

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

0220-02276-0094

Date: April 7, 2026

To: Honorable Members of the Los Angeles City Council

From: The Los Angeles Marathon Ad Hoc Committee

Sharon Tso, Chief Legislative Analyst, Co-Chair
Matthew W. Szabo, City Administrative Officer, Co-Chair



Subject: **LOS ANGELES MARATHON UPDATE (2019-2025)**

RECOMMENDATION

That the City Council authorize, one of the following two options:

Option 1

Maintain the existing terms of the Los Angeles Marathon contract (C-93753) with The McCourt Foundation (TMF) and deny TMF's requested modifications to the royalty payment calculations, the definition of revenue, and the waiver of the 2022 marathon royalty payment; and, authorize the City Administrative Officer to formally respond to The McCourt Foundation's concerns identified in this report. The existing agreement expires on June 30, 2029.

Option 2

Authorize the City Administrative Officer and Chief Legislative Analyst to engage in formal discussions with The McCourt Foundation (TMF) and meet to address concerns raised by both parties (City and TMF) related to the current contract terms as discussed in this report, and hold outstanding royalty payments in abeyance until negotiations are resolved for the current contract period.

SUMMARY

Pursuant to the Agreement (C-93753) between the City and the Los Angeles (LA) Marathon Operator (Conquer Endurance Group, LLC referred to as CONQUR), the City Administrative Officer (CAO) shall advise the City Council on all matters related to the LA Marathon. CONQUR is owned by The McCourt Foundation (TMF) and the CAO is the contract administrator. Further, the Ad Hoc Marathon Working Group, chaired by the CAO and the Chief Legislative Analyst (CLA), is required to provide an assessment of the success of the annual LA Marathon and provide recommendations for improvement, as necessary. In compliance with these requirements, this report provides an overview of the LA Marathon since 2019 through the present. This report also addresses the issues raised in an August 3, 2022 letter that TMF

provided on the state of running events resulting from the COVID pandemic (See Attachment 1). Specifically, TMF requests the official reassignment of the LA Marathon contract from CONQUR to TMF, changes to the Royalty payment cost calculations and a revision to the definition of revenue, and a request to waive the 2022 Royalty payment owed to the City. Approval of these changes would require amendments to the current agreement which expires on June 30, 2029.

This report provides an analysis of these requests, as well as additional issues raised during subsequent meetings with TMF and identifies the steps to be taken to address each item. Inasmuch as approval of these requested changes would result in negative fiscal impacts to the City, particularly during a time of fiscal constraints, our Offices recommend that Council authorize the City's formal response to maintain the existing contract terms through the remainder of the contract (Option 1). Although the royalty payment is not assumed in the annual Adopted Budget's revenue plan, delays and/or waivers in the collection of fees will result in the Intellectual Property Trust Fund's diminished capacity to use these proceeds for the maintenance of the City's Intellectual Property.

Should the Council wish to authorize our Offices to engage in formal discussions with TMF to address issues raised by both parties as described in this report, Option 2 is provided for consideration. Option 2 would hold outstanding royalty payments in abeyance until negotiations are resolved for the current contract period.

BACKGROUND

In 2008, the City Council approved an amendment to the LA Marathon Contract which provides for the CAO to establish an Ad Hoc Committee to be jointly chaired with the CLA, with the Mayor as an ex-officio member. The purpose of the Ad Hoc Committee is to meet with the LA Marathon organizer, CONQUR, which is owned by TMF, to discuss issues and resolve potential problems concerning upcoming LA Marathon events. Sec. 17d of the contract states that the Ad Hoc Committee must prepare and submit a "pre-race" progress report to the Council relative to the implementation of the race. Further the Ad Hoc Committee must also submit an annual report to the Budget and Finance Committee, which provides an assessment of the success of the event and areas requiring improvement. This report is in compliance with this directive and covers the period 2019 through 2025. It should be noted that the delay in reporting is attributed to the COVID pandemic which impacted LA Marathon scheduling and receipt of financial information. It was also necessary for the CAO to assess post-pandemic LA Marathon participation and revenues as part of its evaluation of TMF requests.

