



**RMC RESEARCH &
EDUCATION FOUNDATION**

FINANCIAL STATEMENTS

Year Ended December 31, 2019

(With Summarized Financial Information for the Year Ended December 31, 2018)

RMC RESEARCH & EDUCATION FOUNDATION
DECEMBER 31, 2019

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**T&F**Certified Public Accountants LLC

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
RMC Research & Education Foundation
Alexandria, Virginia

We have audited the accompanying financial statements of the RMC Research & Education Foundation (a nonprofit organization) which comprise the Statement of Financial Position as of December 31, 2019, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of RMC Research & Education Foundation as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the RMC Research & Education Foundation's 2018 Financial Statements, and our report dated May 28, 2019, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

T&F Certified Public Accountants, LLC

Gaithersburg, Maryland

April XX, 2020

RMC RESEARCH & EDUCATION FOUNDATION**STATEMENT OF FINANCIAL POSITION**

December 31, 2019 (With Summarized Financial Information as of December 31, 2018)

	2019	2018
ASSETS		
Cash and cash equivalents	\$ 686,820	\$ 802,770
Investments	21,307,288	17,051,663
Due from NRMCA	6,906	39,796
Accrued interest	82,050	71,298
Pledge receivable - Troesh match	600,000	1,168,254
Pledges receivable (net of allowance)	2,716,732	4,040,971
Prepaid expenses	291,668	292,776
Property and equipment	80,000	80,000
Accumulated depreciation	(80,000)	(80,000)
TOTAL ASSETS	\$ 25,691,464	\$ 23,467,528
LIABILITIES		
Accounts payable and accrued expenses	\$ 26,120	\$ 13,307
Accrued compensation	57,939	38,081
TOTAL LIABILITIES	84,059	51,388
NET ASSETS		
Without donor restrictions	22,215,673	18,131,915
With donor restrictions	3,391,732	5,284,225
TOTAL NET ASSETS	25,607,405	23,416,140
TOTAL LIABILITIES AND NET ASSETS	\$ 25,691,464	\$ 23,467,528

See Notes to Financial Statements

RMC RESEARCH & EDUCATION FOUNDATION

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2019 (with Summarized Financial Information for 2018)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2019	2018
SUPPORT AND REVENUE				
Contributions	\$ 49,712	\$ 385,761	\$ 435,473	\$ 1,071,282
Contributions - Troesh match	-	31,746	31,746	304,852
Special events (net)	10,980	-	10,980	68,941
Investment income	547,802	-	547,802	578,378
Net assets released from restrictions	2,310,000	(2,310,000)	-	-
TOTAL SUPPORT AND REVENUE	<u>2,918,494</u>	<u>(1,892,493)</u>	<u>1,026,001</u>	<u>2,023,453</u>
FUNCTIONAL EXPENSES				
Program and related services	1,549,797	-	1,549,797	1,512,081
Management and general	218,545	-	218,545	187,232
TOTAL FUNCTIONAL EXPENSES	<u>1,768,342</u>	<u>-</u>	<u>1,768,342</u>	<u>1,699,313</u>
NET CHANGE IN NET ASSETS	1,150,152	(1,892,493)	(742,341)	324,140
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS	<u>2,933,606</u>	<u>-</u>	<u>2,933,606</u>	<u>(1,660,813)</u>
CHANGES IN NET ASSETS	4,083,758	(1,892,493)	2,191,265	(1,336,673)
NET ASSETS - BEGINNING	<u>18,131,915</u>	<u>5,284,225</u>	<u>23,416,140</u>	<u>24,752,813</u>
NET ASSETS - ENDING	<u>\$ 22,215,673</u>	<u>\$ 3,391,732</u>	<u>\$ 25,607,405</u>	<u>\$ 23,416,140</u>

See Notes to Financial Statements

RMC RESEARCH & EDUCATION FOUNDATION**STATEMENT OF FUNCTIONAL EXPENSES**

For the Year Ended December 31, 2019 (with Summarized Financial Information for 2018)

