

**ANNUAL REPORT
OF THE
INDIANA MOTORSPORTS COMMISSION**

To: The Honorable Michael Braun, Governor of Indiana

Members of the Budget Committee

Members of the Legislative Council

From: Chad Ranney, Chair of Indiana Motorsports Commission

The Indiana Motorsports Commission ("the IMC") submits the annual report of its activities required by Indiana Code 5-1-17.5-22.

On June 5, 2025, the IMC met and approved the minutes of its previous meeting, held on November 6, 2024, elected members Pat Early as Vice Chair and Tom Kelley as Secretary/Treasurer, respectively, and received a summary of events at the Indianapolis Motor Speedway from Doug Boles of Penske Entertainment.

On November 6, 2025, the IMC met and received the annual report from the Indiana Department of Revenue required by Indiana Code 4-10-23-11 of the incremental amounts of income taxes and gross retail, and the admissions fees in the Qualified Motorsports Investment District. The IMC also received the annual audit performed by Katz, Sapper & Miller, LLP. A copy of this audit accompanies this Report. Finally, the IMC received an update from Doug Boles of Penske Entertainment on events at the Indianapolis Motor Speedway occurring subsequent to the June meeting.

Respectfully submitted,


Chad Ranney
Chair
Indiana Motorsports Commission

**INDIANA MOTORSPORTS COMMISSION
(A COMPONENT UNIT OF THE STATE OF INDIANA)**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

June 30, 2025



Katz, Sapper & Miller, LLP
Certified Public Accountants

**INDIANA MOTORSPORTS COMMISSION
(A COMPONENT UNIT OF THE STATE OF INDIANA)**

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Independent Auditor's Report

Board Members
Indiana Motorsports Commission

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Indiana Motorsports Commission, a component unit of the State of Indiana, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Indiana Motorsports Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Indiana Motorsports Commission, as of June 30, 2025, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Indiana Motorsports Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 from 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 Indiana Motorsports Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 from 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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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 Indiana Motorsports Commission'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 Indiana Motorsports Commission'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2025, on our consideration of Indiana Motorsports Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Indiana Motorsports Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Indiana Motorsports Commission's internal control over financial reporting and compliance.

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
October 14, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

**INDIANA MOTORSPORTS COMMISSION
(A COMPONENT UNIT OF THE STATE OF INDIANA)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2025**

As management of Indiana Motorsports Commission (the Commission), we offer readers of the basic financial statements this narrative overview, Management's Discussion and Analysis (MD&A), of the financial activities of the Commission for the fiscal year ended June 30, 2025.

ORGANIZATIONAL STRUCTURE AND BACKGROUND

Organizational Structure: Pursuant to P. L. 233-2013 and P. L. 190-2014 of the State of Indiana (the State), as codified at, among other locations, IC 4-10-23, IC 5-1-17.5, IC 6-3-2-2, IC 6-3-2-3.2 and IC 6-3-8-14 (IMC Act), the Indiana Motorsports Commission (the Commission) was established as a public body corporate and politic, as an instrumentality of the State, to finance and lease real and personal property improvements for the benefit of an owner of a qualified motorsports facility within a motorsports investment district. The Commission is considered a component unit of the State and is discretely presented in the State's financial statements.

The board of directors of the Commission is composed of the following five directors, who serve at the pleasure of the governor and must be residents of Indiana:

- The state budget director, or the state budget director's designee, who shall serve as chair of the Commission.
- Four directors appointed by the governor. The president pro tempore of the senate and the speaker of the house of representatives may each make one recommendation to the governor concerning the appointment of such directors.

Indiana Finance Authority (IFA) facilitated project funding through the issuance, in aggregate par amount, of \$92,755,000 of Lease Appropriation Bonds, Series 2015C (Lease Appropriation Bonds) to finance improvement projects to be undertaken at the Indianapolis Motor Speedway (Motorsports Improvement Project) by the Indianapolis Motor Speedway, LLC (IMS) pursuant to a development agreement (Development Agreement) entered into by IFA, IMS and Hulman & Company, the ultimate parent of IMS. After entering into a ground lease agreement dated June 23, 2015, with IMS, as the landlord (Ground Lease), IFA then entered into a lease dated June 23, 2015 (IFA-IMC Lease Agreement), with the Commission, as tenant, and the Commission, as sublessor, in turn entered into a sublease agreement (Sublease) with IMS, as sublessee. The IFA-IMC Lease Agreement provides for rent payments by the Commission to IFA sufficient to meet debt service requirements on the Lease Appropriation Bonds. Hulman & Company is now a wholly-owned subsidiary of Penske Entertainment Corp., which is a wholly-owned subsidiary of Penske Corporation.

