



Board of Trustees Annual Meeting

Wednesday, October 30, 2019

8:00am-12:00pm

DRI SNSC Campus – 755 E Flamingo Road Las Vegas, NV 89119 – Rm 181/182

DRI NNSC Campus – 2215 Raggio Parkway Reno, NV 89512 – Foundation Conference Room

To join via computer click: <https://bluejeans.com/343406615>

To join via telephone dial: 855-203-2730 Enter Meeting ID: 343 406 615

“The DRI Foundation’s mission is to maximize DRI’s global environmental impact by securing necessary funding, promoting DRI to multiple constituencies, and expanding DRI’s reach”

(Continental Breakfast served at 8:00 a.m. Meeting will begin at 8:30 a.m.)

AGENDA

NOTE: Below is an agenda of all items scheduled to be considered. Unless otherwise stated, items may be taken out of the order presented at the discretion of the chair. Two or more agenda items may also be combined for consideration. The Board may remove an item from the agenda or delay discussion relating to an item on the agenda at any time.

In accordance with NRS 241.020(6), support materials that are submitted to the DRI Research Foundation and then distributed to the members of the Foundation after the mailing of this agenda but before the meeting, will be made available as follows:

1) copies of any such supplemental support materials are available at the Foundation offices, Reno and Las Vegas, Nevada. A copy may be requested by calling (775) 673-7312, and 2) copies of any such supplemental support materials will be available at the meeting site. Reasonable efforts will be made to assist and accommodate physically disabled persons attending the meeting. Please call the Foundation office at (775) 673-7312 in advance so that arrangements may be made.

- I. ***Call to Order*** **FOR INFORMATION**
Tina Quigley, Board Chair

- II. ***Public Comment***
Comments by members of the public will not be restricted based upon the speaker’s viewpoint.

- III. ***Faculty Presentation*** **FOR INFORMATION**

- IV. ***Approval of Minutes*** **FOR POSSIBLE ACTION**
 - a. Meeting with Chancellor & Regents in Reno on 7/23/19
 - b. Meeting with Chancellor & Regents in Las Vegas on 7/24/19
 - c. Foundation Board Meeting on 7/10/19

- V. ***President's Report*** **FOR INFORMATION**
Kumud Acharya, President
- VI. ***Treasurer's Report*** **FOR POSSIBLE ACTION**
Holger Liepmann, Treasurer
 - a. Audited Financial Statements 2019 and Auditor Letter – Soraya Aguirre, Audit Committee and Sheldon Flom, VP of Finance and Business
 - b. Foundation Budget to Actual to Date – Holger Liepmann, Treasurer and Janet Cathcart, Acting Director of Advancement
 - c. Discussion and possible action regarding Foundation accounting
- VII. ***Approval of Nominations*** **FOR POSSIBLE ACTION**
 - a. Reappointment of John Entsminger to a 2nd term 2020-2024
 - b. Reappointment of Linda Brinkley to a 2nd term 2020-2024
 - c. Appointment of Holger Liepmann as Treasurer for one year through 2020
- VIII. ***Updated Board Resolution for Bank Signature Authority*** **FOR POSSIBLE ACTION**
Sheldon Flom, VP for Finance and Business
 - a. Addition of Authorized Signers from FSO
- IX. ***Director of Advancement Report*** **FOR INFORMATION**
Janet Cathcart, Acting Director of Advancement
 - a. NV Medal Update
 - b. Three end-of-year appeals
- X. ***Desert Research Corporation Update, Restructuring Plan and Election of Directors for DRC*** **FOR POSSIBLE ACTION**
Tom Gallagher, Vice-Chair
- XI. ***Foundation Board Structure and Operations*** **FOR POSSIBLE ACTION**
Tina Quigley, Chair
Tom Gallagher, Vice-Chair
- XII. ***Administrative*** **FOR INFORMATION**
Tina Quigley, Chair
 - a. Reminder about Conflict of Interest Statements
 - b. Annual Meeting with Regents on December 6 (agenda and attendance options)
 - c. 2020 Board Meeting Dates
- XIII. ***New Business***
Items for consideration at future meetings may be suggested. Any discussion of an item under “New Business” is limited to description and clarification of the subject matter of the item, which may include the reasons for the request.

XIV. Public Comment

Comments by members of the public will not be restricted based upon the speaker's viewpoint.

XV. Adjourn

This agenda has been posted at DRI SNSC Campus; 755 E Flamingo Rd. Las Vegas, NV 89119 Phase I Building; DRI NNSC 2215 Raggio Parkway, Reno, NV 89512 Maxey Building; NSHE Administration Office Reno, 2601 Enterprise Rd. Reno, NV 89512; NSHE Administration Office Las Vegas, 4300 South Maryland Parkway, Las Vegas, NV 89119; DRI website www.dri.edu; Nevada Public Notice Website, notice.nv.gov.