	Program and Related Services	Management and General	Totals	
			2019	2018
Accounting	\$ -	\$ 33,895	\$ 33,895	\$ 33,030
Allowance for doubtful pledges	-	-	-	-
Credit card fees	-	2,128	2,128	2,750
Donated services, facilities & equipment	-	25,000	25,000	25,000
Donor recognition	-	-	-	326
Dues and subscriptions	-	3,979	3,979	3,979
Grants and contributions	1,224,638	-	1,224,638	1,168,496
Insurance	-	6,179	6,179	6,179
Licenses & permits	-	400	400	300
Meetings	-	4,718	4,718	76
Office expense	-	1,516	1,516	445
Postage	-	695	695	867
Printing	-	3,116	3,116	3,280
Retirement plan fees	-	2,822	2,822	975
Salaries and benefits	317,258	116,234	433,492	435,554
Telephone	-	2,471	2,471	2,411
Travel and meals	7,901	15,392	23,293	15,645
TOTAL EXPENSES	\$ 1,549,797	\$ 218,545	\$ 1,768,342	\$ 1,699,313

See Notes to Financial Statements

RMC RESEARCH & EDUCATION FOUNDATION**STATEMENT OF CASH FLOWS**

For the Year Ended December 31, 2019 (with Summarized Financial Information for 2018)

	2019	2018
OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 2,191,265	\$ (1,336,673)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Realized and unrealized (gain) loss on investments	(2,933,606)	1,660,813
Donated services, facilities & equipment expense	-	-
Changes in operating assets and liabilities:		
(Increase) decrease in due from NRMCA	32,890	(18,745)
(Increase) decrease in accrued interest	(10,752)	(15,022)
(Increase) decrease in pledges receivable - Troesh match	568,254	295,146
(Increase) decrease in pledges receivable (net)	1,324,239	1,249,395
(Increase) decrease in prepaid expenses	1,108	(1,109)
Increase (decrease) in accounts payable and accrued expenses	12,813	(1,548)
Increase (decrease) in accrued compensation	19,858	(57,171)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>1,206,069</u>	<u>1,775,086</u>
INVESTING ACTIVITIES		
Purchases of investments	(5,883,024)	(4,914,596)
Proceeds from sales of investments	<u>4,561,005</u>	<u>2,540,983</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(1,322,019)</u>	<u>(2,373,613)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(115,950)	(598,527)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>802,770</u>	<u>1,401,297</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 686,820</u>	<u>\$ 802,770</u>

See Notes to Financial Statements

RMC RESEARCH & EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The RMC Research & Education Foundation (the “Foundation”) is a nonprofit organization located in Alexandria, Virginia. The Foundation is dedicated to enhancing and strengthening the ready mixed concrete industry through independent research and quality educational programming.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual method of accounting. Under this method, support and revenue are recognized when earned and expenses are recognized when incurred.

Basis of Presentation:

The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions:

These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program related services, raising contributions, and performing administrative functions.

Net Assets with Donor Restrictions:

These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

Assets and liabilities have been presented in the Statement of Financial Position in an unclassified manner, but in order of liquidity.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of support and revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

RMC RESEARCH & EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash in banks, and cash equivalents such as money market funds, which are highly liquid debt instruments with maturities of less than ninety days.

Contributions

Contributions are considered to be available for any purpose, unless specifically restricted by the donor. Amounts received that are designated for future periods, or restricted by the donor for specific purposes are reported as net assets with donor restrictions, which increases those net asset classes. Pledged contributions (unconditional) are recognized as revenue in the year the promise is made, and are recorded at fair value, which is computed as the estimated present values of expected future cash flows.

Provision for Uncollectible Pledges Receivable

Provision for uncollectible pledges receivable is based on management's evaluation, taking into account factors such as prior collection history, type of contribution, and other relevant factors surrounding the donor's ability to honor the promise. Provision for estimated losses on collection of unpaid pledges is maintained at a level management believes is sufficient to cover potential losses.

