded grants by the Foundation. Grants less than \$10,000 are approved by the Foundation's executive director while grants above \$10,000 require the Board of Directors approval.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Association considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

Concentrations of Credit Risk:

Accounts at financial institutions are secured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2012, the Corporation's cash balances exceeded the federal depository insurance coverage by \$2,024,521.

Investments

The Foundation's investments are stated at fair value in the statement of financial position, with gains and losses included in the statement of activities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 9 for discussion of fair value measurement. Interest income is recognized under the accrual basis and dividend income is recognized on the ex-dividend date.

Investments are exposed to various risks such as interest rate, market and credit risks. It is reasonably possible that changes in value of investments will occur in the near term and that such changes could materially affect the amounts reported.

Intangible Assets

Purchased intangible assets are stated at cost; donated assets are valued at their estimated fair value on the date donated. All assets are amortized over estimated useful lives on a straight line basis.

Advertising:

The Foundation expenses advertising costs as incurred. Marketing and advertising expense for the period from September 1, 2012 through December 31, 2012 was \$10,142.

Subsequent Events

The date to which events occurring after the balance sheet date have been evaluated for possible adjustment to the financial statements or disclosure is the report date, which is the date on which the financial statements were available to be issued.

NOTE 3 - DUE FROM WTC

The due from WTC (World Triathlon Corporation) represents the Foundation program contribution portion of the general entry fee paid by participants in Ironman events owed at December 31, 2012. The Foundation entry fees are paid to the WTC and the WTC remits the Foundation program contribution portion monthly to the Foundation.

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 4 – NOTE RECEIVABLE – WTC

The note receivable – WTC represents the unpaid principal amount owed by the WTC at December 31, 2012 under a note that originated on December 31, 2011. The original principal amount on December 31, 2011 was \$2,499,929. The note included an initial payment of \$281,130 on September 1, 2012, monthly payments of principal and interest in the amount of \$140,565 beginning October 1, 2012 through January 1, 2014 and a final payment of \$140,529 due February 1, 2014. The interest rate is 5%.

Note receivable – WTC	\$ 1,907,729
Less – current portion	<u>1,628,424</u>
	\$ 279,305

NOTE 5 – CUSTODIAL FUNDS

The custodial funds represent amounts remitted by individuals to the Foundation and are designated by the individual donor for a specific nonprofit entity. These amounts are a liability to the Foundation until they remit the amounts to the designated nonprofit entity.

NOTE 6 – INTANGIBLE ASSETS

Intangible assets at December 31, 2012 consists of the following:

Software	\$ 42,375
Less: Accumulated amort.	<u>18,324</u>
	\$ 24,051

NOTE 7 - INCOME TAXES

The Foundation is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code and Chapter 617 of the Florida statutes. Since the Foundation is exempt from federal and state income tax liability, no provision is made for current or deferred income tax expense.

Income tax benefits are recognized for income tax positions taken, or expected to be taken, in a tax return only when it is determined that the income tax position will more likely than not be sustained upon examination by taxing authorities. The Foundation has analyzed its tax positions taken for filings with the Internal Revenue Service and the state of Florida. The Foundation believes that its income tax filings positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Foundation's financial condition, results of operations, or cash flows. Accordingly, the Foundation has not recorded any tax assets or liabilities, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2012. The Foundation would recognize interest and penalties, if any, related to unrecognized tax benefits in interest expense.

See independent auditor's report.

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 7 - INCOME TAXES CONTINUED

All tax exempt entities are subject to review and audit by federal, state and other applicable agencies. Such agencies may review the taxability of unrelated business income, or the qualification of the tax-exempt entity under the Internal Revenue Code and applicable state statutes. There currently are no audits of the Foundation's returns in progress. With few exceptions, the Foundation is no longer subject to U.S. federal income tax examinations for years before 2008.

NOTE 8 - RELATED PARTY TRANSACTIONS

In accordance with the by-laws of the Foundation, the voting directors of the Board of Directors are elected by the WTC (the sole member of the Foundation). The current Board includes four members but intends to expand to five members with a majority of voting Directors independent of the WTC.

In 2012, the Foundation entered into a one-year services and agency agreement with the WTC that includes an automatic renewal option for one year periods unless either party provides written notice to the other party of its intention not to renew within 30 days prior to the end of the applicable term.

The agreement requires that the WTC provide administrative, financial, governance, legal, marketing, and information technology services to the Foundation. These services include the leasing of WTC employees to the Foundation and the availability of third parties contracted by the WTC to provide services to the Foundation. The Foundation reimburses the WTC monthly for such services and for rental space occupied by the Foundation. In addition, the WTC collects Foundation entry fees from event participants. The Foundation's program contribution portion of the Foundation entry fee and individual and corporate donations are remitted monthly by the WTC to the Foundation.

NOTE 9 - CONCENTRATION RISK

As discussed in Notes 1 and 8, the WTC is the sole member of the Foundation and provides significant support to the Foundation. Also, as discussed in Notes 3 and 4, the WTC owes substantial amounts to the Foundation at December 31, 2012. The organizational implications of these concentrations are recognized by management and the board.

See independent auditor's report.