Foundation Board of Trustees Meeting Minutes

DATE: 7/23/2019	TIME: 2:40 p.m.	
MEETING CALLED TO ORDER	The meeting was called to order by Tom Gallagher	
NOTE TAKER	Becky Coleman	
BOARD OF TRUSTEES PRESENT	Roger Wittenberg, Lauren Fletcher, Tom Gallagher, Linda Brinkley, Michael Fagen, Ian Rogoff, Bob Gagosian, Mike Benjamin (emeritus)	
BOARD OF TRUSTEES NOT PRESENT	Soraya Aguirre, Charles Creigh, Gayle Crowell, Richard Ditton, John Entsminger, Holger Liepmann, Janet Lowe, Mike Lynch, Tina Quigley, Srikant Reganti, Javier Saenz, Missy Young, Ory Zik, Elise Zoli	
FELLOWS PRESENT	None	
STAFF AND GUESTS PRESENT	Board of Regents Chair Jason Geddes, Vice Chair Mark Doubrava, Chancellor Thom Reilly, System Counsel Joe Reynolds, Board of Regents Chief of Staff Dean Gould, Regent Rick Trachok. DRI Staff: Janet Cathcart, Becky Coleman, Amanda Keen-Zebert	
AGENDA TOPICS		
AGENDA ITEM	CALL TO ORDER	PRESENTER: GALLAGHER
DISCUSSION	Vice Chair Gallagher called the meeting to order at 2:40 p.m. A quorum was not necessary for this meeting. The Board of Trustees mission statement was read.	
AGENDA ITEM	PUBLIC COMMENT	PRESENTER: GALLAGHER
DISCUSSION	No members of the public present.	
AGENDA ITEM	DISCUSSION ON DRI PRESIDENT SEARCH	PRESENTER: GALLAGHER
DISCUSSION	The DRIF Board of Trustees are in fully support of the recommendation made by Faculty Senate for appointment of an interim President. The Board consensus is a three year term will be most effective for DRI to achieve stability and resume momentum in raising funds, recruiting top talent, and raising global awareness of the institution. Board of Regents Chair Geddes indicated the issue will be on the agenda of the September 5-6, 2019 Board of Regents meeting.	
AGENDA ITEM	NEW BUSINESS	PRESENTER: GALLAGHER
DISCUSSION	No new business.	
AGENDA ITEM	PUBLIC COMMENT	PRESENTER: GALLAGHER
DISCUSSION	No members of the public present.	
ADJOURNMENT	The meeting was adjourned at 3:16 pm	



Foundation Board of Trustees Meeting Minutes

DATE: 7/24/2019	TIME: 1:30 p.m.	
MEETING CALLED TO ORDER	The meeting was called to order by Tina Quigley	
NOTE TAKER	Iris Stewart	
BOARD OF TRUSTEES PRESENT	Soraya Aguirre, Tina Quigley	
BOARD OF TRUSTEES NOT PRESENT	Charles Creigh, Gayle Crowell, Richard Ditton, John Entsminger, Holger Liepmann, Janet Lowe, Mike Lynch, Srikant Reganti, Javier Saenz, Missy Young, Ory Zik, Elise Zoli Roger Wittenberg, Lauren Fletcher, Tom QUIGLEY, Linda Brinkley, Michael Fagen, Ian Rogoff, Bob Gagosian	
FELLOWS PRESENT	Joe Brown, Bruce James, Ken Ladd	
STAFF AND GUESTS PRESENT	Board of Regents Chair Jason Geddes, Vice Chair Mark Doubrava, Chancellor Thom Reilly, System Counsel Joe Reynolds, Board of Regents Chief of Staff Dean Gould. DRI Staff: Iris Stewart and Amanda Keen-Zebert	
AGENDA TOPICS		
AGENDA ITEM	CALL TO ORDER	PRESENTER: QUIGLEY
DISCUSSION	Chair Quigley called the meeting to order at 1:30 p.m. A quorum was not necessary for this meeting. The Board of Trustees mission statement was read.	
AGENDA ITEM	PUBLIC COMMENT	PRESENTER: QUIGLEY
DISCUSSION	No members of the public present.	
AGENDA ITEM	DISCUSSION ON DRI PRESIDENT SEARCH	PRESENTER: QUIGLEY
DISCUSSION	Dean Gould provided an overview of acting versus interim president definitions per NSHE Code. The DRIF Board of Trustees indicated support of the recommendation made by Faculty Senate for appointment of an interim President. The Board consensus is a three year term will be most effective for DRI to achieve stability and resume momentum in raising funds, recruiting top talent, and raising global awareness of the institution.	
AGENDA ITEM	NEW BUSINESS	PRESENTER: QUIGLEY
DISCUSSION	No new business.	
AGENDA ITEM	PUBLIC COMMENT	PRESENTER: QUIGLEY
DISCUSSION	Faculty Senate Chair Amanda Keen-Zebert thanked the Foundation trustees and representatives from the Board of Trustees and System Administration present.	
ADJOURNMENT	The meeting was adjourned at 1:51 pm	



