

FINANCIAL STATEMENTS

Motorsports Charities, Inc. d/b/a The NASCAR Foundation
Years Ended December 31, 2023 and 2022
With Report of Independent Auditors

Ernst & Young LLP



Motorsports Charities, Inc. d/b/a The NASCAR Foundation

Financial Statements

Years Ended December 31, 2023 and 2022

Contents

Report of Independent Auditors.....1

Financial Statements

Statements of Financial Position.....3

Statements of Activities4

Statements of Cash Flows6

Notes to Financial Statements.....7



Ernst & Young LLP
Suite 2800
200 South Orange Avenue
Orlando, Florida 32801

Tel: +1 407 872 6600
ey.com

Report of Independent Auditors

The Board of Directors
Motorsports Charities, Inc. d/b/a The NASCAR Foundation

Opinion

We have audited the financial statements of Motorsports Charities, Inc. d/b/a The NASCAR Foundation (the Foundation), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and cash flows for the years then ended, and the related notes (collectively referred to as the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation at December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Ernst + Young LLP

May 8, 2024

Motorsports Charities, Inc. d/b/a The NASCAR Foundation

Statements of Financial Position

	December 31	
	2023	2022
Assets		
Cash and cash equivalents	\$ 6,949,311	\$ 5,925,642
Contributions receivable	83,360	294,767
Due from related parties, net	16,262	104,698
Other assets	4,846	2,017
Total assets	<u>\$ 7,053,779</u>	<u>\$ 6,327,124</u>
Liabilities and net assets		
Liabilities:		
Accounts payable and other accrued expenses	\$ 162,418	\$ 180,718
Deferred revenue	205,587	226,698
Total liabilities	<u>368,005</u>	<u>407,416</u>
Net assets:		
Without donor restrictions	5,770,951	5,153,960
With donor restrictions	914,823	765,748
Total net assets	<u>6,685,774</u>	<u>5,919,708</u>
Total liabilities and net assets	<u>\$ 7,053,779</u>	<u>\$ 6,327,124</u>

See accompanying notes.

Motorsports Charities, Inc. d/b/a The NASCAR Foundation

Statements of Activities

	Year Ended December 31, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support			
Contributions of financial assets	\$ 4,273,139	\$ 120,000	\$ 4,393,139
Contributions of nonfinancial assets	1,364,521	–	1,364,521
Other revenue	311,434	29,075	340,509
Total revenue, gains, and other support	<u>5,949,094</u>	<u>149,075</u>	<u>6,098,169</u>
Expenses			
Fundraising	1,241,279	–	1,241,279
Program services	3,715,453	–	3,715,453
Management and general	375,371	–	375,371
Total expenses	<u>5,332,103</u>	<u>–</u>	<u>5,332,103</u>
Change in net assets	616,991	149,075	766,066
Net assets, beginning of year	5,153,960	765,748	5,919,708
Net assets, end of year	<u>\$ 5,770,951</u>	<u>\$ 914,823</u>	<u>\$ 6,685,774</u>

See accompanying notes.

Motorsports Charities, Inc. d/b/a The NASCAR Foundation

Statements of Activities

	Year Ended December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support			
Contributions of financial assets	\$ 3,537,347	\$ 161,835	\$ 3,699,182
Contributions of nonfinancial assets	1,033,683	–	1,033,683
Other revenue	67,970	3,913	71,883
Total revenue, gains, and other support	<u>4,639,000</u>	<u>165,748</u>	<u>4,804,748</u>
Expenses			
Fundraising	966,565	–	966,565
Program services	2,810,057	–	2,810,057
Management and general	380,386	–	380,386
Total expenses	<u>4,157,008</u>	<u>–</u>	<u>4,157,008</u>
Change in net assets	481,992	165,748	647,740
Net assets, beginning of year	4,671,968	600,000	5,271,968
Net assets, end of year	<u>\$ 5,153,960</u>	<u>\$ 765,748</u>	<u>\$ 5,919,708</u>

See accompanying notes.