IFA has specific responsibilities as the issuer of Lease Appropriation Bonds under a trust indenture that provides guidance for the treatment of sources and uses of funds. Relevant to the Commission's financial statement reporting, IFA's responsibilities include, but are not limited to:

- Authorization to the trustee for the release of trust funds (cash disbursements) following submission of payment requests by IMS consistent with the requirements of the Development Agreement.
- Monitoring of cash receipts to the trust in accordance with the trust indenture.
- Monitoring of the trust investment policies and coordination of the nature, timing and extent of investment activity within the trust accounts.

Since IFA performs these activities which impact the Commission's financial statements, in addition to the respective responsibilities set out in the IFA-IMC Lease Agreement and the Development Agreement, the Commission has also formalized additional delegations of responsibilities with regards to personnel, management, investments, etc., by various board actions.

**INDIANA MOTORSPORTS COMMISSION
(A COMPONENT UNIT OF THE STATE OF INDIANA)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
June 30, 2025**

ORGANIZATIONAL STRUCTURE AND BACKGROUND (CONTINUED)

Project Background: The Motorsports Improvement Project was undertaken to improve and enhance fan experience, seating, technology and the track and facility at the Indianapolis Motor Speedway. These capital improvements were selected after an extensive master planning process by a project team engaged by IMS.

OVERVIEW OF THE PROJECT COSTS

The combined development and construction budget for Motorsports Improvement Project, exclusive of financing and issuance costs is approximately \$90.3 million.

FINANCIAL HIGHLIGHTS

At June 30, 2025, the direct-financing loan receivable had a balance of \$59.6 million, of which \$4.3 million is expected to be received in the next year. At June 30, 2025, the loan payable had a balance of \$58.9 million, of which \$4.3 million is expected to be paid in the next year. The Commission received payments on the loan receivable and made payments on the loan payable of \$4.2 million during the year ended June 30, 2025.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Commission's basic financial statements include the statement of net position; statement of revenues, expenses, and changes in net position; and statement of cash flows as well as the related notes to the financial statements. The Commission is reported as an internal service fund. An internal service fund uses the economic resources measurement focus and the accrual basis of accounting. Internal fund statements offer short- and long-term financial information about the activities an entity operates like a business.

The statement of net position includes all of the Commission's assets, deferred outflows, liabilities, deferred inflows and net position. Assets and liabilities are classified as either current or noncurrent. The statement of revenues, expenses and changes in net position reports all of the revenues and expenses during the year regardless of when cash is received or paid. The statement of cash flows reports the cash provided and used by operating activities as well as other cash sources and uses. The financial statements also include notes that explain and support the information in the statements.

The Commission follows the standards of the Governmental Accounting Standards Board (GASB). In accordance with the GASB Codification, the IFA-IMC Lease Agreement is reported as a financed purchase of the underlying asset and the Sublease is reported as a financed sale of the underlying asset. The agreements are not within the scope of the accounting requirements for leases under the GASB Codification, which require lessees to recognize lease liabilities and intangible right-to-use lease assets and lessors to recognize lease receivables and deferred inflows of resources. Instead, the Commission reports a loan payable related to the IFA-IMC Lease Agreement and a direct-financing loan receivable related to the Sublease.

**INDIANA MOTORSPORTS COMMISSION
(A COMPONENT UNIT OF THE STATE OF INDIANA)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
June 30, 2025**

FINANCIAL ANALYSIS

Statements of Net Position

Below are the condensed statements of net position relating to the Commission at June 30, 2025 and 2024.

**Indiana Motorsports Commission
Statements of Net Position Summary**

	June 30, 2025	June 30, 2024
Current assets	\$11,298,407	\$10,848,584
Noncurrent assets	<u>55,270,343</u>	<u>59,590,343</u>
Total assets	<u>66,568,750</u>	<u>70,438,927</u>
Current liabilities	5,525,057	5,447,237
Noncurrent liabilities	<u>54,570,000</u>	<u>58,890,000</u>
Total liabilities	<u>60,095,057</u>	<u>64,337,237</u>
Restricted net position	<u>6,473,693</u>	<u>6,101,690</u>
Total liabilities and net position	<u>\$66,568,750</u>	<u>\$70,438,927</u>

Current assets include investments that represent accumulated amounts received by the Commission from State appropriations and the portion of the direct-financing loan received expected to be received within one year. Noncurrent assets consist of the noncurrent portion of the direct-financing loan receivable. Current liabilities include accrued interest payable and the principal payments on the loan payable to IFA that are due within one year. Under the IFA-IMC Lease Agreement the principal payments will be applied by IFA to pay its Lease Appropriation Bonds issued for the purpose of financing the costs of the Motorsports Improvement Project.

The direct-financing loan receivable asset and the loan payable both decreased \$4.2 million due to the debt service payment received and made in fiscal year 2025.