Foundation Board of Trustees Meeting Minutes

DATE: 7/10/19	TIME: 8:30 am	
MEETING CALLED TO ORDER	The meeting was called to order by Chair Quigley at 9:10 a.m.	
NOTE TAKER	Becky Coleman	
BOARD OF TRUSTEES PRESENT	Soraya Aguirre, Charles Creigh, Gayle Crowell, Richard Ditton, Michael Fagen, Lauren Fletcher, Robert Gagorian (joined after meeting started), Tom Gallagher, Holger Liepmann, Janet Lowe, Tina Quigley, Srikant Reganti, Ian Rogoff, Javier Saenz, Roger Wittenberg	
BOARD OF TRUSTEES NOT PRESENT	Linda Brinkley, Gayle Crowell, John Ensminger, Mike Lynch, Missy Young, Ory Zik, Elise Zoli	
FELLOWS PRESENT	Joe Brown, Mark Bruce, Bruce James, Mike Benjamin	
STAFF AND GUESTS PRESENT	Sheldon Flom, Janet Cathcart, Iris Stewart, Kumud Achyara, Braimah Apambire, Rick Susfalk, Amanda Keen-Zebert, Brian Speicher, Justin Broligo, Peter Ross, Tracy Bower	
AGENDA TOPICS		
AGENDA ITEM	CALL TO ORDER	PRESENTER: QUIGLEY
DISCUSSION	Chair Quigley called the meeting to order at 9:10 a.m. with a quorum. The Board of Trustees mission statement was read.	
AGENDA ITEM	PUBLIC COMMENT	
DISCUSSION	No members of the public present.	
CONCLUSION	Informational	
AGENDA ITEM	FACULTY PRESENTATION: REAL-TIME ENVIRONMENTAL MONITORING AND ALERTING SYSTEM (REMAS)	PRESENTER: DR. RICK SUSFALK, ASSOCIATE RESEARCH SCIENTIST, DHS
DISCUSSION	Dr. Susfalk provided an overview of the REMAS program and potential for commercialization. The REMAS system automates data analysis, visualization, and alerting, making information available to clients through individual web portals.	
CONCLUSION	Informational	
AGENDA ITEM	APPROVAL OF MINUTES FROM FEBRUARY 8, 2019 MEETING *VOTE REQUIRED	PRESENTER: QUIGLEY
DISCUSSION	No corrections noted.	
CONCLUSION	It was moved by Liepmann and seconded by Wittenberg to approve the minutes from February 8, 2019. <i>*The motion passed unanimously.</i>	
AGENDA ITEM	ACKNOWLEDGMENT OF ROBERT & ROBIN HOLMAN	PRESENTER: WITTENBERG
DISCUSSION	The Holmans recently joined DRIF as fellows, and sadly were lost in a plane crash just over a month ago. The Board expressed they will be missed on both a personal and community level.	

CONCLUSION	Informational	
AGENDA ITEM	OFFICER IN CHARGE REPORT	PRESENTER: ACHARYA
DISCUSSION	Dr. Acharya reported on several faculty featured in national media, and the announcement of the Healthy NV project becoming statewide. Over 2,500 people attended the 60 th Anniversary open houses in Reno and Las Vegas. Dave Decker and Chuck Russell have been appointed as co-directors of the Division of Hydrologic Sciences. An offer to the top candidate for the Assistant Vice President for Information Technology will be extended soon. The search for a Director of Advancement is on hold at this time. The Chancellor and Regents will be conducting a listening tour to address the presidential vacancy at DRI. The Foundation is invited to participate; final dates and times will be sent to trustees via email.	
CONCLUSION	Informational	
AGENDA ITEM	APPROVAL OF NEW TRUSTEE, STARLA LACY *VOTE REQUIRED	PRESENTER: QUIGLEY
DISCUSSION	Dr. Acharya nominated Starla Lacy, Vice President of Environmental, Safety and Land Resources for NV Energy as trustee.	
CONCLUSION	A motion was made by Gallagher, seconded by Aguirre to appoint Starla Lacy as trustee for a four-year term commencing January 2020. <i>*The motion passed unanimously.</i>	
AGENDA ITEM	TRUSTEE RESIGNATIONS AND ELECTION OF TREASURER *VOTE REQUIRED	PRESENTER: QUIGLEY
DISCUSSION	The Board acknowledged the resignations of Leonard Lafrance, Jens Peter Clausen, and Richard Offerdahl. Mr. Lafrance was serving as the DRIF Treasurer. Quigley proposed Liepmann to fill the vacancy for the remainder of the unexpired term. Liepmann indicated his willingness to serve.	
CONCLUSION	A motion was made by Gallagher and seconded by Wittenberg for Holger Liepmann to serve as Treasurer in addition to his current office of Secretary through the end of 2019. <i>*The motion passed unanimously.</i>	
AGENDA ITEM	REPORT ON FY2019 FINAL ACCOUNTING AND AUDIT	PRESENTER: FLOM
DISCUSSION	Flom presented the Treasurer's report. See Treasurer's report and financials for full detail. The same firm as last year has been engaged to conduct the annual audit.	
CONCLUSION	Informational	
AGENDA ITEM	DISCUSSION AND APPROVAL OF FY2020 BUDGET *VOTE REQUIRED	PRESENTER: CATHCART
DISCUSSION	The proposed annual budget was presented by Cathcart. The board discussed the vital importance of 100% participation by all members. Trustees requested the Advancement Department provide the fundraising committee a report on trustee giving by the end of the month. The need for a strategic planning retreat to maximize fundraising efforts was also discussed and will be explored.	
CONCLUSION	A motion was made by Fletcher and seconded by Saenz to accept the FY2020 Budget as presented. <i>*The motion passed unanimously.</i>	
AGENDA ITEM	UPDATE ON YERINGTON PROPERTY SALE *VOTE REQUIRED	PRESENTER: ROSS
DISCUSSION	An unsolicited offer to purchase a 5.75 acres parcel by a confidential buyer was received by Ross. The letter of intent states a sales price of \$275,000.	
CONCLUSION	A motion was made by Wittenberg and seconded by Gallagher to authorize Dr. Acharya to execute the remaining administrative steps and sign documents required to complete the sale. <i>*The motion passed unanimously.</i>	