Motorsports Charities, Inc. d/b/a The NASCAR Foundation

Statements of Cash Flows

	Year Ended December 31	
	2023	2022
Operating activities		
Change in net assets	\$ 766,066	\$ 647,740
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Changes in assets and liabilities:		
Contributions receivable	211,407	9,415
Due from related parties, net	88,436	(167,503)
Other assets	(2,829)	(869)
Accounts payable and other accrued expenses	(18,300)	(51,297)
Deferred revenue	(21,111)	81,312
Net cash provided by operating activities	1,023,669	518,798
Cash and cash equivalents		
Beginning of year	5,925,642	5,406,844
End of year	\$ 6,949,311	\$ 5,925,642

See accompanying notes.

Motorsports Charities, Inc. d/b/a The NASCAR Foundation

Notes to Financial Statements

December 31, 2023

1. Organization

Motorsports Charities, Inc. d/b/a The NASCAR Foundation (the Foundation) was incorporated as a 501(c)(3) charitable fundraising organization in the state of Florida on September 23, 2005, and began operations on January 1, 2006. The Foundation's headquarters are located in Daytona Beach, Florida. The Foundation provides programming opportunities as well as raises and distributes funds for efforts that improve the lives and health of children.

2. Summary of Significant Accounting Policies

The following accounting policies have been used in the preparation of the financial statements.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements. Estimates and assumptions may also affect the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Contribution Revenue

The Foundation reports gifts of cash and other assets without donor restriction, unless explicit donor stipulations specify how the donated assets must be used. Gifts received with restrictions, where the restriction is met in the same period as the gift is received, are presented as without donor restriction on the accompanying statements of activities.

Revenues from contracts with customers consist of tickets to events and merchandise sales through auctions. Revenues are recognized when control of the promised goods or services is transferred to customers, in an amount that reflects the consideration to which the Foundation expects to be entitled in exchange for those goods or services.

Motorsports Charities, Inc. d/b/a The NASCAR Foundation

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

The Foundation's exchange revenue consists of fundraising events and merchandise sales through auctions. Event revenue is recognized upon completion of the event and auction merchandise is recognized as revenue when delivered.

Donated Goods and Services

Donated goods are monetized in auction fundraising activities and are recorded at actual selling price, which approximates fair value. Donated advertising services are recorded at estimated fair value in the period received and used.

Donated accounting, human resource, legal, communication, and technical services are recorded at their estimated cost when donated. Donated services are only recorded if the services received create or enhance nonfinancial assets or require specialized skills and would typically need to be purchased if not provided by donation. Other volunteer services are not recorded since they do not create or enhance nonfinancial assets or require specialized skills.

Contributions Receivable

Contributions receivable are stated at their net realizable value and include unconditional promises to give as well as related party receivables from directors, officers, and other affiliates. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows when deemed significant. The discounts on these amounts are computed using risk-free interest rates applicable to the years in which the promises are received. An allowance for uncollectible contributions is recorded when collectability is uncertain based on the Foundation's analysis of past collection experience, current economic conditions, pledge activity, and other judgmental factors.

Cash and Cash Equivalents

Cash and cash equivalents include amounts on deposit in interest-bearing bank accounts, shares in money market funds, and short-term government securities. All are highly liquid investments with stated maturities of three months or less from the date of purchase and are classified as cash equivalents.

Motorsports Charities, Inc. d/b/a The NASCAR Foundation

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Net Assets

Net assets, revenue and other support, and expenses are classified based on the existence or absence of donor-imposed restrictions. In the accompanying financial statements, net assets that have similar characteristics have been combined into similar categories as follows:

Without Donor Restrictions – assets that the Foundation has discretionary control to use in carrying out its operations in accordance with the limits of its bylaws and includes funds designated by the Board of Directors for the Betty Jane France Humanitarian (the BJFH Award) Endowment (see Note 4) and other specific uses.