On July 1, 2016, the Council adopted the amended and restated contract agreement with CONQUR for service through June 30, 2025 (C-93753). On April 3, 2019 the Council approved the transfer of ownership of the LA Marathon contract from CONQUR to TMF and to extend the term of the contract through 2029 to allow the LA Marathon to better participate in activities prior to and during the 2028 Olympic and Paralympic Games (2028 Olympics).

The 2019 and 2020 LA Marathon events took place on March 24, 2019 and March 8, 2020, respectively. These were the last two LA Marathon events prior to the COVID pandemic. The 2021 LA Marathon was held on November 7, 2021 after being postponed twice due to the

pandemic social distancing restrictions. Further, the 2021 LA Marathon race course was modified. Unlike the original course which began at Dodger Stadium and ended at the Santa Monica Pier, the 2021 LA Marathon course was modified to both begin and end within the City (starting at Dodger Stadium and ending at the Avenue of the Stars). After the 2021 LA Marathon delay, TMF resumed the LA Marathon in March each year as follows: March 20, 2022, March 19, 2023; March 17, 2024; and March 16, 2025. Each of these races ran on the newer course from Dodger Stadium to the Avenue of the Stars. The following table provides a comparison of performance and economic metrics for the LA Marathon from 2019 through the 2025. The 2026 LA Marathon was held on March 8, 2026, and data is not yet available from that recent event for inclusion in this report.

Table 1. Los Angeles Marathon							
	2019	2020	2021	2022	2023***	2024***	2025***
Marathon - no. of participants*	24,087	28,571	14,033	15,721	21,607	25,071	25,741
5K Run - no. of participants	5,305	6,041	3,164	4,215	6,660	8,095	7,874
Charity Challenge	1,004	1,156	420	740	1,179	1,265	1,203
Downtown - no. of room nights	1,293	2,435	441	603	n/a	n/a	n/a
Downtown Economic Impact**	\$12.9M	\$13.1M	\$4.86M	\$5.85M	n/a	n/a	n/a

*Includes approximately 3,500 Student Run LA (SRLA) donated entries, plus professional, sponsor, media, and other assorted non-revenue registrants, except in 2021 when SRLA did not participate.

**Based on room rates as follows: \$240.17 (2019), \$218.44 (2021), and \$206.88 (2022).

***Beginning in 2023, the Los Angeles Tourism & Convention Board (LACTB) is no longer tracking economic impact due to the Fitness Expo venue change.

As reflected in the chart above, pre-pandemic participation in the LA Marathon increased to an average of 26,329 registrants over 2019 and 2020. The first LA Marathon after the onset of the pandemic (2021) resulted in a 51 percent decrease in runners from the year before. Although there was a large drop, registration has steadily increased since the 2021 LA Marathon, but has yet to reach pre-pandemic levels. Along with the drop in runners, there was a corresponding drop in the economic benefit to downtown and TMF. The data in 2019, 2021 and 2022 on reported room nights and economic impact included information as follows: in 2019 15 hotels, six of which were in downtown; in 2021, eight hotels split between downtown and other City neighborhoods; and in 2022, five hotels in downtown. No further hotel data is available for 2020, therefore this information is not reported.

Beginning in 2023, the LA Marathon has held its annual Marathon-related Registration and Fitness Expo at Dodgers Stadium instead of the Los Angeles Convention Center. As a result, the Los Angeles City Tourism Department no longer tracks economic impact, and currently, there is no mechanism to track downtown economic impact. Therefore, the City would likely have

to commission a new economic study at a cost. The CAO is currently researching other potential data sources to report on the “success” of the LA Marathon and its economic impact to Los Angeles. However, an April 2025 Brand Finance report cited the LA Marathon as being “recognized as one of the top 10 most valuable marathon brands globally.” This report concluded that the top ranked marathons having a substantial economic impact to their host cities with the LA Marathon generating approximately \$122 million for Los Angeles in 2024.¹

The McCourt Foundation Requested Contract Amendments

In an August 3, 2022 letter, TMF requested changes to some of the terms of the current LA Marathon contract (C-93753). The CAO met with TMF to discuss these requested changes and conducted follow up on various issues. Specifically, TMF requested changes to the following contract terms:

- 1) official assignment of the LA Marathon contract from CONQUR to TMF to allow for the dissolution of CONQUR;
- 2) modifications to the royalty payment calculation and definition of revenue; and,
- 3) a waiver of the 2022 royalty payment.