**INDIANA MOTORSPORTS COMMISSION
(A COMPONENT UNIT OF THE STATE OF INDIANA)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
June 30, 2025**

FINANCIAL ANALYSIS (CONTINUED)

Statements of Revenues, Expenses and Changes in Net Position

Below are the condensed statements of revenues, expenses and changes in net position relating to the Commission for the years ended June 30, 2025 and 2024.

**Indiana Motorsports Commission
Statement of Revenues, Expenses and
Changes in Net Position Summary**

	Year Ended June 30, 2025	Year Ended June 30, 2024
Operating Revenues:		
State appropriations	\$2,825,000	\$2,960,000
Loan financing revenue	2,000,000	2,000,000
Interest revenue	<u>252,501</u>	<u>281,189</u>
	<u>5,077,501</u>	<u>5,241,189</u>
Operating Expenses:		
Interest and financing costs	2,663,274	2,814,296
Distribution to primary government	<u>2,042,224</u>	<u>2,048,038</u>
	<u>4,705,498</u>	<u>4,862,334</u>
Change in Net Position	372,003	378,855
Net Position, Beginning of Year	<u>6,101,690</u>	<u>5,722,835</u>
Net Position, End of Year	<u>\$6,473,693</u>	<u>\$6,101,690</u>

Pursuant to the IMC Act, State appropriations are to be made from the General Assembly to the Commission to pay rental payments under the IFA-IMC Lease Agreement sufficient to provide for the payment of financing costs including costs of issuance for the Lease Appropriation Bonds. The distribution to primary government relates to the IMC Act requiring the Commission to revert back any funds in the qualified motorsports facility fund (IMC Facility Fund) to the general fund of the State by June 30 each year. The Sublease provides loan financing revenue, which is deposited into the IMC Facility Fund quarterly.

State appropriations revenue decreased by \$135 thousand due to a corresponding increase in the portion of the appropriation being applied to the direct-financing loan receivable. Interest and financing costs decreased by \$151 thousand, reflecting the decline in the loan payable balance as principal payments were made.

**INDIANA MOTORSPORTS COMMISSION
(A COMPONENT UNIT OF THE STATE OF INDIANA)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
June 30, 2025**

DIRECT-FINANCING LOAN RECEIVABLE AND DEBT ADMINISTRATION

Direct-Financing Loan Receivable: The Commission has a direct-financing loan of \$93.5 million, which was initiated during the year ended June 30, 2016.

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Amount Due within One Year
Direct-Financing Loan	<u>\$63,765,343</u>	<u>\$ -</u>	<u>\$4,175,000</u>	<u>\$59,590,343</u>	<u>\$4,320,000</u>

Additional information on the Commission's direct-financing loan receivable can be found in Note 4 to the financial statements.

Long-term Debt: The entire loan payable amount of \$58,890,000 represents debt secured by specified appropriations and Sublease receipts for repayment to the IFA.

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Amount Due within One Year
Loan Payable	<u>\$63,065,000</u>	<u>\$ -</u>	<u>\$4,175,000</u>	<u>\$58,890,000</u>	<u>\$4,320,000</u>

Additional information on the Commission's loan payable can be found in Note 5 to the financial statements.

REQUESTS OF INFORMATION

This financial report is designed to provide a general overview of the Commission's finances for all those with an interest in the Commission's finances. Questions concerning any of the information should be addressed to the State of Indiana Public Finance Director on behalf of the Indiana Motorsports Commission, One North Capitol, Suite 900, Indianapolis, Indiana 46204.

BASIC FINANCIAL STATEMENTS

**INDIANA MOTORSPORTS COMMISSION
(A COMPONENT UNIT OF THE STATE OF INDIANA)**

**STATEMENT OF NET POSITION
June 30, 2025**

ASSETS

Current Assets	
Interest receivable	\$ 23,779
Investments	6,954,628
Direct-financing loan receivable, current portion	<u>4,320,000</u>
Total Current Assets	<u>11,298,407</u>
Noncurrent Assets	
Direct-financing loan receivable, less current portion	<u>55,270,343</u>
Total Assets	<u>\$66,568,750</u>

LIABILITIES

Current Liabilities	
Interest payable	\$ 1,205,057
Current maturities of loan payable	<u>4,320,000</u>
Total Current Liabilities	<u>5,525,057</u>
Noncurrent Liabilities	
Loan payable, less current maturities	<u>54,570,000</u>
Total Liabilities	<u>60,095,057</u>

NET POSITION

Externally restricted for the Motorsports Improvement Project	<u>6,473,693</u>
Total Net Position	<u>6,473,693</u>
Total Liabilities and Net Position	<u>\$66,568,750</u>

See accompanying notes.