AGENDA ITEM	DIRECTOR OF ADVANCEMENT REPORT	PRESENTER: CATHCART
DISCUSSION	Item was tabled in the interest of time.	
CONCLUSION	Informational	
AGENDA ITEM	DIRECTOR OF EXTERNAL AFFAIRS REPORT	PRESENTER: BOWER
DISCUSSION	Bower gave an overview of the outcomes for DRI from this year's legislative session. Bower also provided an overview of media coverage, the new Science Distilled podcast, and video about Microplastics in Lake Tahoe.	
CONCLUSION	Informational	
AGENDA ITEM	THREE PROPOSED BYLAW CHANGES <i>*VOTE REQUIRED</i>	PRESENTER: QUIGLEY
DISCUSSION	<p>The following three bylaw changes were proposed by Quigley:</p> <p>Article III, Section 2, H - Extended terms of Board membership for Board Officers whose terms of office are unexpired when Board membership term ends.</p> <p>Article II, Section 7 – Revision of Board Committee structure with a Chair only and the Executive Committee to act as the Governance Committee</p> <p>Article III, Section 2, E. Remove entitlement to vote and be counted for a quorum from President and Vice President for Development as ex officio members of the Board of Trustees.</p>	
CONCLUSION	A motion was made by Gallagher and seconded by Liepmann to adopt the bylaw changes as presented. <i>*The motion passed unanimously.</i>	
AGENDA ITEM	NEXT EXECUTIVE COMMITTEE AND BOARD MEETING DATES	PRESENTER: QUIGLEY
DISCUSSION	Cathcart will poll trustees to determine dates for the next Executive Committee meeting and for the Annual Meeting for the Board of Trustees.	
CONCLUSION	Informational	
AGENDA ITEM	NEW BUSINESS	
DISCUSSION	The Nevada Medal event is tentatively scheduled for April 15-16, 2020. Further details about the event will be finalized at the October board meeting.	
CONCLUSION	Informational	
AGENDA ITEM	PUBLIC COMMENT	
DISCUSSION	Amanda Keen-Zebert, Chair of Faculty Senate asked the Board to consider the dates for the NV Medal since faculty availability is limited in April due to other events.	
CONCLUSION	Informational	
NEXT MEETING	The next Board meeting will be held in October 2019 with the exact date to be determined via poll.	
ADJOURNMENT	A motion was made by Liepmann and seconded by Gallagher to adjourn the meeting at 12:20 p.m.	



Treasurer's Report
 Foundation Board of Trustees Meeting
 As of September 30, 2019

	Increase (Decrease)
Summary of Cash Financial Activity as of September 30, 2019:	
Beginning Cash Balance July 1, 2019	\$ 217,940
Revenue	
Unrestricted Donations – Trustees Obligation	7,500
Unrestricted Donations – Other	24
60th Anniversary Event	2,500
Total Revenue	10,024
Expenses	
Operating Expenses	(15,113)
Nevada Medal Dinner Expenses	(8,183)
Payment of Accrued Legal Bills	(29,259)
Total Expenses	(52,555)
Revenues Over (Under) Expenses	(42,531)
Misc. Cash Flows	
Payments Made to Related Institutions	\$ (649)
Restricted Gifts*	\$ 401
Reimbursement Due from TuBiomics	\$ (1,877)
Total Misc. Cash Flows	(2,125)
Ending Unrestricted Cash Balance	\$ 173,283

<u>Restricted Activity</u>	<u>Year-To-Date</u>
Innovation Research Program**	\$ 55,450
Stories in the Snow	275
Earth & Ecosystem Sciences	51
Hydrologic Sciences	75
Other Restricted	
Total Restricted Gifts	\$ 55,851

* Please note: The revenue and expense balances are cumulative

**Funds carried over from FY19

DRI RESEARCH FOUNDATION

**Consolidated Financial Statements and
Independent Auditors' Report
For the Fiscal Years Ended June 30, 2019 and 2018**

DRI RESEARCH FOUNDATION
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For the Fiscal Years Ended June 30, 2019 and 2018

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**Cupit, Milligan,
Ogden & Williams**
Certified Public Accountants

Shareholders

Edward R. Cupit, CPA (1943-2010)
Ronald A. Milligan, CPA
Thomas M. Ogden, CPA
Melvin L. Williams, CPA

Independent Auditors' Report

To the Board of Trustees,
DRI Research Foundation

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of DRI Research Foundation, a component unit of the Desert Research Institute (DRI), which comprise the consolidated statements of net position as of June 30, 2019 and 2018, and the related consolidated statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 entity'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of DRI Research Foundation and subsidiary as of June 30, 2019 and 2018, and the changes in

its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 be presented to supplement the basic consolidated financial statements. Such information, although not a part of the basic consolidated 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 consolidated 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 consolidated financial statements, and other knowledge we obtained during our audit of the basic consolidated 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.