Investments

In accordance with ASC No. 958-320, "*Not-for-Profit Entities, Investments - Debt and Equity Securities*" investments in equity securities, with readily determinable fair values and all investments in debt securities, are reported at the fair value on a recurring basis on the Statement of Financial Position. Realized gains (losses) are recorded upon the sale of the investments. Interest income is recognized under the accrual basis, and dividend income is recognized on the ex-dividend date.

Investment income (loss) is comprised of the following at December 31, 2019:

Interest and dividend income	\$ 547,802
Unrealized gain (loss) on investments	2,897,548
Realized gain (loss) on investments	132,721
	<u>3,030,269</u>
Less: Investment management fees	(96,663)
Net realized and unrealized gain (loss)	<u>\$ 2,933,606</u>

Investments are exposed to various risks such as interest rate, market and credit risks. It is reasonably possible that changes in values of investments will occur in the near term and that such changes could materially affect the amounts reported.

RMC RESEARCH & EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

The Foundation capitalizes all expenditures for property and equipment in excess of \$1,000. Property and equipment are carried at cost and depreciated using straight-line method over the estimated useful lives of the assets.

Allocation of Functional Expenses

The cost of providing the various program and related services and supporting services are summarized on a functional basis on the Statement of Activities and Schedule of Functional Expenses. Accordingly, certain costs have been allocated among the program and related services and supporting services benefited.

Federal Income Taxes

The Foundation is exempt from federal income taxes as an organization described under the Internal Revenue Code (IRC) Section 501(c)(3), except for net income derived from unrelated business activities, if any. The Foundation's open audit periods are 2016 through 2018. In accordance with ASC No. 740-10, "Income Taxes" that was issued, and prescribes a comprehensive model for how an organization should measure, recognize, present, and disclose uncertain tax positions taken on its tax return. The Foundation believes that it has appropriate support for tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Program vs. G&A Expenses

During the year ended December 31, 2019, the Foundation spent approximately 88% of its expenses on program expenditures, and about 12% on general and administrative expenses (including fundraising). The Washington DC average was approximately 82% for program expenses, and about 18% for general and administrative expenses (including fundraising). This information was taken from the Charity Navigator© 2017 Metro Market Study.

NOTE 2 – NEW ACCOUNTING PRONOUNCEMENT

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. In addition to changes in terminology used to describe categories of net assets, a new disclosure was added regarding liquidity and availability of resources, and also a new requirement to net investment management fees against investment income. These changes took effect on the December 31, 2018 audited financial statements.

RMC RESEARCH & EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following as of December 31, 2019:

	<u>2019</u>
Cash and sweep accounts	<u>\$ 686,820</u>

NOTE 4 – INVESTMENTS

Investments, by type, consist of the following at December 31, 2019:

	<u>Fair Value</u>
Equities	\$ 10,436,400
Corporate Bonds	7,150,699
Mutual Funds	2,128,886
Municipal Bonds	383,423
U.S. Government Securities	<u>1,207,880</u>
	<u>\$ 21,307,288</u>

The Foundation's investments consist of various equity and debt instruments as summarized above, and are reported at the fair value, based upon quoted market prices in active markets for identical assets and debt instruments, which are a *Level 1* valuation. The values of investments are adjusted monthly on the Foundation's books. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least possible that changes in the values of investment securities will occur in the near-term and such changes could materially affect the amounts reported.

ASC No. 820, "*Fair Value Measurements*" establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC No. 820 are described below:

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

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets and inputs that are observable for the asset or liability, directly or indirectly, for substantially the full-term of the financial instrument.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

RMC RESEARCH & EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 4 – INVESTMENTS (continued)

The following table summarizes the investments valued on a recurring basis with disaggregated information, categorized by the level within the fair value hierarchy, at December 31, 2019:

	Level 1	Level 2	Level 3
Equities	\$ 10,436,400	\$ -	\$ -
Corporate Bonds	7,150,699	-	-
Mutual Funds	2,128,886	-	-
Municipal Bonds	383,423	-	-
U.S. Government Securities	1,207,880	-	-
	<u>\$ 21,307,288</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2019, consisted of:

Testing Equipment	\$ 80,000
Less: Accumulated Depreciation	<u>(80,000)</u>
Net Book Value	<u><u>\$ -</u></u>

NOTE 6 – PLEDGES RECEIVABLE

Pledges receivable represent donors' promises to pay contributions to the Foundation, and are measured at the present value of estimated future cash flows using a discount rate of approximately 3.75%. Collection of pledge receivables at December 31, 2019 is expected as follows:

Due within one year	\$ 1,549,416
Due within two to five years	1,520,534
Due in more than five years	<u>1,500</u>
	3,071,450
Less: Allowance for doubtful accounts	<u>(75,000)</u>
Pledges receivable (future value)	2,996,450
Less: Discount to present value	<u>(279,718)</u>
Pledges receivable (present value)	<u><u>\$ 2,716,732</u></u>

RMC RESEARCH & EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 7 – RELATED PARTY TRANSACTIONS

On January 1, 2015, NRMCA made an “in-kind” pledge contribution to the Foundation in the amount of \$125,000. The pledge agreement calls for five equal payments of \$25,000 to be paid in annual installments over the next five years. In order to satisfy the terms of the pledge, NRMCA has agreed to donate office facilities, professional services, and equipment usage to the Foundation, which is valued at approximately \$25,000 per year. The Foundation will recognize a \$25,000 payment on the pledge each year in recognition of the value of the donated office facilities, professional services, and equipment usage. The Foundation also will record an equal amount each year as donated facilities, equipment and professional services expense on the Statement of Activities. As of December 31, 2019, the outstanding pledge receivable due from NRMCA was received in full (See NOTE 14 for details of new pledge).

The Foundation reimbursed NRMCA for personnel expenses related to two Foundation employees who were paid via NRMCA’s payroll. During the year ended December 31, 2019, the Foundation reimbursed NRMCA for personnel expenses (including benefits) in the amount of \$433,492.

As of December 31, 2019, NRMCA owed the Foundation \$6,906 related to 2019 employee 401(k) deferrals.

NOTE 8 – CONCENTRATION OF CREDIT RISK

The Foundation currently maintains a majority of its investments with one investment firm. Investments in this account are protected up to \$500,000 (including up to \$250,000 for cash) by the Securities Investor Protection Corporation (SIPC). Cash, sweep accounts, and money market deposits also receive an additional \$250,000 of coverage provided by the Federal Deposit Insurance Corporation (FDIC). At December 31, 2019, the Foundation’s FDIC and SIPC uninsured investment balance with Charles Schwab totaled \$21,244,109. The investment firm also maintains supplemental protection, above SIPC limits, through an outside insurer (Lloyds of London). It cannot be determined how much, if any, of the Foundation’s uninsured SIPC investments would be covered under the outside insurer’s protection in the event a claim was made. The Foundation has no other significant concentrations of credit risk as of December 31, 2019.

NOTE 9 – NET ASSETS - WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2019 consisted of:

<u>Type of Restriction</u>	
Time-Restricted Pledges Receivable	\$ 2,791,732
Troesh Matching Pledge	<u>600,000</u>
Net Assets -With Donor Restrictions	<u><u>\$ 3,391,732</u></u>

RMC RESEARCH & EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 10 – DEFINED CONTRIBUTION PLAN

The Foundation maintains a 401(k) plan for which all employees are eligible to participate. Employer contributions amounted to \$21,958 for the year ended December 31, 2019.

NOTE 11 – MIT RESEARCH PROJECT

On September 1, 2009, the Foundation partnered with another unrelated non-profit organization (PCA), and entered into a five-year Master Research Agreement (the “Agreement”) with the Massachusetts Institute of Technology (“MIT”). The Agreement set forth a plan to establish a Concrete Sustainability Hub (the “Hub”) at MIT which is of mutual interest and benefit to the Foundation and its partners. This original agreement expired on August 31, 2014.