**INDIANA MOTORSPORTS COMMISSION
(A COMPONENT UNIT OF THE STATE OF INDIANA)**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended June 30, 2025**

OPERATING REVENUES	
State appropriations	\$2,825,000
Loan financing revenue	2,000,000
Interest revenue	<u>252,501</u>
Total Operating Revenues	<u>5,077,501</u>
OPERATING EXPENSES	
Interest and financing costs	2,663,274
Distribution to primary government	<u>2,042,224</u>
Total Operating Expenses	<u>4,705,498</u>
INCREASE IN NET POSITION	372,003
NET POSITION	
Beginning of Year	<u>6,101,690</u>
End of Year	<u>\$6,473,693</u>

See accompanying notes.

**INDIANA MOTORSPORTS COMMISSION
(A COMPONENT UNIT OF THE STATE OF INDIANA)**

**STATEMENT OF CASH FLOWS
Year Ended June 30, 2025**

OPERATING ACTIVITIES	
State appropriations	\$ 2,825,000
Loan financing payments received	<u>2,000,000</u>
Net Cash Provided by Operating Activities	<u>4,825,000</u>
INVESTING ACTIVITIES	
Purchase of investments	(9,257,121)
Sales of investments	8,947,678
Interest received on investments	<u>257,121</u>
Net Cash Used by Investing Activities	<u>(52,322)</u>
CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal payments to reduce indebtedness	(4,175,000)
Loan financing principal receipts	4,175,000
Payment to primary government	(2,042,224)
Interest and other financing payments	<u>(2,730,454)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(4,772,678)</u>
NET INCREASE (DECREASE) IN CASH	<u>-</u>
CASH	
Beginning of Year	<u>-</u>
End of Year	<u>\$ -</u>
RECONCILIATION OF INCREASE IN NET POSITION TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Increase in net position	\$ 372,003
Adjustments to reconcile increase in net position to net cash provided by operating activities:	
Interest revenue, interest expense and financing costs	2,410,773
Distribution to primary government	<u>2,042,224</u>
Net Cash Provided by Operating Activities	<u>\$ 4,825,000</u>

See accompanying notes.

**INDIANA MOTORSPORTS COMMISSION
(A COMPONENT UNIT OF THE STATE OF INDIANA)**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2025**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: Pursuant to P. L. 233-2013 and P. L. 190-2014 of the State of Indiana (the State), as codified at, among other locations, IC 4-10-23, IC 5-1-17.5, IC 6-3-2-2, IC 6-3-2-3.2 and IC 6-3-8-14 (IMC Act), the Indiana Motorsports Commission (the Commission) was established as a public body corporate and politic, as an instrumentality of the State, to finance and lease real and personal property improvements for the benefit of an owner of a qualified motorsports facility within a motorsports investment district. The Commission is considered a component unit of the State and is discretely presented in the State's financial statements.

The board of directors of the Commission is composed of the following five directors, who serve at the pleasure of the governor and must be residents of Indiana:

- The state budget director, or the state budget director's designee, who shall serve as chair of the Commission.
- Four directors appointed by the governor. The president pro tempore of the senate and the speaker of the house of representatives may each make one recommendation to the governor concerning the appointment of such directors.

The Commission, after a public hearing, adopted a resolution on December 10, 2013, establishing a motorsports investment district related to the Indianapolis Motor Speedway, found to be a qualified motorsports facility under the IMC Act (Motorsports Investment District). In establishing the Motorsports Investment District, the Commission made the following findings:

- The improvements that will be undertaken related to the Indianapolis Motor Speedway in the Motorsports Investment District (Motorsports Improvement Project) will have a positive effect on the activities of a qualified motorsports facility.
- The Motorsports Improvement Project that will be undertaken in the Motorsports Investment District will benefit the public health and welfare and will be of public utility and benefit.
- The Motorsports Improvement Project that will be undertaken in the Motorsports Investment District will protect or increase state and local tax bases and tax revenues.

A Motorsports Investment District consists of:

- A geographic area that includes a qualified motorsports facility as defined by the IMC Act;
- Adjacent property that is:
 - Related to the operation of such qualified motorsports facility and is owned by the owner of such qualified motorsports facility (or a subsidiary or affiliate thereof);
 - Property on which activities related to the qualified motorsports facility occur; and
 - Other public property specified by a Commission resolution.

During the fiscal year ending June 30, 2014, the Commission created its first Motorsports Investment District as part of undertaking the Motorsports Investment Project at the Indianapolis Motor Speedway, a qualified motorsports facility.

Under the IMC Act, Indiana Finance Authority (IFA) may finance the improvement, construction, reconstruction, renovation, and acquisition of real and personal property improvements within a qualified motorsports facility.

**INDIANA MOTORSPORTS COMMISSION
(A COMPONENT UNIT OF THE STATE OF INDIANA)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2025**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The accompanying basic financial statements conform with accounting principles generally accepted in the United States of America as applied to governments. The Commission's significant accounting policies are as follows:

Basis of Presentation and Accounting: The Commission is reported as an internal service fund classified as a governmental activity. An internal service fund uses the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Government-mandated nonexchange revenues and voluntary nonexchange revenues and certain grants and entitlements are recognized in the period when all applicable eligibility requirements have been met.