Each of these proposed changes are discussed below.

Contract Name Change

As approved by Council in April 2019, ownership of the LA Marathon contract was transferred from CONQUR to TMF and is now reflected as a recital in the Third Amended and Restated Agreement (C-93753). Although included as a recital, TMF would like to formalize the change and list TMF as the official contractor on the signed agreement. If amended, the City would then be in a contract with a 501(c)(3) non-profit instead of the for-profit CONQUR. Further, TMF has indicated that they will be dissolving CONQUR. The Office of the City Attorney was consulted regarding any potential impacts of this change to the terms of the contract. The City Attorney did not identify issues with the change in entity type on the terms of the contract. As the City Attorney did not identify issues and per the guidance of the City Attorney, the City submitted a letter dated November 12, 2025, to TMF acknowledging the official change in ownership recognizing that the LA Marathon contract is now between the City and TMF, allowing CONQUR to be officially dissolved with no impact to the LA Marathon contract. According to the City Attorney, this is sufficient to recognize TMF rather than CONQUR as the official LA Marathon contractor. No additional action is needed from Council at this time.

¹ The Brand Finance study assessed the economic impact of the marathon by examining various inflows and outflows associated with the event. This examination involved a detailed analysis of six pillars consisting of direct spending, indirect spending, induced spending (i.e. the ripple effect), the multiplier effect, charity impact and tax revenues. All inputs to the model were obtained through a combination of online sources, Brand Finance market research, data supplied direct from the marathon organizers, and global financial benchmarks.

Royalty Calculation Modification and Definition of Revenue

As approved by the City Council, the Royalty fee for the 2016, 2017, 2018, 2019, and 2020 Marathons were in abeyance and beginning with the 2021 LA Marathon, TMF shall pay the City annual royalties. TMF has requested to update the amount that triggers the royalty payment to the City. The current trigger amount is \$3,866,550. TMF believes that the existing agreement does not reflect the current costs to produce a world-class major city marathon. Per the existing contract, “CONQUR shall pay the City annual royalties in the amount of the lesser of (i) 7.5% of net income or (ii) \$189,000 (“Cap”), provided that beginning with the 2022 LA Marathon, the Cap is adjusted on an annual basis to reflect changes in the CPI for all Urban Consumers (CPI-U) for the Los Angeles-Riverside-Orange County area as published by the Bureau of Labor Statistics.” The net income is calculated as the organizer’s Annual Gross Income less \$3,866,550. Annual Gross Income is defined as total revenue and proceeds received without taking deductions of any kind for the LA Marathon or Marathon-related events under the agreement. The \$3.87 million figure was established as the benchmark for royalty calculations as part of the August 12, 2004 Settlement Agreement between the LA Marathon contractor at that time and the City. Subsequent contract negotiations have maintained this benchmark in relation to royalty calculations.

Bureau of Labor Statistics Data

Effective January 2018, the Bureau of Labor Statistics established separate indexes for Los Angeles and Riverside, therefore, references to the Los Angeles-Riverside-Orange County area are now obsolete. All contract parties acknowledge that all references to the Bureau of Labor Statistics in the Consumer Price Index for All Urban Consumers (CPI-U) for the Los Angeles-Riverside-Orange County area are now understood to be the Los Angeles-Long Beach-Anaheim area. The City has previously communicated this change to TMF in past billing correspondence. No further action is needed relative to the service area.

The chart below shows all royalty charges since the 2021 LA Marathon and their current payment status.

LA Marathon Year	Invoice Amount*	Status
2021	\$921	Paid
2022	\$77,933	Billed - Waiver Requested
2023	\$154,327	Billed - Pending Payment
2024	\$210,580	Billed - Pending Payment
2025**	TBD	Not Billed
Total Billed	\$443,761	
Total Payments Received	\$(921)	
Total Outstanding	\$442,840	