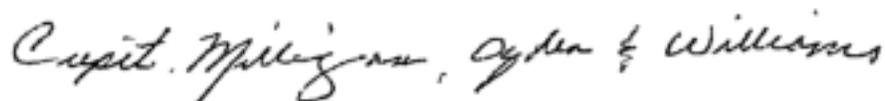
Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements that collectively comprise the DRI Research Foundation's basic consolidated financial statements. The supplementary information included in the accompanying Schedule of Selected Information on pages 16 through 18 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements.

The Schedule of Selected Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic consolidated financial statements or to the basic consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Selected Information is fairly stated, in all material respects, in relation to the basic consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 24, 2019, on our consideration of DRI Research Foundation'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 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 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 DRI Research Foundation's internal control over financial reporting and compliance.



Reno, Nevada
September 24, 2019

DRI RESEARCH FOUNDATION
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2019 and 2018

The DRI Research Foundation (the Foundation) was established in 1983 to solicit support for the Desert Research Institute (DRI). The Foundation is governed by a Board of Trustees appointed by the Board of Regents, Nevada System of Higher Education (NSHE). The Foundation is supported by staff of the Desert Research Institute in Development and the Financial Services Office.

Overview

The Management's Discussion and Analysis is designed to provide an easily readable analysis of the Foundation's financial condition, results of operations, and cash flows based on facts, decisions, and conditions known at the date of the auditors' report. The following discussion and analysis provides an overview of the financial position and activities of the Foundation for the years ended June 30, 2019 and 2018. This discussion has been prepared by management and should be read in conjunction with the consolidated financial statements and the notes thereto, which follow this section.

Overview of the Consolidated Financial Statements and Financial Analysis

The Foundation's financial position at June 30, 2019 and 2018 reflects a net position of \$750,740 and \$935,164, respectively. Changes in net position represent the activity of the Foundation, which results from revenues, expenses, gains and losses, and are summarized for the years ended June 30, 2019 and 2018 as follows:

	<u>2019</u>	<u>2018</u>
Total revenues	\$ 1,196,256	\$ 1,511,220
Total expense	1,380,680	1,596,115
Minority interest in earnings (losses) of subsidiary	<u>(44,022)</u>	<u>(30,582)</u>
Change in net position	<u>\$ (140,402)</u>	<u>\$ (54,313)</u>

The total net position of the Foundation decreased by \$140,402 during fiscal year 2019.

Using the Consolidated Financial Statements

There are three consolidated financial statements presented: the Consolidated Statement of Net Position; the Consolidated Statement of Revenues, Expenses, and Changes in Net Position; and the Consolidated Statement of Cash Flows. These consolidated financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles. During fiscal year 2004, the Foundation adopted GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions* and GASB Statement No. 35, *Basic Financial Statements – Management's Discussion and Analysis – for Public Colleges and Universities*, as amended by GASB Statement No. 37 and No. 38, and applied those standards to the consolidated financial statements. These statements establish standards for external financial reporting for public colleges and universities and require that financial statements be presented on a consolidated basis to focus on the organization as a whole, with resources classified for accounting and reporting purposes into four net asset categories. Previously, the financial statements focused on the accountability of individual fund groups rather than on the Foundation as a whole.

DRI RESEARCH FOUNDATION
Management’s Discussion and Analysis - Continued
For the Fiscal Years Ended June 30, 2019 and 2018

Consolidated Statement of Net Position

The Consolidated Statement of Net Position is a “point in time” financial statement presenting the financial position of the Foundation. The Consolidated Statement of Net Position presents end-of-year data concerning Assets (current and noncurrent), Liabilities (current and noncurrent), and Net Position (assets minus liabilities).

From the data presented, readers of the Consolidated Statement of Net Position are able to determine the assets available to continue the operations of the Foundation. They are also able to determine how much the Foundation owes vendors, employees, lending institutions and other creditors. Finally, the Consolidated Statement of Net Position provides a picture of the net position (assets minus liabilities) and their availability for expenditure by the Foundation.