Application of Accounting Principles Generally Accepted in the United States of America: The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Commission follows GASB pronouncements.

Estimates: Management uses estimates and assumptions in preparing the financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could vary from those estimates.

Direct-Financing Loan Receivable and Loan Payable: As described in Note 4, the Commission has entered into an agreement as a lessee with IFA (IFA-IMC Lease Agreement) and an agreement as a lessor with Indianapolis Motor Speedway, LLC (IMS) (Sublease). Because each of the agreements transfer ownership of the underlying asset to the lessee by the end of the contract and do not contain termination options, the IFA-IMC Lease Agreement is reported as a financed purchase of the underlying asset and the Sublease is reported as a financed sale of the underlying asset. The agreements are not within the scope of the accounting requirements for leases under the GASB Codification, which require lessees to recognize lease liabilities and intangible right-to-use lease assets and lessors to recognize lease receivables and deferred inflows of resources. Instead, the Commission reports a loan payable related to the IFA-IMC Lease Agreement and a direct-financing loan receivable related to the Sublease.

Cash: Cash is considered to be cash on hand and demand deposits at a bank. The cash balance was \$0 at June 30, 2025.

Investments: Investments are money market funds recorded at fair value (see Note 3) and held by the Commission at the reporting date.

Net Position: Restricted net position represents net position with constraints placed on use that are either (i) externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or (ii) imposed by law through constitutional provisions or enabling legislation, as defined in the GASB Codification. The Commission's entire net position is externally restricted for the Motorsports Improvement Project.

Operating Revenue Recognition: Loan financing revenue is recognized over the Sublease term using the interest rate method that mirrors the underlying long-term debt. Appropriations are recognized when received from the State. Interest revenue earned on investments is recognized on an accrual basis.

Expense Classification: All expenses have been directly classified as operating expenses based on the nature of the expenses.

**INDIANA MOTORSPORTS COMMISSION
(A COMPONENT UNIT OF THE STATE OF INDIANA)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2025**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events: Management has evaluated the financial statements for subsequent events occurring through October 14, 2025, the date the financial statements were available to be issued.

NOTE 2 - INVESTMENTS

Investments Background:

All investments of the Commission are contained within the provisions of the trust indenture related to IFA's Lease Appropriation Bonds, Series 2015C (Lease Appropriation Bonds). All investments are held by, or in the name of, The Bank of New York Mellon Trust Company, N.A., as trustee under a trust indenture (Bond Trust Indenture) pertaining to IFA's Lease Appropriation Bonds or under a deposit agreement (Deposit Agreement) pertaining to the Commission's motorsports investment district fund (IMC District Fund) and qualified motorsports facility fund (IMC Facility Fund).

The provisions of the Bond Trust Indenture state that all investments shall be made under prudent investment standards reasonably expected to produce the greatest investment yields. Moneys shall be invested in investment securities with maturity dates coinciding as nearly as practicable with the times at which moneys will be required for disbursement or transfer. Generally, IFA investment policies and the Bond Trust Indenture and Deposit Agreement (collectively, the "Trust Documents") authorize investments in United States obligations and issues of federal agencies, repurchase agreements fully collateralized by U.S. Government or U.S. Government Agency securities, bank certificates of deposit, and open-end money market mutual funds.

IFA has assumed responsibility under the Trust Documents for monitoring investment policies and coordination of the nature, timing and extent of investment activity within trust accounts. Due to IFA's responsibilities and the limitations on investments within the Trust Documents, the Commission has not adopted a formal investment policy.

The following disclosures provide information on the risk elements and related Trust Documents' policies:

Allowable Investments: IFA and the Commission are only permitted to invest in securities authorized by the applicable Trust Documents. The Trust Documents' provisions only relate to the investment of cash within them. Under the allowable investment provisions of the Trust Documents, IFA and the Commission invested and held one money market fund rated AAAM by S&P during the year ended June 30, 2025.

Interest Rate Risk: The Commission does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Trust Documents state that moneys shall be invested in investment securities with maturity dates coinciding as nearly as practicable with the times at which moneys will be required for disbursement or transfer. At June 30, 2025, the Commission had one money market fund, maturing in less than one year:

	Fair Value
Money market fund shares	<u>\$6,954,628</u>

**INDIANA MOTORSPORTS COMMISSION
(A COMPONENT UNIT OF THE STATE OF INDIANA)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2025**

NOTE 2 - INVESTMENTS (CONTINUED)

Credit Risk: Credit quality guidance is included in the Trust Documents. Credit ratings for the Commission's investments at June 30, 2025 are as follows:

Investment Type	S&P	Moody's	Fair Value
Money market fund shares	AAAm	Aaa-mf	<u>\$6,954,628</u>

Concentration of Credit Risk: Concentration of credit risk is the risk of loss that may arise in the event of default by a single issuer. The Commission and Trust Documents placed no limit on the amount that may be invested in any one issuer. The following table shows investment by issuer at June 30, 2025:

	Fair Value
BlackRock Treasury Trust Instl. 10 & 62	<u>\$6,954,628</u>

Custodial Credit Risk: Custodial credit risk is the risk that the Commission will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party if the counterparty fails. Investment securities are exposed to risk if the securities are uninsured, are not registered in the name of the Commission and are held by either the counterparty or the counterparty's trust department of agent but not in the Commission's name. There was no custodial credit risk for investments at June 30, 2025.