*Based on existing contract terms

** Invoice for the 2025 Royalty payment is pending receipt of the audited financial statement

As stated in the contract, annual gross income is defined as “the total revenue and proceeds of any and all kinds from all sources received, by CONQUR, without taking any deductions of any kind for each annual LA Marathon and related events conducted under this Agreement”. In its letter, TMF requested a modification to the contract language to specifically exclude fundraising dollars from the definition of gross income. As a non-profit, TMF fundraising and donations are collected on behalf of their charitable causes, and as a result, they wish to make the distinction

in the contract to ensure proper separation of donations versus revenue. At this time, the TMF-provided audited financial statements do not breakout LA Marathon-specific revenue and expenditures. Additionally, TMF does not provide a detailed breakdown of funds by charitable organization. Further discussions with TMF related to the presentation of this information in future audits should be addressed per the terms of the existing contract. However, there will be no impact to existing billings with this change as TMF does not currently provide this data in its Profit/Loss statement. Further, TMF is requesting use of net sponsorship dollars (sponsorship less sales commissions paid) in its revenue reporting. TMF has informed the CAO of its plan moving forward to capture the commissions paid under expenditures in its Profit/Loss statement, effectively addressing this request. Both of these requested changes would impact the definition of gross revenue in Sec. 8f.1 of the royalty calculation, but would not change current billings.

In addition, TMF requests that the current revenue threshold (\$3,866,550) be adjusted to reflect a more current baseline cost of administering a large-scale major city marathon. Further, TMF requests that the new baseline be adjusted by the CPI each year, similar to the Cap provision included in Sec. 8f of the royalty calculation as stated above. Under the current methodology, gross revenue in excess of \$3,866,550 is used to determine the royalty payment. According to TMF, adjusting this amount annually by the CPI will account for inflation and increased costs of running this event. As an example, the following chart shows the proposed royalty modification and the resulting revised royalties, if the new methodology is applied. The 2022 and 2023 gross revenues are based on the accounting reports provided by TMF indicating \$4.9 million and \$5.9 million in gross revenue, respectively. For illustration purposes, the new baseline assumed (\$7,630,851) is the average expenditures reported by TMF over the last five years.

		Adjust Starting Baseline and Adjust for CPI	
Marathon Year	Invoice Amount*	Revised Invoice Amount	Total Change
2022	\$77,933	No Royalty due**	(\$77,933)
2023	\$154,327	No Royalty due**	(\$154,327)
2024	\$210,580	No Royalty due**	(\$210,580)

*Based on 7.5% of net income and existing contract terms

**TMF operated at a loss

As highlighted above, modifying the baseline expenditures (from the current \$3,866,550 to an estimated \$7.6 million) in the royalty calculation and subsequently adjusting it by CPI each year would result in no royalties due to the City as gross revenues for 2022, 2023, and 2024 were less than reported expenditures. These changes will significantly impact future royalty calculations. These funds are deposited as revenue into the City's Intellectual Property Fund and per the Los Angeles Administrative Code (LAAC 5.538), expenditures from this Fund "may be used for the establishment, maintenance, and preservation of the City's Intellectual Property." One example of use could be to pay for the renewal of LA Marathon trademarks with the United States Patent and Trademark Office. This renewal occurs every ten years, but with no new revenue, the City will need to find funding for this expense elsewhere, likely as an unplanned

cost to the department that administers this contract. The total cost for the most recent LA Marathon trademark renewal was \$4,725 in 2024.

In the above scenario, the City would not be entitled to royalties because TMF operated at a loss. This is indicative of the trend mentioned by TMF in its December 18, 2023 letter to the Ad Hoc Committee that LA Marathon participation had not fully recovered since the pandemic and expenses for hosting such an event are not being fully offset by participant registration. Since this letter was issued, LA Marathon participation has increased. Nevertheless, for the 2024 and 2025 LA Marathon events, TMF indicated that all races were “hard” sellouts which means that unless or until specific operation limitations at the race venues are resolved, this is the maximum participant levels the venue can handle, which is less than the 2020 LA Marathon participation. It should be noted that the completion of the Metro Century City/Constellation Station, as part of the Metro D Line Extension, located at Constellation Boulevard and Avenue of the Stars, is expected to occur in the second quarter of 2027. It is anticipated that the opening of this station will enable the TMF to increase LA Marathon capacity and related revenue opportunities.

In an effort to address the immediate lack of revenue growth, TMF has tried to supplement revenue through increased sponsorship sales, registration costs, and merchandise. Based on the unaudited expense statements provided by TMF for 2024 and 2025, registrant levels and supporting revenue efforts do not seem to be fully offsetting the expenses related to hosting this event. Since the capacity limits described by TMF are limiting the opportunity for profitability moving forward, unless capacity issues are addressed, there will be a subsequent impact to the City’s Intellectual Property revenue.

