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Iowa Speedway: Determining Depreciable Life (C) Key Takeaways

The *Iowa Speedway: Determining Depreciable Life* exercise is designed help you think through the process of determining an asset's depreciable life for financial statement purposes (GAAP). It is more important that you provide a thorough and rational explanation for your answer rather than getting the "right" answer.

Key Facts about the Speedway

In the process of estimating the depreciable life of the Iowa Speedway, some important facts to consider:

- Opened September 15, 2006 and cost approximately \$70 million to build
- First driver-designed speedway
- The State of Iowa gave the speedway sales tax exemption for 10 years or up to \$12.5 million
- Grand stand seats 25,000 people; Club seats 2,000
- Facility has 50 garages and 28 luxury suites
- Racetrack sits on 226 acres of land
- No long-term contracts with NASCAR or the Indy Racing League
- The racetrack earns revenues off of admissions, events (e.g. rentals, sponsorship fees, souvenir sales, concessions, etc.), and broadcasting (e.g. fees for television and radio broadcasts).

Other important items that you should think through:

- The economic lives of other comparable speedways and similar sports facilities such as baseball and football stadiums.
- Other usages for the speedway outside of motorized sports events

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