The following table presents condensed financial information from the Foundation’s Consolidated Statements of Net Position as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Assets		
Currents assets	\$ 362,416	\$ 1,079,079
Noncurrent assets	485,858	485,858
Total Assets	<u>\$ 848,274</u>	<u>\$ 1,564,937</u>
Liabilities		
Current liabilities	<u>\$ 97,534</u>	<u>\$ 629,773</u>
Total Liabilities	<u>97,534</u>	<u>629,773</u>
Net Position		
Invested in capital assets	485,858	485,858
Unrestricted, controlling	339,486	479,888
Unrestricted, non-controlling	<u>(74,604)</u>	<u>(30,582)</u>
Total Net Position	<u>\$ 750,740</u>	<u>\$ 935,164</u>

Current assets consist primarily of cash and cash equivalents. As of June 30, 2019 and 2018, cash and cash equivalents totaled \$362,416 and \$1,078,531, respectively. Assets designated as noncurrent consist of two unimproved lots in North Las Vegas, which were donated to the Foundation in 1985 and approximately 46 acres of undeveloped land in Yerington, Nevada which was donated to the Foundation in December 2010.

Current liabilities consist primarily of accounts payable and amounts due to the Desert Research Institution.

Net Position is divided into four major categories:

- Net investment in capital assets represents the Foundation’s total investment in capital assets, net of outstanding debt obligations which are currently zero.
- Expendable restricted net position is available for expenditure by the Foundation but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets.
- Unrestricted, controlling net position is available to the Foundation for any lawful purpose.
- Unrestricted, non-controlling net position represents the minority ownership of subsidiary assets.

DRI RESEARCH FOUNDATION
Management’s Discussion and Analysis - Continued
For the Fiscal Years Ended June 30, 2019 and 2018

Consolidated Statements of Revenues, Expenses and Changes in Net Position

Changes in total net position as presented on the Consolidated Statements of Net Position are based on the activity presented in the Consolidated Statements of Revenues, Expenses and Changes in Net Position. The purpose of the statement is to present the revenues received by the Foundation, both operating and non-operating, and the expenses incurred by the Foundation. A summary of these main categories for the years ended June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Total operating revenues	\$ 1,196,256	\$ 1,511,220
Total operating expenses	<u>1,380,680</u>	<u>1,596,115</u>
Operating (loss) income	(184,424)	(84,895)
Income taxes	-	-
Change in net position after income taxes	<u>(184,424)</u>	<u>(84,895)</u>
Attributable to non-controlling interest	44,022	30,582
Change in net position, controlling	<u>\$ (140,402)</u>	<u>\$ (54,313)</u>

Operating revenues include gifts, contributions and special event revenues generated in accomplishing the Foundation’s purpose of providing support to DRI. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the Foundation.

Some highlights of the information presented on the Consolidated Statements of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Gifts and contributions	\$ 975,128	\$ 1,036,877
Special events and other operating revenues	40,485	329,651
Desert Research Institute support	175,121	117,717
Other additions	<u>5,522</u>	<u>26,975</u>
Total Operating Revenues	<u>\$ 1,196,256</u>	<u>\$ 1,511,220</u>

- Gifts and contributions, the primary source of revenue for the Foundation, decreased by 6% over the prior year. The decrease can be attributed to not holding a Nevada Medal Dinner event in fiscal year 2019 and the resulting loss of cash gifts typically collected at the event. This decrease was mitigated by a substantial increase in restricted cash Gifts in the form of \$290,000 contributed to fund the Cloud Seeding Project. The detail of these gifts and contributions is provided in the supplementary information to the consolidated financial statements.
- Special events and other operating consist of the admission fees collected for the DRI 60th Anniversary Fundraising event held in Las Vegas, Nevada. Special events and other operating revenues decreased by 87% over the prior year as a result of not holding the Nevada Medal Dinner in 2019.
- DRI support consists primarily of the salary and benefits of DRI employees who administer the programs and activities of the Foundation. Support from DRI increased by 49% primarily as a result of the addition of the Director of Advancement position and an increase in support from the Office of Advancement.

DRI RESEARCH FOUNDATION
Management’s Discussion and Analysis - Continued
For the Fiscal Years Ended June 30, 2019 and 2018

Expenses

A summary of the Foundation’s operating expenses for the years ended June 30, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
Contributed salaries and benefits	\$ 171,730	\$ 111,872
Supplies and services	174,176	220,385
Consulting fees	37,623	26,629
Payments to or on behalf of DRI	938,058	1,189,656
Research and development	59,093	47,573
Total Operating Expenses	<u>\$ 1,380,680</u>	<u>\$ 1,596,115</u>

- Contributed salaries and benefits consist of costs incurred by DRI for employees who devote portions of their time to support Foundation activities. These contributions increased by 54% over the previous year primarily as a result of the addition of a Director of Advancement position and an increase in support from the Office of Advancement.
- Supplies and services consist of operating expenses incurred by the Foundation and operating expenses incurred by DRI in direct support of the Foundation. These decreased by 21% over the previous year primarily due to no NV Medal Dinner being held in 2019.
- Payments to or on behalf of the Desert Research Institute primarily consist of transfers or expenditures of monies raised for the benefit of DRI. Payments decreased by 21% over the prior year, this is largely a result of a DRI Administrative Support endowment no longer passing through the Foundation to DRI.
- Research and development expenses consist of laboratory material, labor, and supply costs incurred by a DRC subsidiary.