NOTE 3 - FAIR VALUE MEASUREMENTS

The Commission has categorized its assets and liabilities that are measured at fair value into a three-level fair value hierarchy. The hierarchy 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 (Level 1) and the lowest priority to unobservable inputs (Level 3). The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Commission has the ability to access.

Level 2 – Inputs to the valuation methodology may include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and/or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. In situations where there is little or no market activity for the asset or liability, the Commission make estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

**INDIANA MOTORSPORTS COMMISSION
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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2025**

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

Following is a description of the valuation methodology used by the Commission for assets that are measured at fair value on a recurring basis.

Money Market Fund Shares: Valued at the daily closing price as reported by the funds. These funds are required to publish their daily net asset value (NAV) and to transact at that price. These funds are deemed to be actively traded.

Following is a summary, within each level of the fair value hierarchy, of the Commission's assets that are measured at fair value on a recurring basis as of June 30, 2025:

	Level 1	Total
Assets		
Money market fund shares	<u>\$6,954,628</u>	<u>\$6,954,628</u>

At June 30, 2025, the Commission had no other assets and no liabilities that are measured at fair value on a recurring basis.

NOTE 4 - PLAN OF FINANCING AND FINANCED PURCHASE AND SALE AGREEMENTS

IFA, the Commission, IMS and Hulman & Company, the ultimate parent of IMS, entered into a development agreement, dated June 23, 2015 (Development Agreement), where the parties agreed that IFA would issue Lease Appropriation Bonds, a portion of the proceeds of which will be used to reimburse IMS for, or to pay, eligible costs of the Motorsports Improvement Project. Hulman & Company is now a wholly-owned subsidiary of Penske Entertainment Corp., which is a wholly-owned subsidiary of Penske Corporation. These financed improvements, along with existing improvements located on the land, were to be leased from IFA to the Commission, according to following structure:

- IMS leases certain real property constituting part of the Indianapolis Motor Speedway (Real Property) to IFA pursuant to a Ground Lease. There are no financial payments associated with the Ground Lease.
- IFA will lease such Real Property and the Motorsports Improvement Project (collectively, the "Leased Premises") to the Commission through a direct-financing lease (IFA-IMC Lease Agreement).
- The Commission, in turn, will lease the Leased Premises to IMS pursuant to a sublease agreement (Sublease).

Financed Purchase Agreement – IFA as Seller and Commission as Buyer: All construction and eligible financing costs (including interest on the Lease Appropriation Bonds) associated with the Motorsports Improvement Project were capitalized during the construction period as part of a financed purchase agreement (IFA-IMC Lease Agreement). Under the IFA-IMC Lease Agreement, the Commission has the option to purchase the Leased Premises at a price equal to the amount required to enable the IFA to pay or redeem all related outstanding debt obligations and related financing and administrative costs related to the transaction. The agreement's terms are reflective of related debt service requirements related to the Lease Appropriation Bonds. As of June 30, 2025, the total projects and financing costs capitalized under the financed purchase agreement for the Motorsports Improvement Project was \$90,095,343.

**INDIANA MOTORSPORTS COMMISSION
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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2025**

NOTE 4 - PLAN OF FINANCING AND FINANCED PURCHASE AND SALE AGREEMENTS (CONTINUED)

Under the IFA-IMC Lease Agreement, the Commission is to make payments in an amount at least equal to the debt service and costs of IFA and the Commission on the Lease Appropriation Bonds from appropriations made by the Indiana General Assembly from time to time. Appropriations made by the Indiana General Assembly from time to time, pending application of such to make payments to IFA under the IFA-IMC Lease Agreement, are held and invested in the IMC District Fund under the Deposit Agreement. The Commission's payments made to IFA during the fiscal year ending June 30, 2025, were \$7,000,000. As provided in the IFA-IMC Lease Agreement, as supplement, the Commission's required payments to IFA for the Motorsports Improvement Project are shown below:

Period Available for Use and Occupancy	Date Payment Due	Rentals
July 1, 2025 to September 30, 2025	July 15, 2025	\$1,750,000
October 1, 2025 to December 31, 2025	October 15, 2025	\$1,750,000
January 1, 2026 to March 31, 2026	January 15, 2026	\$1,750,000
April 1, 2026 to June 30, 2026	April 15, 2026	\$1,750,000
July 1, 2026 to September 30, 2026	July 15, 2026	\$1,750,000
October 1, 2026 to December 31, 2026	October 15, 2026	\$1,750,000
January 1, 2027 to March 31, 2027	January 15, 2027	\$1,750,000
April 1, 2027 to June 30, 2027	April 15, 2027	\$1,750,000

The rents are set at an amount sufficient to cover 100% of Debt Service and all related financing and administrative costs of IFA and the Commission.

