

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

THE IRONMAN FOUNDATION, INC.

December 31, 2020

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INDEPENDENT AUDITORS' REPORT

Board of Directors
The IRONMAN Foundation, Inc.

We have audited the accompanying financial statements of The IRONMAN Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, 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 audits. We conducted our audits 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, 2020, 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.

Report on Summarized Comparative Information

We have previously audited The IRONMAN Foundation, Inc. 2019 financial statements, and our report dated June 8, 2020, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Bruce, Gardner & Company, P.A." The signature is written in a cursive, flowing style.

Tampa, Florida
August 9, 2021

The IRONMAN Foundation, Inc.

STATEMENT OF FINANCIAL POSITION

December 31, 2020
(With comparative total for 2019)

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents (note A7)	\$ 729,722	\$ 469,194
Investments (notes A8, B and C)	7,107,632	6,919,895
Accounts receivable (note A9)	18,353	21,325
Due from World Triathlon Corporation (note D)	<u>474,698</u>	<u>259,028</u>
Total current assets	<u>8,330,405</u>	<u>7,669,442</u>
Software and equipment, net of accumulated depreciation (notes A11 and E)	<u>15,039</u>	<u>27,928</u>
TOTAL ASSETS	<u><u>\$ 8,345,444</u></u>	<u><u>\$ 7,697,370</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	49,423	\$ 21,321
Accrued liabilities	16,000	16,000
Custodial funds (note F)	<u>101,851</u>	<u>12,347</u>
Total liabilities	<u>167,274</u>	<u>49,668</u>
NET ASSETS (notes A2 and A4)		
With donor restriction	-	-
Without donor restriction	<u>8,178,170</u>	<u>7,647,702</u>
	<u>8,178,170</u>	<u>7,647,702</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 8,345,444</u></u>	<u><u>\$ 7,697,370</u></u>

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, 2020
(With comparative total for 2019)

	Without Donor Restriction	With Donor Restriction	Total 2020	Total 2019
REVENUE AND SUPPORT				
Contributions (note A4)				
Community fund entry donations	\$ 845,665	\$ -	\$ 845,665	\$ 549,551
Team IMF Fundraising	596,178	-	596,178	1,049,965
General contributions	583,823	-	583,823	902,572
Charitable auctions and drawings	45,030	-	45,030	268,788
Women for Tri	388	-	388	202,399
Other revenue (note F)	-	-	-	3,610
Investment income, net (note C)	75,975	-	75,975	1,252,348
	<u>2,147,059</u>	<u>-</u>	<u>2,147,059</u>	<u>4,229,233</u>
Total revenue and support				
Net assets released from restriction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENSES				
Program services	<u>1,072,136</u>	<u>-</u>	<u>1,072,136</u>	<u>2,289,087</u>
Supporting services				
Management and general	375,400	-	375,400	336,410
Fundraising	169,055	-	169,055	514,987
Total supporting services	<u>544,455</u>	<u>-</u>	<u>544,455</u>	<u>851,397</u>
Total expenses	<u>1,616,591</u>	<u>-</u>	<u>1,616,591</u>	<u>3,140,484</u>
CHANGE IN NET ASSETS	530,468	-	530,468	1,088,749
Net assets at beginning of year	<u>7,647,702</u>	<u>-</u>	<u>7,647,702</u>	<u>6,558,953</u>
Net assets at end of year	<u>\$ 8,178,170</u>	<u>\$ -</u>	<u>\$ 8,178,170</u>	<u>\$ 7,647,702</u>

The accompanying notes are an integral part of this statement.

The IRONMAN Foundation, Inc.