Consolidated Statements of Cash Flows

The final statement presented is the Consolidated Statements of Cash Flows. The Consolidated Statements of Cash Flows presents detailed information about the cash activity of the Foundation during the year. The statement is divided into three parts.

- The first part reports the operating cash flows and shows the net cash provided (used) by the operating activities of the Foundation.
- The second section reflects the cash flow from noncapital financing activities and shows the proceeds from borrowing for noncapital purposes and repayments and interest payments on the amounts borrowed.
- The third section reconciles the net cash provided (used) by operating activities to the operating income (loss) reflected on the Consolidated Statements of Revenues, Expenses and Changes in Net Assets.

DRI RESEARCH FOUNDATION
Management’s Discussion and Analysis - Continued
For the Fiscal Years Ended June 30, 2019 and 2018

Cash flows for the years ended June 30, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents (used) provided by:		
Operating activities	\$ (716,115)	\$ 392,146
Noncapital financing activities	-	300,000
Net change in cash	<u>(716,115)</u>	<u>692,146</u>
Cash and cash equivalents, beginning of year	<u>1,078,531</u>	<u>386,385</u>
Cash and cash equivalents, end of year	<u>\$ 362,416</u>	<u>\$ 1,078,531</u>

The following items represent the significant factors that affected the Foundation’s cash flows:

- Operating activities represent gift, contribution and event revenue, and expenditures related to the generation of such revenue and the transfer of funds to DRI.
- Subsidiary activity includes equity financing and operating expenses.

Factors Impacting Future Periods

The DRI Research Foundation’s primary sources of revenue are donor contributions and trustee annual dues. Several factors will likely impact future periods for the DRI Research Foundation, including:

Donor contributions are expected to increase as the Director of Advancement position has been filled. The Foundation will host Nevada Medal Dinners in the upcoming fiscal year in addition to expanding fundraising into travel and other programs. The Board’s fundraising activities will center on expanding corporate and personal sponsorship initiatives, with the proceeds targeted for the benefit of DRI’s prioritized needs and building the Foundation’s cash reserves.

Continuing the expansion of the Board of Trustees to a nationally broad based group with a higher level of consistent unrestricted financial support is expected to bring long term benefits for the Foundation’s fundraising capacity.

Requests for Information

Questions concerning any of the information provided in this report should be addressed to the Desert Research Foundation, c/o Desert Research Institute, Financial Services Office, 2215 Raggio Parkway, Reno, Nevada 89512-1095.

DRI RESEARCH FOUNDATION
Consolidated Statements of Net Position
As of June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Current Assets		
Cash and cash equivalents		
In custody of the Foundation	\$ 273,390	\$ 814,604
In custody of Foundation Subsidiaries	89,026	263,927
Accounts receivable	-	548
Total Current Assets	<u>362,416</u>	<u>1,079,079</u>
Capital Assets		
Land	<u>485,858</u>	<u>485,858</u>
Deferred Tax Position		
Deferred tax asset	85,126	28,162
Deferred tax asset – valuation allowance	<u>(85,126)</u>	<u>(28,162)</u>
Total Assets	<u>\$ 848,274</u>	<u>\$ 1,564,937</u>
Liabilities		
Current Liabilities		
Accounts payable	\$ 32,857	\$ 10,683
Due to the Desert Research Institute	<u>64,677</u>	<u>619,090</u>
Total Liabilities	<u>97,534</u>	<u>629,773</u>
Net Position		
Net investment in capital assets	485,858	485,858
Unrestricted, controlling	<u>339,486</u>	<u>479,888</u>
Total net position, controlling	825,344	965,746
Unrestricted, non-controlling	<u>(74,604)</u>	<u>(30,582)</u>
Total Net Position	<u>\$ 750,740</u>	<u>\$ 935,164</u>

The notes to the financial statements are an integral part of these consolidated financial statements.

DRI RESEARCH FOUNDATION
Consolidated Statements of Revenues, Expenses, and Changes in Net Position
For The Years Ended June 30, 2019 and 2018

	2019	2018
Revenues:		
Operating Revenues		
Gifts and contributions	\$ 975,128	\$ 1,036,877
Special events and other operating revenues	40,485	329,651
Desert Research Institute support	175,121	117,717
Other additions	5,522	26,975
	<hr/>	<hr/>
Total Operating Revenues	1,196,256	1,511,220
	<hr/>	<hr/>
Expenses:		
Operating Expenses		
Contributed salaries and services	171,730	111,872
Supplies and services	174,176	220,385
Consulting fees	37,623	26,629
Payments to or on behalf of the DRI	938,058	1,189,656
Research and development	59,093	47,573
	<hr/>	<hr/>
Total Operating Expenses	1,380,680	1,596,115
	<hr/>	<hr/>
Operating Loss	(184,424)	(84,895)
	<hr/>	<hr/>
Change in Net Position Before Income Taxes	(184,424)	(84,895)
Provision for income taxes	-	-
	<hr/>	<hr/>
Change in Net Position After Taxes	(184,424)	(84,895)
Attributable to non-controlling interest	44,022	30,582
	<hr/>	<hr/>
Change in Net Position, Controlling	(140,402)	(54,313)
Issuance of preferred stock	-	300,000
Net Position, July 1	965,746	720,059
	<hr/>	<hr/>
Net Position, Controlling, June 30	\$ 825,344	\$ 965,746
	<hr/> <hr/>	<hr/> <hr/>

The notes to the financial statements are an integral part of these consolidated financial statements.