Financed Sale Agreement – Commission as Seller and IMS as Buyer: The financed sale agreement (Sublease) provides for IMS to pay the Commission for the use of the Leased Premises (which includes certain existing improvements at the Indianapolis Motor Speedway, and the improvements that are part of the Motorsports Improvement Project). The Sublease requires equal quarterly payments of \$500,000 commencing by July 31, 2015, and thereafter for a total of 80 quarterly payments to be deposited to the IMC Facility Fund held under the Deposit Agreement. The Commission recognized \$2,000,000 of loan financing revenue related to the Sublease during the fiscal year ending June 30, 2025.

Pursuant to the IMC Act and the Deposit Agreement, the Commission will cause amounts held in the IMC Facility Fund to revert back to the general fund of the State annually by June 30 each year. During the fiscal year ending June 30, 2025, the amount reverted was \$2,042,224 representing the Sublease payments and interest revenue.

**INDIANA MOTORSPORTS COMMISSION
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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2025**

NOTE 5 - LOAN PAYABLE AND LONG-TERM DEBT ACTIVITY

IFA issued \$92,755,000 of Lease Appropriation Bonds on July 24, 2015. Through the financed purchase agreement (IFA-IMC Lease Agreement), the Commission recorded a loan payable to IFA for the amount of the bonds. The payment schedule of the IFA-IMC Lease Agreement and repayment of loan payable mirrors the debt service of the Lease Appropriation Bonds. At June 30, 2025, the debt service requirements for the remaining loan payable were as follows:

Year Ending	Total Principal	Total Interest	Total Net Debt Service
June 30, 2026	\$ 4,320,000	\$ 2,548,860	\$ 6,868,860
June 30, 2027	4,480,000	2,381,144	6,861,144
June 30, 2028	4,655,000	2,196,826	6,851,826
June 30, 2029	4,845,000	1,998,014	6,843,014
June 30, 2030	5,055,000	1,784,666	6,839,666
June 30, 2031 - June 30, 3035	28,905,000	5,161,207	34,066,207
June 30, 2036	<u>6,630,000</u>	<u>159,352</u>	<u>6,789,352</u>
	<u>\$58,890,000</u>	<u>\$16,230,069</u>	<u>\$75,120,069</u>

The original financing of \$92,755,000 included \$68,005,000 of serial bonds maturing through July 15, 2031 and term bonds of \$24,750,000 maturing through July 15, 2035.

The following is a summary of long-term debt outstanding at June 30, 2025:

	Future Interest Rates Range	Maturity Range	Annual Principal Payment Range	Amount Outstanding
IMS Motorsports Project	<u>3.659% - 4.807%</u>	<u>2026 - 2036</u>	<u>\$4,320,000 - \$6,630,000</u>	<u>\$58,890,000</u>

Changes in long-term liabilities were as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Amount Due within One Year
Loan Payable	<u>\$63,065,000</u>	<u>\$ -</u>	<u>\$4,175,000</u>	<u>\$58,890,000</u>	<u>\$4,320,000</u>

The financed purchase agreement allows for remedies in case there is an event of default. An event of default can be failure by the Commission to pay or cause to be paid when due any payment payable under and in accordance with the terms of the IFA-IMC Lease Agreement on the date on which due; or failure by the Commission to observe and perform any covenant, condition or agreement on its part to be observed or performed.

**INDIANA MOTORSPORTS COMMISSION
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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2025**

NOTE 5 - LOAN PAYABLE AND LONG-TERM DEBT ACTIVITY (CONTINUED)

The remedies include the following (i) IFA may terminate the agreement by written notice to the Commission and/or take whatever action at law or in equity as may appear necessary or desirable to collect the payments then due and thereafter to be come due or to enforce the performance and observance of any obligation, agreement or covenant of the Commission under the agreement; provided, however, that in the event funds have not been appropriated or are not available to pay any sum agreed to be paid for use and occupancy of the facilities when due pursuant to and in accordance with the terms of the agreement, the Commission will be required to vacate the facilities on the first day for which funds have not been so appropriated or are not so available and (ii) notwithstanding anything in the provisions described above to the contrary, the Commission will be obligated to pay any amounts due under the agreement for any period during which the facilities are available for use or occupancy, and for which funds have been appropriated and are available to pay any sum agreed to be paid by the Commission pursuant to and in accordance with the terms of the agreement for use and occupancy of the facilities when due.