The City is in receipt of the 2024 TMF financial audit which covers all activities and initiatives administered by TMF, but the audit does not isolate data that is exclusive to the LA Marathon. The audit also includes other TMF activities related to advancing research for a cure for Alzheimer’s disease and Multiple Sclerosis. As a result, the CAO cannot validate the revenue and expenses associated with the LA Marathon in the 2024 audit, because the financial data for all TMF programs is combined. Additionally, the financial information for the 2025 LA Marathon is not based on audited financial statements, as TMF indicated that the 2025 financial audit is pending. In compliance with the existing agreement, the CAO will be engaging with TMF to discuss an agreed upon format for the audited financial statements that clearly identifies audited financial data exclusive to the LA Marathon.

Waiver of 2022 Royalty Payment

In its December 18, 2023 Annual Report to the Committee, TMF noted that its profits were minimal with the drop in runner participation and that it had not yet recovered to pre-pandemic numbers. Compounding the reduced paid registrants was the lack of title sponsorship which had historically been the second largest revenue generator for the LA Marathon. Subsequent to submission of this letter, participation in the LA Marathon has increased and as noted by TMF the 2024 race was a “hard” sellout, which means they reached participant capacity given existing course restrictions and will not be able to grow until those restrictions are addressed. However, as previously noted, the completion of the Metro D Line Extension, will provide opportunities for future growth.

In light of the City's current fiscal situation and the increased LA Marathon participation since this request was made, approval of a royalty waiver is not recommended.

In summary, our Offices do not recommend the following modifications to the existing Agreement with TMF:

- 1) modifications to the royalty payment calculation and definition of revenue; and,
- 2) a waiver of the 2022 royalty payment.

This will allow the existing terms to stay in place through June 30, 2029. When the current terms of the agreement were negotiated in 2019, TMF cited that the extension through 2029 would allow the LA Marathon to better participate in activities prior to and during the 2028 Olympics. Any changes to the existing agreement should be evaluated in the context of the post COVID environment and with a recognition of growth opportunities created by the Metro extension and LA28.

Our Offices recognize the contributions of TMF to the success of the LA Marathon. As we approach 2029, the City will be engaging in renewed discussions relative to the future of the LA Marathon prior to the expiration of the existing agreement. These issues can be examined at that time.

FISCAL IMPACT

Approval of this report will not have any immediate fiscal impact inasmuch as Option 1 does not alter the terms of the existing agreement and any proposed changes derived from Option 2 have not been identified at this time. Should Council wish to make modifications to the existing contract terms (Option 2), this could potentially reduce expected Intellectual Property Revenue to the City annually.

FINANCIAL POLICIES

This report complies with the City's Financial Policies.

Attachment

August 3, 2022

Maria D. Gutierrez
Chief Administrative Analyst
Office of the City Administrative Officer
maria.d.gutierrez@lacity.org



Hello Maria,

Sorry for the slow response. We took the time needed to provide you with a full and complete response to your questions and concerns.

Thank you for your willingness to meet with us to discuss possible changes to the existing agreement. The pandemic was, and continues to be, an existential threat to the Los Angeles Marathon and, as discussed below, we've had to work hard, differently, and, at times, unconventionally to navigate its' challenges.

Regarding Howard Sunkin's out-reach to the CLA: As you know, Howard's relationship with the Marathon spans back to 2008 and, as Terry Sauer advised, Howard has successfully guided the Marathon through thick and thin. Please accept our apology for any internal disruption or confusion that might have been created by Howard's outreach -- Howard sometimes moves in nonlinear ways intended to coalesce -- not shortcut - the system.

Please let us know some dates and times that work for your schedule over the next few weeks.

BACKGROUND - STATE OF THE RUNNING EVENT INDUSTRY

As mentioned above, the running event industry was severely impacted by COVID restrictions. Despite all data pointing to running as a healthy outdoor activity, the running event industry was not allowed to practically reopen until the June 15, 2021 general state-wide reopening. Given the lead times needed to stage events, commercially viable events could not be staged before the fall of 2021.