With Donor Restrictions – assets received by the Foundation whose use is limited by donor-imposed time and/or purpose restrictions. The Foundation reports gifts of cash and other assets as revenue with donor restrictions if received with donor stipulations that limit the use of the donated assets. When a donor restriction ends or is satisfied, the net assets are reclassified and reported in net assets without donor restrictions and reported on the statements of activities, as net assets released from restrictions. Net assets with donor restrictions include the BJFH Endowment Fund (Endowment Fund) (see Note 4). The Endowment Fund has stipulations on how the assets are used and maintained by the Foundation.

Income Taxes

The Foundation has been recognized by the Internal Revenue Service as a tax-exempt organization described in Section 501(c)(3) of the Internal Revenue Code. Income earned in furtherance of the Foundation's tax-exempt purpose is exempt from federal and state income taxes. The Internal Revenue Code provides for taxation of unrelated business income under certain circumstances. The Foundation believes it has appropriate support for tax positions taken as part of its annual filing requirements and, as such, does not have any uncertain tax positions that are material to the financial statements. Accordingly, no provision for income taxes is made in the accompanying financial statements. The Foundation's tax years subject to examination by the Internal Revenue Service generally remain open for three years from the date of filing.

Motorsports Charities, Inc. d/b/a The NASCAR Foundation

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Fair Value Measurements

The Foundation determines fair value of its financial instruments in accordance with Accounting Standards Codification (ASC) 820, *Fair Value Measurement*. ASC 820 establishes a three-tier fair value hierarchy that defines the inputs used in measuring fair value. These tiers include Level 1, defined as observable inputs, such as quoted prices in active markets for identical assets or liabilities; Level 2, defined as inputs other than quoted prices for similar assets and liabilities in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. There are no assets or liabilities on the statements of financial position that are required to be measured at fair value on a recurring basis.

3. Liquidity and Availability

The Foundation maintains financial assets, which consist of cash and short-term investments, to meet normal operating expenses and liabilities that come due. The Foundation invests in cash and cash equivalents to maximize returns within the approved investment policy and to manage unanticipated liquidity needs.

The Foundation's financial assets available within one year of the balance sheet date are as follows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 6,949,311	\$ 5,925,642
Contributions receivable and due from related party	99,622	399,465
Available financial assets	<u>7,048,933</u>	<u>6,325,107</u>
Less assets not available to be used within one year:		
Donor established and board-designated endowment funds not appropriated for spending	<u>(1,962,949)</u>	<u>(1,772,945)</u>
Available financial assets, net	<u>\$ 5,085,984</u>	<u>\$ 4,552,162</u>

The board-designated endowment of \$1,048,126 included above could be made available if necessary.

Motorsports Charities, Inc. d/b/a The NASCAR Foundation

Notes to Financial Statements (continued)

4. Endowment Fund

The Endowment Fund is for the support of the BJFH Award, namely, to fund the operation, promotion, and administrative costs of the BJFH Award as well as costs associated with the maintenance of the Endowment Fund. The Foundation at its sole discretion may annually transfer principal and interest from the Endowment Fund to the BJFH Award budget, provided that the combined net earnings and principal used towards the BJFH Award budget in any one year does not exceed 7% of the total value of the Endowment Fund. The primary objective for the management of the Endowment Fund assets is to preserve principal while avoiding excessive risk through the use of moderate growth and income investments with spending adjusted for the total income generated. Net assets and revenues associated with the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions. There are no restrictions in perpetuity.

