FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

THE IRONMAN FOUNDATION, INC.

December 31, 2014
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INDEPENDENT AUDITOR’S REPORT

Board of Directors
The IRONMAN Foundation, Inc.

We have audited the accompanying financial statements of The IRONMAN Foundation, Inc. (the “Foundation”), which comprise the statements of financial position as of December 31, 2014 and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

The Foundation’s 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.

Auditor’s Responsibility

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 from 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 presentation 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.
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The IRONMAN Foundation, Inc. as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

[Tampa, Florida]
May 8, 2015
The IRONMAN Foundation, Inc.

STATEMENT OF FINANCIAL POSITION

December 31, 2014

ASSETS

Cash and cash equivalents (note A10) $203,655
Investments (notes A11 and B) 4,950,569
Accounts receivable (note A6) 78,789
Due from World Triathlon Corporation (note C) 372,788

Total current assets 5,605,801

Software, net of accumulated amortization (notes A11 and D) -

TOTAL ASSETS $5,605,801

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES
Accounts payable $14,028
Custodial funds (note E) 217,400

Total liabilities 231,428

NET ASSETS - Unrestricted 5,374,373

TOTAL LIABILITIES AND NET ASSETS $5,605,801

The accompanying notes are an integral part of this statement.
The IRONMAN Foundation, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended December 31, 2014

REVENUE AND SUPPORT

Community fund entry donations (note A7) $ 1,077,030
Contributions 577,324
Charitable auctions (note A8) 179,385
Other revenue (note E) 36,640
Investment income, net (note B) 274,315

Total revenue and support 2,144,694

EXPENSES

Program services 1,318,455
Supporting services
Management and general 340,468
Fundraising 61,188
Total supporting services 401,656

Total expenses 1,720,111

CHANGE IN NET ASSETS 424,583

Net assets at beginning of year 4,949,790

Net assets at end of year $ 5,374,373

The accompanying notes are an integral part of this statement.
Cash flows by operating activities

<table>
<thead>
<tr>
<th>Change in net assets</th>
<th>$ 424,583</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjustments to reconcile change in net assets to net cash provided by operating activities</td>
<td></td>
</tr>
<tr>
<td>Amortization</td>
<td>10,308</td>
</tr>
<tr>
<td>Unrealized gain on investment</td>
<td>(34,327)</td>
</tr>
<tr>
<td>Increase in receivables</td>
<td>(77,067)</td>
</tr>
<tr>
<td>Decrease in due from World Triathlon Corporation</td>
<td>153,798</td>
</tr>
<tr>
<td>Decrease in accounts payable</td>
<td>(37,110)</td>
</tr>
<tr>
<td>Decrease in custodial funds</td>
<td>(68,678)</td>
</tr>
<tr>
<td>Total adjustments</td>
<td>(53,076)</td>
</tr>
</tbody>
</table>

Net cash provided by operating activities | 371,507 |

Cash flows from investing activities

<table>
<thead>
<tr>
<th>Purchase of securities, net</th>
<th>(1,024,690)</th>
</tr>
</thead>
</table>

Total cash used by investing activities | (1,024,690) |

Net decrease in cash and cash equivalents | (653,183) |

Cash and cash equivalents at beginning of year | 856,838 |

Cash and cash equivalents at end of year | $ 203,655 |

Supplemental disclosures of cash flow information

<table>
<thead>
<tr>
<th>Cash paid during the year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest</td>
</tr>
<tr>
<td>Income taxes</td>
</tr>
</tbody>
</table>
The IRONMAN Foundation, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2014

<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>Management and General</th>
<th>Fundraising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary expense</td>
<td>$ 81,840</td>
<td>$ 96,081</td>
<td>$ 22,260</td>
<td>$ 200,181</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>6,454</td>
<td>7,514</td>
<td>1,756</td>
<td>15,724</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>5,685</td>
<td>7,677</td>
<td>1,703</td>
<td>15,065</td>
</tr>
<tr>
<td>Total salary and related expenses</td>
<td>93,979</td>
<td>111,272</td>
<td>25,719</td>
<td>230,970</td>
</tr>
<tr>
<td>Grants</td>
<td>1,170,628</td>
<td></td>
<td></td>
<td>1,170,628</td>
</tr>
<tr>
<td>Professional fees</td>
<td>-</td>
<td>40,397</td>
<td>7,400</td>
<td>47,797</td>
</tr>
<tr>
<td>Marketing</td>
<td>-</td>
<td>138,660</td>
<td>10,868</td>
<td>149,528</td>
</tr>
<tr>
<td>Office expenses</td>
<td>5,866</td>
<td>12,709</td>
<td>978</td>
<td>19,553</td>
</tr>
<tr>
<td>Occupancy</td>
<td>2,642</td>
<td>3,128</td>
<td>722</td>
<td>6,492</td>
</tr>
<tr>
<td>Travel</td>
<td>35,004</td>
<td>21,002</td>
<td>14,001</td>
<td>70,007</td>
</tr>
<tr>
<td>Event expenses</td>
<td>10,336</td>
<td></td>
<td>1,500</td>
<td>11,836</td>
</tr>
<tr>
<td>Amortization</td>
<td>-</td>
<td>10,308</td>
<td>-</td>
<td>10,308</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>2,992</td>
<td>-</td>
<td>2,992</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$ 1,318,455</td>
<td>$ 340,468</td>
<td>$ 61,188</td>
<td>$ 1,720,111</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of this statement.
NOTE A - DESCRIPTION OF THE BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A description of the business and a summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follow:

1. **Description of the Organization**

The IRONMAN Foundation, Inc. (the “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 donations paid by participants in IRONMAN events, private contributions and corporate contributions. The World Triathlon Corporation (WTC) sponsors IRONMAN events, such as triathlons in countries around the world.

2. **Basis of Accounting**

The Foundation follows the provisions of the Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”) and the standards of financial reporting for not-for-profit organizations as described in the American Institute of Certified Public Accountants’ *Industry Guide for Not-for-Profit Organizations*. Accordingly, the financial statements are prepared on an accrual basis of accounting. The financial statements of the Foundation are the representation of management and include estimates of amounts and judgments it believes are reasonable under the circumstances.

FASB ASC 958-205 establishes standards for general purpose external financial statements of not-for-profit organizations and requires a statement of financial position, a statement of activities and changes in net assets, and a statement of cash flows.

FASB ASC 958-605 requires the Foundation to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets. It also requires recognition of contributed services meeting certain criteria at fair value. These financial statements have been prepared to focus on the Foundation as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

- **Unrestricted net assets** - not subject to donor-imposed restrictions or the donor-imposed restrictions have expired.
NOTE A - DESCRIPTION OF THE BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

- **Temporarily restricted net assets** - subject to donor-imposed stipulations that may or will be fulfilled by actions of the Foundation to meet the stipulations or become unrestricted by the passage of time. Currently the Foundation has no temporarily restricted net assets.

- **Permanently restricted net assets** - subject to donor-imposed stipulations that they be retained and invested permanently by the Foundation. Currently the Foundation has no permanently restricted net assets.

3. **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.

4. **Concentrations of Credit Risk**

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and money market accounts.

5. **Use of Estimates**

The preparation of these financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and operating expenses and to disclose contingent assets and liabilities at the date of the financial statements. Actual results could differ from these estimates.

6. **Accounts Receivable**

Accounts receivable are recorded net of any estimated losses due to uncollectible accounts. All 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, 2014 to be fully collectible.
NOTE A - DESCRIPTION OF THE BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

7. Community Fund Entry Donations

Community fund entry donations include entry fees paid by participants in IRONMAN events and represent the primary source of revenue for the Foundation. Participants purchase a premium entry into an IRONMAN event of their choosing. One half of the total cost is retained by World Triathlon Corporation for the selected event as a standard registration cost, while the remaining half is a 100% tax deductible contribution for the purchaser. The tax deductible portion is directed to the Foundation as unrestricted revenue.

8. Charitable Auctions

The Foundation conducts annual online auctions through a charitable giving platform for an opportunity to participate in the IRONMAN World Championship Event with 100% of the proceeds directed back to the Foundation as unrestricted revenue.

9. Grants Programs

The Foundation offers two grant programs. The Volunteerism Grant Program provides donations to organizations that have a volunteerism component to their organization. Grants typically range from $100 to $5,000. Each organization has the ability to apply for these grants through an application process on the Foundation’s website annually. The second grant program is The Community Grant Program. This program offers larger donations to non-exempt organizations in an effort to make an impact within the community of the respective non-exempt organization. These grants typically range between $1,000 and $40,000. Non-exempt organizations have the ability to apply for these grants through an application process on the Foundation’s website annually. For both programs, grants less than $10,000 are approved by the Foundation’s executive director while grants above $10,000 require approval by the Board of Directors.

10. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

11. 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 B for discussion of fair value measurements.
NOTE A - DESCRIPTION OF THE BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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 such changes could materially affect the amounts reported.

12. **Software**

The Foundation’s policy is to capitalize purchased software greater than $2,500. Purchased software is stated at cost; donated assets are valued at their estimated fair value on the date donated. All assets amortized over estimated useful lives on a straight-line basis.

13. **Functional Expenses**

The costs of providing program services and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the program services and supporting services benefited.