Many endurance events shut down during COVID. We expect that a significant number of pre-pandemic annual events will not be staged again due to the financial hit or the break in consumer habits caused by the shutdown. Event organizations such as TMF/Conqur were financially decimated. While PPP provided a lifeline, event organizers were not included in state or federal programs that supported event venues such as stadiums and concert halls. With no events, organizers had no revenues.

TMF/Conqur suffered a double-hit. At the time the pandemic hit, the Marathon was transitioning title sponsors and caught without its most crucial revenue generator after registration fees. Sponsorship sales activity went dormant from the onset of the pandemic until recently with the evidence that runners are returning to events and a renewed certainty that events will be held as scheduled.

It is also worth noting that the industry was surprised by the reluctance of runners to return to the races. The industry assumption was that race registrations would quickly rebound to pre-pandemic numbers. As you will read below, the Marathon's 2021 and 2022 registrations dropped 50% from 2020 -- a decline in line with the industry as a whole.

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Marathon	25,060	26,046	25,169	23,193	23,329	24,087	28,571	14,033	15,721
Charity Challenge	1,140	1,200	952	1,199	1,036	1,004	1,156	420	740
5k/Kids	4,562	5,458	3,489	4,072	4,349	5,305	6,041	3,164	4,215

Note: Numbers include approx. 3,500 SRLA entries plus professional, sponsor, media, and other assorted non-revenue registrations each year except 2021 when SRLA did not participate.

BACKGROUND – CITY POLICY

In response to the devastating impact of COVID, the City of Los Angeles offered a host of relief measures to small businesses and nonprofits including microloans, eviction protection, assistance to avert layoffs, and others. As Mayor Garcetti stated in this March 25, 2020 memorandum to All City Department General Managers: “We must continue to identify ways to help our residents cope with the challenges presented by the COVID-19 pandemic and the City’s March 19, 2020 Safer at Home Emergency Order. Local government must do its part to relax restrictions that are in place for good reasons, during normal times, but that could hinder rather than assist in a moment like this.”

Through the pandemic, a Force Majeure event that severely impacted the Marathon’s revenues as is detailed in this note, TMF did its part by keeping its workforce intact and assuring the long-term viability and continuity of the Marathon.

RESPONSES TO YOUR INFORMATION REQUESTS

Regarding the 4 specific pieces of information that you requested:

1. The \$3,658,190 reported annual gross income needs clarification and update as follows:

INCLUDED REVENUES – The following events and programs were included in this revenue number:

- Los Angeles Marathon
- LA Big 5K & Kids Race
- Los Angeles Marathon Expo
- Los Angeles Marathon Finish Festival
- Charity Challenge Half Marathon

KIDS EVENTS NOT REPORTED -- These kids’ events were not included in the report:

- 26th Mile is the culmination of an 8-week LAUSD after school program normally staged the Sunday before the Marathon. While this event was not held in 2021 or 2022, TMF continued to support a modified program offered by LAUSD through COVID. There are no revenues generated by this program.
- Students Run LA – TMF is a donor/contributor to this program and does not collect any revenues against this program.

FUND RAISING AND DONATIONS NOT REPORTED – When the current agreement was executed with Conquer Endurance Group, Conquer was a for profit entity. The McCourt Foundation, founded by Brian McCourt in 1992, is a not-for-profit organization, with a charitable purpose. The contract does not address donations or fundraising and no evidence of any intention to include these items as revenue.

Since Conquer took over the Marathon more than \$64M+ has been raised under the official charities program (now branded the Nonprofit Partnership Program). TMF fundraises against the Marathon alongside the as many as 100 other nonprofits participating in the Nonprofit Partnership Program. Since

funds raised for other participating nonprofits are not included as revenue neither should funds raised by TMF.

With this background, our position is that charitable contributions are not and should not be included in the calculation of “annual gross income”.

MISSED REVENUE – The following revenue was missed and should have been included in the reported number: LA Big 5K of \$220,643 (discussed further below). This number includes revenues generated the associated Kids race.

- The total updated Annual Gross Income amount is adjusted to \$3,878,833.