At December 31, 2023, the endowment net asset composition by type of fund consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted funds	\$ –	\$ 914,823	\$ 914,823
Board-designated funds	1,048,126	–	1,048,126
Total funds	\$ 1,048,126	\$ 914,823	\$ 1,962,949

Changes in endowment net assets for the year ended December 31, 2023, consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,007,197	\$ 765,748	\$ 1,772,945
Investment return:			
Investment income	30,890	22,627	53,517
Net appreciation (realized and unrealized)	10,039	6,448	16,487
Total investment return	40,929	29,075	70,004
Contributions	–	120,000	120,000
Appropriations of endowment assets for expenditure	–	–	–
Transfers to establish board-designated funds	–	–	–
Endowment net assets, end of year	\$ 1,048,126	\$ 914,823	\$ 1,962,949

Motorsports Charities, Inc. d/b/a The NASCAR Foundation

Notes to Financial Statements (continued)

4. Endowment Fund (continued)

At December 31, 2022, the endowment net asset composition by type of fund consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted funds	\$ —	\$ 765,748	\$ 765,748
Board-designated funds	1,007,197	—	1,007,197
Total funds	<u>\$ 1,007,197</u>	<u>\$ 765,748</u>	<u>\$ 1,772,945</u>

Changes in endowment net assets for the year ended December 31, 2022, consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ —	\$ 600,000	\$ 600,000
Investment return:			
Investment income	6,345	3,448	9,793
Net appreciation (realized and unrealized)	852	465	1,317
Total investment return	7,197	3,913	11,110
Contributions	—	161,835	161,835
Appropriations of endowment assets for expenditure	—	—	—
Transfers to establish board-designated funds	1,000,000	—	1,000,000
Endowment net assets, end of year	<u>\$ 1,007,197</u>	<u>\$ 765,748</u>	<u>\$ 1,772,945</u>

Motorsports Charities, Inc. d/b/a The NASCAR Foundation

Notes to Financial Statements (continued)

4. Endowment Fund (continued)

Total outstanding endowment pledge commitments in contributions receivable as of December 31 are as follows:

	<u>2023</u>	<u>2022</u>
Due less than 1 year	\$ 8,334	\$ 208,333
Due greater than 1 year	—	8,334
Total contribution	<u>\$ 8,334</u>	<u>\$ 216,667</u>

The Foundation deems the pledge commitments to be fully collectible and, thus, no allowance has been recorded against them.

5. Contributions of Nonfinancial Assets

Contributed nonfinancial assets, with no associated donor restrictions, are comprised of the following for the years ended December 31:

<u>General Category</u>	<u>Utilization in Program and Activities</u>	<u>Valuation Techniques and Inputs</u>	<u>2023</u>	<u>2022</u>
Advertising	Utilized for BJFH Award, various fundraising, and programming initiatives	Market value from service provider	\$ 638,393	\$ 413,778
Professional services	Utilized for various administrative matters	Estimated fair value based on current rates for similar professional services	254,595	239,863
Auction merchandise	Monetized for fundraising	Actual cash proceeds from sale	401,086	380,042
Vehicles	Monetized for fundraising	Fair value provided by donor	70,447	—
			<u>\$ 1,364,521</u>	<u>\$ 1,033,683</u>

Motorsports Charities, Inc. d/b/a The NASCAR Foundation

Notes to Financial Statements (continued)

6. Functional Expenses

Expenses are presented below by functional and natural classification. Natural expenses directly attributable to a specific functional expense category are reported as expenses of those functional categories. Natural expenses attributed to more than one functional expense category are allocated based on estimates of time and effort.

The functional expenses classification for the year ended December 31, 2023, is as follows:

	Fundraising	Program Services	Management and General	Total
In-kind contributions	\$ 392,705	\$ 440,634	\$ 59,649	\$ 892,988
Salaries and benefits	262,276	310,879	244,791	817,946
Professional services	43,825	83,221	15,846	142,892
Supplies, shipping, and printing	48,824	67,535	22,214	138,573
Promotional expenses	425,843	242,782	7,886	676,511
Travel	6,025	69,759	10,197	85,981
Distributions	–	2,483,751	–	2,483,751
Other	61,781	16,892	14,788	93,461
Total expenses	<u>\$ 1,241,279</u>	<u>\$ 3,715,453</u>	<u>\$ 375,371</u>	<u>\$ 5,332,103</u>