STATEMENT OF CASH FLOWS

For the year ended December 31, 2020

Cash flows from operating activities	
Change in net assets	<u>\$ 530,468</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Amortization and depreciation	12,889
Unrealized loss on investment	78,913
Decrease in receivables	2,972
Increase in due from World Triathlon Corporation	(215,670)
Increase in accounts payable	28,102
Increase in custodial funds	<u>89,504</u>
Total adjustments	<u>(3,290)</u>
Net cash provided by operating activities	<u>527,178</u>
Cash flows from investing activities	
Purchase of securities, net	<u>(266,650)</u>
Net cash used by investing activities	<u>(266,650)</u>
Net increase in cash and cash equivalents	260,528
Cash and cash equivalents at beginning of year	<u>469,194</u>
Cash and cash equivalents at end of year	<u><u>\$ 729,722</u></u>
Supplemental disclosures of cash flow information	
Cash paid during the year	
Interest	<u>\$ -</u>
Income taxes	<u><u>\$ -</u></u>

The accompanying notes are an integral part of this statement.

The IRONMAN Foundation, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2020
(With comparative total for 2019)

	Program Services	Management and General	Fundraising	Total	
				2020	2019
Grants	\$ 643,672	\$ -	\$ -	\$ 643,672	\$ 1,936,729
Personnel	123,028	166,449	64,202	353,679	406,091
Professional fees	-	41,563	-	41,563	96,100
Marketing	11,493	14,775	810	27,078	114,891
Advertising and promotion	61,520	123,382	157	185,059	118,123
Office expenses	6,906	3,604	9,344	19,854	81,624
Occupancy	10,286	5,368	13,916	29,570	33,949
Travel	7,874	4,374	5,249	17,497	106,651
Event expenses	206,535	-	4,440	210,975	144,866
Merchant processing fees	-	-	60,300	60,300	83,624
Depreciation	-	12,889	-	12,889	10,742
Other	822	2,996	10,637	14,455	7,094
Total expenses	<u>\$ 1,072,136</u>	<u>\$ 375,400</u>	<u>\$ 169,055</u>	<u>\$ 1,616,591</u>	<u>\$ 3,140,484</u>

The accompanying notes are an integral part of this statement.

The IRONMAN Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

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, volunteerism 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 net assets without donor restriction and net assets with donor restriction. 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 restriction. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

- With Donor Restriction - Net assets with donor restriction are net assets subject to donor-imposed stipulations that may be fulfilled by actions of the Foundation to meet the stipulations, that may become undesignated by the passage of time, or that require net assets to be permanently maintained, thereby restricting the use of principal.

The IRONMAN Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020

NOTE A - DESCRIPTION OF THE BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

- Without Donor Restriction - Net assets without donor restriction are net assets not subject to donor-imposed restriction or the donor-imposed restriction have expired. These net assets are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes.

3. Contributions

All contributions are considered to be available for use unless specifically restricted by the donor. All amounts received that are donor restricted for future periods or donor restricted for specific purposes are reported as net assets with donor restriction. The net assets with donor restriction are reclassified to net assets without donor restriction 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.

The Foundation's contributions come from many sources including the following:

a. Community Fund Entry Donations

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

b. Team IMF Fundraising

The Foundation offers the opportunity to race an IRONMAN event to participants who agree to fundraise a pre-determined amount to benefit the Foundation. The IRONMAN event race registration fee is paid by the Foundation. Participants of this program maintain personal peer-to-peer fundraising pages hosted by the Foundation.

The IRONMAN Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020

NOTE A - DESCRIPTION OF THE BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

c. Charitable Auctions and Drawings

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. In March 2020, the Foundation conducted a drawing for 10 entries into the 2020 IRONMAN World Championship Event with 100% of the proceeds directed back to the Foundation as unrestricted revenue. These transactions do not meet the definition of gaming activities under Section 849.0935 of the Florida Statutes.

d. Women For Tri

Women For Tri, a program adopted by The IRONMAN Foundation in 2019 works to increase female participation at all levels of triathlon. The Foundation offers the opportunity to race the IRONMAN World Championship Event to participants who agree to fundraise a pre-determined amount to benefit the Women For Tri program of the Foundation. Participants of this program maintain personal peer-to-peer fundraising pages hosted by the Foundation. Additional revenue sources added in 2020 include a portion of the proceeds from designated race slots at IRONMAN 70.3 World Championships that was received from World Triathlon Corporation. Women For Tri also has an apparel line managed by the World Triathlon Corporation merchandise team. The net proceeds are distributed to the Foundation to support the program.