2. Attached please find the “annual” report for 2021 and 2022 Marathons.

To add context:

- We operate on a June 30th end fiscal year. When the 2021 Marathon was rescheduled from March to November, it was pushed into our 2022 fiscal year. As a result, the 2021 and 2022 Marathons occurred in the same accounting year (FY22). Conducting two marathons in the same fiscal year meant that the revenue and expenses for both Marathons were budgeted and recorded in our accounting system in the same event code in the same year. We did not anticipate the complexity this created in running P&Ls for each race individually. With the data from both Marathons comingled into a single account, we are unable to report on each marathon separately.
- The total revenue of \$8,784,492 in the attached “annual” report represents the total revenue from the 2021 *and* 2022 Marathons. Our reporting of \$3,658,190 for the 2021 Marathon represents our best effort to accurately segregate revenue for 2021 from the total. The missed revenue for the 5K that we are now reporting is calculated by simply attributing 50% of the 2021-2022 total (\$441,286 per the report/2) to the 2021 race. Although we recognize this is not 100% accurate, it is important to keep in mind that any margin of error in the attribution will be picked up by the 2022 race report – the City will be “made whole” with next year’s payment.
- To provide further context to the \$3.658M initially reported to you, this is the same revenue number reported to the City of Beverly Hills in early January 2022 on our annual Financial Statement of Charitable Solicitations Activity. Since this number was calculated from the comingled accounts at a time relatively close to the November race, it was, and is, our most accurate accounting. Note that revenues from the LA Big 5K were not, and should not, have been included in this number because no activity of the 5K occurs in Beverly Hills.
- CohnReznick, our accounting firm, is currently preparing TMF’s 2019 audited financial statement. This statement is not germane to the 2021 as it covers TMF’s accounting prior to the merger with Concur. As soon as this audit is completed, CohnReznick will move to complete the 2020 and 2021 audits.
- For Background, with the approval of LA City Council, Concur Endurance Group was gifted to The McCourt Foundation (TMF) on December 31, 2019. As a result of this gift The McCourt Foundation, Inc., an existing 501c3 nonprofit, founded in 1992 by Brian McCourt, became the 100% owner of Concur. The merger of the two entities was extremely challenging due a laundry list of reasons, including Concur severing all financial systems with its previous owner, and merging different accounting, financial, and banking systems with TMF.

- Due to the demands of marathon event production on our team, the process of merging the two entities could not begin until after the wind-up of the March 8th 2020 Marathon. This occurred during the height of the COVID shutdown when even basic operations were difficult. As soon as circumstances allowed, TMF hired two national firms to merge its financial, accounting, and tax reporting with Concur – RSM for accounting processes and records, and KPM (now Cohn Reznick) for 990s and audits.

Given these the internal and external challenges, COVID related staff-turnover, and a time-consuming process to establish the value of the gift of Concur Endurance Group LLC (needed for the 2019 audit), we moved as quickly as possible with all filings. Importantly, please note that we have applied for and received all appropriate and necessary filing extensions.

Attached for your reference are our 2020 990 and the extension form for 2021.

3. **The missing Concur Endurance Group filing with the Secretary of State is now resolved.** The “Information Return” is due every three years, and, in the transition, it wasn’t filed. The Statement of Information has been filed – Concur’s SOS status is “Good”. The “Not Good” FTB status is cured by filing a “Revivor” form which we have done. Since the form can only be filed by regular mail, we have no visibility regarding the timing to update our status. Concur has filed extensions for all California tax filings.

MEETING AGENDA

As mentioned, we welcome a meeting as soon as convenient. In anticipation, please consider the following agenda items for discussion:

1. **Proposed Royalty Modifications**
 - A. Update the Royalty’s trigger revenue amount to reflect current costs to produce a world-class major city marathon.
 - B. Use net (not gross) sponsorship revenues in the calculation.
 - C. Annually adjust the trigger revenue amount by the Consumer Price Index calculation same as the Royalty CAP.
 - D. Specifically exempt fundraising and donation contributions from the calculation.
 - E. Exempt budget relieving VIK (value in kind) from the calculation.
2. **Waiver of 2022 Royalty Payment**
3. **Payment Schedule for Invoices 2022 City Services Fees**
4. **Assignment of the Marathon Contract from Concur To TMF**

Again, looking forward to setting a meeting date and collaborating on solutions. As always, your dedication to moving the Marathon forward is much appreciated.



Murphy Reinschreiber
Chief Operating Officer