NOTE B - FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial Accounting Standards Board, *Accounting Standards Codification 820-10* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described below:

- **Level 1 valuations**, where the valuation is based on quoted market prices for identical assets or liabilities traded in active markets (which include exchanges and over-the-counter markets with sufficient volume),

- **Level 2 valuations**, where the valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market, and

- **Level 3 valuations**, where the valuation is generated from model-based techniques that use significant assumptions not observable in the market, but observable based on company-specific data. These unobservable assumptions reflect the Foundation’s own estimates for assumptions that market participants would use in pricing the asset or liability. Valuation techniques typically include option pricing models, discounted cash flow models and similar techniques, but may also include the use of market prices of assets or liabilities that are not directly comparable to the subject asset or liability.
NOTE B - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

The following table presents financial assets measured at their fair value on a reoccurring basis:

<table>
<thead>
<tr>
<th>December 31, 2014</th>
<th>Fair Value</th>
<th>Level 1 Inputs</th>
<th>Level 2 Inputs</th>
<th>Level 3 Inputs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term bond funds</td>
<td>213,698 $</td>
<td>213,698 $</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Intermediate bond funds</td>
<td>710,577</td>
<td>710,577</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Long-term bond funds</td>
<td>835,704</td>
<td>835,704</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>High-yield bond funds</td>
<td>368,862</td>
<td>368,862</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>International bonds</td>
<td>330,351</td>
<td>330,351</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Large cap equity funds</td>
<td>637,666</td>
<td>637,666</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Small cap equity funds</td>
<td>131,435</td>
<td>131,435</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Nontraditional bond funds</td>
<td>252,036</td>
<td>252,036</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Long/short equity funds</td>
<td>563,679</td>
<td>563,679</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Multi-class funds</td>
<td>906,561</td>
<td>906,561</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$4,950,569</strong></td>
<td><strong>4,950,569</strong></td>
<td><strong>-$</strong></td>
<td><strong>-$</strong></td>
</tr>
</tbody>
</table>

Investment income consists of the following for the year ended December 31, 2014:

- Dividends and interest $264,334
- Unrealized gain 34,327
- Investment fees (24,346)

**$274,315**

NOTE C - DUE FROM WTC

The amount due from WTC represents the Foundation’s portion of the community fund entry donations paid by participants in IRONMAN events owed at December 31, 2014 less any expenses owed to the WTC. The community fund entry donations are paid to the WTC and the WTC remits the Foundation program contribution portion monthly to the Foundation.
NOTE D - SOFTWARE

Intangible assets at December 31, 2014 consist of the following:

<table>
<thead>
<tr>
<th>Software</th>
<th>$ 42,375</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less accumulated amortization</td>
<td>(42,375)</td>
</tr>
</tbody>
</table>

$ -

NOTE E - CUSTODIAL FUNDS

The Foundation provides participants in IRONMAN events the opportunity to voluntarily fundraise unrestricted dollars for a tax-exempt organization of their choice. Participants who elect to fundraise have a fundraising campaign setup that is administered by the Foundation. Funds received are facilitated through a third party provider via a fundraising platform. Funds are payable to the Foundation.

The Foundation follows the provisions of FASB ASC 958-605, Transfer of Assets to a Not-for Profit Organization or Charitable Trust that Raises or Holds Contributions for Others. FASB ASC 958-605 establishes standards for transactions in which a donor makes a contribution to the Foundation which accepts and agrees to use those assets for the benefit of the donor. FASB ASC 958-605 also establishes standards for transactions in which a donor makes a transfer to benefit a third-party charitable organization and does not explicitly grant the receipt variance power. The custodial funds represent amounts remitted by individuals (donors) to the Foundation through the tax-exempt organization of their choice fundraising campaign. Amounts raised by participants are a liability to the Foundation until completion of the participant’s fundraising campaign and the remittal of the funds specific to the selected tax-exempt organization. Proceeds from the fundraising campaign, less associated administrative processing fees are remitted to the participant’s chosen tax-exempt organization. The Foundation reported approximately $36,000 in administrative processing fees relating to these funds.

NOTE F - INCOME TAXES

The Foundation has been recognized as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and Chapter 220.13 of the Florida Statutes, respectively. Accordingly, no provision for income taxes has been presented in these financial statements. The Foundation has not reported any unrelated business income; however, such status is subject to final determination upon examination, if any, of the related income tax returns by the appropriate taxing authorities.

The Foundation is not aware of any tax positions it has taken that are subject to a significant degree of uncertainty. Tax years after 2011 remain subject to examination by federal and state taxing authorities.
NOTE G - RELATED PARTY TRANSACTIONS

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 corporate donations are remitted monthly by the WTC to the Foundation.

NOTE H - SUBSEQUENT EVENTS

The Foundation has evaluated events and transactions occurring subsequent to December 31, 2014 as of May 8, 2015 which is the date the financial statements were available to be issued.