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. The Foundations cash and cash equivalents may exceed, on occasion, amounts in excess of the Federal Deposit Insurance Corporation (FDIC) insured amount.

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.

The IRONMAN Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020

NOTE A - DESCRIPTION OF THE BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

6. 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.

7. 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 C for discussion of fair value measurements.

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.

8. 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, 2020 to be fully collectible.

9. Prepaid Expenses

Prepaid expenses relate to items which are expenses in future years that were paid in advance by the Foundation during the year ended December 31, 2020.

10. Software and Equipment

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

The IRONMAN Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020

NOTE A - DESCRIPTION OF THE BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

11. Grants Programs

The Foundation offers two grant programs. The Volunteerism Grant Program, which 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. The second grant program is The Community Grant Program. This program offers larger donations to tax-exempt organizations in an effort to make an impact within the community of the respective tax-exempt organization. Tax-exempt organizations have the ability to apply for these grants through an application process. 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.

12. Functional Expenses

The statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Foundation are reported as expenses of those functional areas. A portion of costs that benefit multiple functional areas are allocated on the basis of employee time and effort.

NOTE B - LIQUIDITY AND AVAILABILITY OF RESOURCES

As a part of the Foundation's liquidity management, it invests cash in excess of daily requirements in short-term investments. At December 31, 2020 the Foundation had current assets of \$8,330,405. No time or purpose restrictions were noted and accordingly a total of \$8,330,405 is available to meet operational needs at December 31, 2020.

NOTE C - 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

The IRONMAN Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020

NOTE C - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

- 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.

The following table presents financial assets measured at their fair value on a recurring basis at December 31, 2020:

	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Cash alternatives	\$ 190,381	\$ 190,381	\$ -	\$ -
Emerging markets	493,628	493,628	-	-
Small cap equity funds	2,329,815	2,329,815	-	-
Large cap equity funds	453,992	453,992	-	-
International value funds	473,052	473,052	-	-
US bond funds	248,559	248,559	-	-
Government bond funds	248,800	248,800	-	-
Global bond funds	496,651	496,651	-	-
Equity securities	<u>2,172,754</u>	<u>2,172,754</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 7,107,632</u>	<u>\$ 7,107,632</u>	<u>\$ -</u>	<u>\$ -</u>

Investment income consists of the following for the year ended December 31, 2020:

Dividends and interest	\$ 183,117
Unrealized loss	(78,913)
Investment fees	<u>(28,229)</u>
	<u>\$ 75,975</u>

NOTE D - 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, 2020 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.

The IRONMAN Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020

NOTE E - SOFTWARE AND EQUIPMENT

Software and equipment consisted of the following at December 31, 2020:

Equipment	20,243
Software	<u>38,670</u>
	58,913
Less accumulated depreciation	<u>(43,874)</u>
	<u><u>\$ 15,039</u></u>

NOTE F - 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.

NOTE G - INCOME TAXES

The Foundation has been recognized as exempt from federal and state 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 2017 remain subject to examination by federal and state taxing authorities.

The IRONMAN Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020

NOTE H - 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 community fund entry donations from event participants. The Foundation's community fund entry donations are remitted monthly by the WTC to the Foundation.

NOTE I - RISKS AND UNCERTAINTIES

In March 2020, the United States and global markets experienced significant volatility resulting from the uncertainty caused by the world-wide coronavirus (COVID-19). General economic uncertainties have arisen that may impact future cash flows and changes in net assets as a result of the pandemic. The related financial impact cannot be reasonably estimated at this time.

NOTE J - SUBSEQUENT EVENTS

The Foundation has evaluated events and transactions occurring subsequent to December 31, 2020 as of August 9, 2021 which is the date the financial statements were available to be issued.