On August 16, 2019, the Foundation renewed its five-year Master Research Agreement commitment with the Massachusetts Institute of Technology. The renewed agreement commenced on September 1, 2019, and is scheduled to continue through August 31, 2024. The Agreement calls for total funding of seven million five hundred thousand dollars (\$7,500,000), of which five hundred thousand dollars (\$500,000) per year will be paid by the Foundation, and one million dollars (\$1,000,000) will be paid by its partner. The Foundation has also agreed to make an unconditional promise to give of five hundred thousand dollars (\$500,000) per year, which will be used to support the activities of the CSHub researchers. The Agreement may be terminated for any reason with at least a one-year prior written notice from the Foundation. During the year ended December 31, 2019, program related and administrative related expenses related to the Hub project amounted to \$750,000 and \$250,000, respectively. Prepaid expenses and accrued expenses related to this project amounted to \$291,668 and \$0, respectively, and are recorded on the Statement of Financial Position as of December 31, 2019.

The following sets forth the Foundation’s projected cash-basis payment schedule as outlined in the new agreement:

<u>Year Ending December 31,</u>	
2019 (starting 9/1/19)	\$ 625,000
2020	1,000,000
2021	1,000,000
2022	1,000,000
2023	1,000,000
2024	375,000
	<u>\$ 5,000,000</u>

RMC RESEARCH & EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 12 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Foundation has the following financial assets that could be made available within one year of the balance sheet to fund expenses without limitations:

Financial Assets:	
Cash and cash equivalents	\$ 686,820
Investments	21,307,288
Due from NRMCA	6,906
Accrued interest	82,050
Pledge receivable - Troesh match	600,000
Pledges receivable (net of allowance)	<u>2,716,732</u>
Financial Assets, at year-end	25,399,796
Less those unavailable for general expenditures within one year, due to:	
Pledges receivable collectible beyond one year	<u>(1,167,316)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 24,232,480</u>

In addition to the financial assets available to meet general expenditures over the year, the Foundation operates with a balanced budget.

NOTE 13 – TROESH PLEDGE MATCHING

On February 29, 2016, the Foundation received a conditional matching pledge agreement from a donor. The donor agreed to make a payment of up to \$600,000 per year, contingent on the Foundation obtaining annual industry pledges, and other contributions of at least \$1,800,000 (\$1.8 million), or a 1:3 match of the Foundation's pledges and contributions received. If the full \$1.8 million match is not obtained on an annual basis, the donor agrees to adjust its pledge payment on a commensurate 1:3 sliding scale. The first donor payment and annual cycle commenced effective on January 1, 2016, and will continue for the next five years.

During the year ended December 31, 2019, the Foundation received gross pledges and other contributions of \$96,203, which were eligible for the pledge matching. Based upon the terms of the matching pledge, the Foundation achieved an annual matching contribution of \$31,746 (see below calculation).

RMC RESEARCH & EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 13 – TROESH PLEDGE MATCHING (continued)

	<u>Troesh Pledge Match</u>
FY 2019 Pledges and Contributions	\$ 96,203
Pledge Match Ratio (1:3 match)	33%
FY 2019 Pledge Match	31,746
Pledge Match – Carry Forward from 2018	1,168,254
Pledge Match - Total	1,200,000
FY 2019 Pledge Payment (received in 2019)	(600,000)
Pledge Match - carry forward to 2020	<u>\$ 600,000</u>

NOTE 14 – SUBSEQUENT EVENTS

In-Kind Pledge Renewal:

On **March XX, 2020**, NRMCA made an “in-kind” pledge contribution to the Foundation in the amount of \$125,000. The pledge agreement calls for five equal payments of \$25,000 to be paid in annual installments over the next five years. In order to satisfy the terms of the pledge, NRMCA has agreed to donate office facilities, professional services, and equipment usage to the Foundation, which is valued at approximately \$25,000 per year. The Foundation will recognize a \$25,000 payment on the pledge each year in recognition of the value of the donated office facilities, professional services, and equipment usage. The Foundation also will record an equal amount each year as donated facilities, equipment and professional services expense on the Statement of Activities.

Market decline

[Language to be determined]

Management of the Foundation has evaluated subsequent events through **April XX, 2020**, which is the date the financial statements were available to be issued. No other significant subsequent events have been identified by Management.