NOTE 6 - CONTINGENCIES AND COMMITMENTS

Loss Contingencies: The Commission is not currently subject to any known claims or litigation related to its operations or the Motorsports Improvement Project. Accordingly, management of the Commission believes no such matters have a material adverse impact on the Commission's operations or net position.

Commitments: There were no contractual commitments at June 30, 2025.

NOTE 7 - STATUTORY INCREMENT MATTER

As required by the IMC Act, the Indiana Department of Revenue (IDOR) annually gathers information and determines "Incremental Revenue" and reports such Incremental Revenue to the Commission, IFA and IMS. "Incremental Revenue" means the cumulative annual changes in Increment Taxes (such being for each applicable calendar year related to activities in the Motorsports Investment District, the aggregate amount of (i) state adjusted gross income taxes under IC 6-3 paid or remitted, (ii) state gross retail and use taxes that are remitted under IC 6-2.5 and (iii) admissions fees paid under IC 6-8-14) as compared to such taxes paid or remitted during the Increment Base Period (which, as established by the Commission, is the calendar year ending December 31, 2012). IDOR has determined Incremental Revenue to be \$35,861,566 inclusive of activities through and including the calendar year ending December 31, 2023. The IMC Act requires IDOR to determine such Incremental Revenue by the first business day of each November following the calendar year to which the activity is applicable.

In furtherance of the requirements of the IMC Act, the Development Agreement established a framework by which certain payments are to be paid by IMS to the Commission in the event the Incremental Revenue, on a cumulative basis, does not reach certain levels within an established time period. Unless a sooner date is triggered by the applicability of certain terms of the Development Agreement (which as of December 31, 2023, such terms were not so triggered), following the final increment period (which will be the calendar year ending December 31, 2042 provided, however that in respect of the determination as to the amount of admissions fees paid under IC 6-8-14 with respect to the Motorsports Investment District, such shall be determined as of and through October 31, 2043), IMS and Hulman & Company will be required to pay to the Commission an amount, if any, equal to the greater of Increment Shortfall Amount or the Defeasance Amount.

**INDIANA MOTORSPORTS COMMISSION
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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2025**

NOTE 7 - STATUTORY INCREMENT MATTER (CONTINUED)

"Increment Shortfall Amount" means an amount (if and only if such is computed to be a positive numeric value) equal to:

- (a) the sum of (i) the aggregate of the amount of money necessary to be appropriated to the Commission by the General Assembly of the State to provide for the rental payments to IFA under the IFA-IMC Lease Agreement during its entire term (which as of December 31, 2023, such amounts are not expected to exceed \$140,000,000) and (ii) any unpaid or unreimbursed costs of IFA and the Commission (which as of December 31, 2023, there were not any such unpaid amounts);
- (b) reduced by the aggregate amount of Incremental Revenue as of any date that the Increment Shortfall Amount is calculated;
- (c) reduced by the aggregate amount of rental payments under the Sublease made by IMS to the Commission as of any date that the Increment Shortfall Amount is calculated;
- (d) reduced by the aggregate amount of insurance proceeds received by the trustee under the Bond Trust Indenture (Trustee), the Commission or IFA pursuant to insurance policies obtained by IMS, which are used to make payments on the Lease Appropriation Bonds (but only to the extent such amount was also included under clause (a) above) (which as of December 31, 2023, there were not any such amounts received by the Trustee, the Commission or IFA); and
- (e) reduced by the amount in IMS' reserve account (IMS Reserve) to the extent received by the Commission to satisfy the Increment Shortfall Amount (which as of December 31, 2024, no such amounts were so applied. Effective February 2020, a direct-pay Letter of Credit in the amount of \$10 million is held by the Commission, which replaced the \$10 million in the IMS Reserve account).

"Defeasance Amount" means an amount equal to the *sum of*:

- (a) an amount that is sufficient to cause the payment or provision for payment of (i) the principal, premium (if any) and interest due and to become due on the Lease Appropriation Bonds at the times and in the manner stipulated therein and in the Bond Trust Indenture and (ii) all sums of money due and to become due according to the provisions of the Bond Trust Indenture so as to permit the Trustee to cancel and discharge the lien of the Bond Trust Indenture; and
- (b) any other unpaid or unreimbursed costs of IFA and the Commission.

OTHER REPORT



*Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards*

Board Members
Indiana Motorsports Commission

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Indiana Motorsports Commission, a component unit of the State of Indiana, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Indiana Motorsports Commission's basic financial statements, and have issued our report thereon dated October 14, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Indiana Motorsports Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Indiana Motorsports Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Indiana Motorsports Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Indiana Motorsports Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
October 14, 2025