The functional expenses classification for the year ended December 31, 2022, is as follows:

	Fundraising	Program Services	Management and General	Total
In-kind contributions	\$ 261,229	\$ 329,730	\$ 62,682	\$ 653,641
Salaries and benefits	226,339	262,096	222,696	711,131
Professional services	21,480	66,671	16,110	104,261
Supplies, shipping, and printing	90,863	66,265	32,693	189,821
Promotional expenses	319,666	100,945	12,570	433,181
Travel	4,853	54,576	8,746	68,175
Distributions	–	1,909,502	–	1,909,502
Other	42,135	20,272	24,889	87,296
Total expenses	<u>\$ 966,565</u>	<u>\$ 2,810,057</u>	<u>\$ 380,386</u>	<u>\$ 4,157,008</u>

Motorsports Charities, Inc. d/b/a The NASCAR Foundation

Notes to Financial Statements (continued)

7. Related Parties

NASCAR Holdings, LLC (Holdings) and its wholly owned subsidiaries are an affiliated organization of the Foundation. During the years ended December 31, 2023 and 2022, Holdings donated cash of \$175,000 and \$49,400, respectively, to the Foundation, as well as contributed competition fines, assessed to competitors at certain NASCAR-sanctioned events, for promotional services, totaling \$1,368,000 and \$870,191, respectively. These donations and fines are included in contributions of financial assets revenue on the accompanying statements of activities.

Holdings also contributed accounting, human resource, legal, communication, and technical services of \$254,595 and \$239,863, as well as advertising services of \$638,393 and \$413,778 for the years ended December 31, 2023 and 2022, respectively. Additionally, Holdings contributed a vehicle to the Foundation totaling \$70,447 for the year ended December 31, 2023. These services and vehicle are recorded at estimated fair value and are reflected as contributions of nonfinancial assets revenue on the accompanying statements of activities.

The Foundation and Holdings share a variety of expenses in the ordinary course of business. For the years ended December 31, 2023 and 2022, the Foundation paid Holdings for production and digital services, tickets, printing expenses, and various other office expenses totaling \$90,355 and \$88,444, respectively. The Foundation leased office space, under an operating lease with Holdings, and paid rents totaling \$48,000 for the years ended December 31, 2023 and 2022. At December 31, 2023 and 2022, the Foundation had net receivables from Holdings of \$16,262 and \$104,698, respectively, recorded as due from related parties on the accompanying statements of financial position.

The Foundation also received donations for the endowment (see Note 4) as well as fundraising activities from its directors, officers, and other affiliates totaling \$213,211 and \$217,595 for the years ended December 31, 2023 and 2022, respectively. The Foundation paid its directors, officers, and other affiliates promotional expenses totaling \$0 and \$20,000 for the years ended December 31, 2023 and 2022, respectively. At December 31, 2023 and 2022, the Foundation had receivables from its directors, officers, and other affiliates related to the endowment and fundraising activities totaling \$38,334 and \$141,667, respectively, recorded as contributions receivable on the accompanying statements of financial position.

Motorsports Charities, Inc. d/b/a The NASCAR Foundation

Notes to Financial Statements (continued)

8. Support

The Foundation raises funds and partners with experts to improve the lives and health of children. To help support its mission, the Foundation has several major fundraising events throughout the year, including Taste of the 24 and a Charity Poker Tournament. Other fundraising efforts, which share fundraising messages and provide varying levels of contributions and support, include online auctions of memorabilia and experience packages and Friends of the Foundation direct mail and digital communications. Additionally, the Foundation raises funds in support of its local racing communities through the NASCAR Day Giveathon and its Speediatrics Fun Day Festivals.

9. Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through May 8, 2024, the date the financial statements were available to be issued.

EY | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit ey.com.

Ernst & Young LLP is a client-serving member firm of Ernst & Young Global Limited operating in the US.

© 2024 Ernst & Young LLP.
All Rights Reserved.

ey.com