DRI RESEARCH FOUNDATION
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Gifts and contributions	\$ 975,128	\$ 955,158
Special events and other operating revenues	40,485	329,651
Other additions	6,070	26,975
Payments for services and supplies	(92,973)	(208,656)
Payments for event expenses	(88,652)	-
Payments to or on behalf of the Desert Research Institute	(1,354,507)	(674,091)
Payments for research and development expenses	(201,666)	(36,891)
Cash Flows From Operating Activities	<u>(716,115)</u>	<u>392,146</u>
Cash Flows from Noncapital Financing Activities:		
Issuance of preferred stock by subsidiary	-	300,000
Cash Flows From Noncapital Financing Activities	<u>-</u>	<u>300,000</u>
Net Change in Cash and Cash Equivalents	(716,115)	692,146
Cash and Cash Equivalents, July 1	<u>1,078,531</u>	<u>386,385</u>
Cash and Cash Equivalents, June 30	<u>\$ 362,416</u>	<u>\$ 1,078,531</u>
Reconciliation of Operating Income (Loss) to Net Cash		
From by Operating Activities:		
Change in Net Position After Taxes	\$ (184,424)	\$ (84,895)
Adjustments to reconcile change in net position to net cash used by operating activities:		
Accounts receivable	548	25,025
Prepaid expense	-	40,000
Accounts payable	22,174	3,195
Deferred revenue	-	(106,744)
Due to Desert Research Institute	(554,413)	515,565
Cash Flows From Operating Activities	<u>\$ (716,115)</u>	<u>\$ 392,146</u>

The notes to the financial statements are an integral part of these consolidated financial statements.

DRI RESEARCH FOUNDATION
Notes to Consolidated Financial Statements
For The Fiscal Years Ended June 30, 2019 and 2018

NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies

Reporting Entity

The DRI Research Foundation (the Foundation) is a nonprofit organization, incorporated in the State of Nevada on November 22, 1983. The mission of the Foundation is to aid, support and assist in the maintenance, promotion, growth and improvement of the Desert Research Institute (DRI), a division of the Nevada System of Higher Education (NSHE). The Foundation is a component unit of DRI which is a component unit of the NSHE.

The Desert Research Corporation (DRC) is a wholly owned subsidiary of the DRI Research Foundation. The DRC is a for-profit company incorporated by trustees of the DRI Foundation in the state of Nevada in 1983. The DRC serves as the commercial companion to DRI, where DRI's applied science innovation may be commercialized.

Tu Biomics is a majority owned subsidiary of DRC. Tu Biomics is a for-profit company incorporated by the DRC in the state of Nevada in 2017. Tu Biomics serves the express purpose of entering into an exclusive global option agreement with DRI that grants Tu Biomics the exclusive right to guide research in the application of specific findings published by DRI and the right to negotiate an exclusive or non-exclusive licensing agreement upon establishing commercial feasibility.

A summary of the Foundation's significant accounting policies applied in the preparation of the accompanying consolidated financial statements follows.

Basis of Presentation

The consolidated financial statements of the Foundation have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Foundation has implemented GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. Statement No. 35 establishes a fundamentally new financial reporting model for all public colleges and universities.

Basis of Accounting

The consolidated financial statements of the Foundation have been prepared on an accrual basis whereby all revenues are recorded when earned and all expenses are recorded when they have been incurred. In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. This is a procedure by which resources for various purposes are classified for accounting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund; however, in the accompanying consolidated financial statements, funds have been combined to report by classification and only the net position (fund balances) is shown.

DRI RESEARCH FOUNDATION
Notes to Consolidated Financial Statements - Continued
For The Fiscal Years Ended June 30, 2019 and 2018

NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies – Continued

Principles of Consolidation

The consolidated financial statements include the accounts of the Foundation and its wholly owned or majority owned subsidiaries. All significant intercompany transactions and balances have been eliminated.

Cash and Cash Equivalents

During this fiscal year the Foundation transferred all cash held with NSHE to an account that is under the Foundations control. The Foundation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents that are not controlled by the Foundation almost exclusively consist of the bank accounts of Tu Biomics and the DRC. Cash and cash equivalents are held in institutions which provide insurance of up to \$250,000 per depositor. Cash in excess of insured limits amounted to approximately \$23,400 at June 30, 2019.

Net Position

The DRI Research Foundation's net position is classified as follows:

Net investment in capital assets: This represents the Foundation's total investment in capital assets net of outstanding debt obligations, which are currently zero.

Restricted expendable: Restricted expendable net position includes resources which must be expended in accordance with restrictions imposed by external third parties.

Unrestricted, controlling: Unrestricted net position, controlling represents resources derived from unrestricted fundraising activities and events and may be used to meet current expenses for any purpose.

Unrestricted, non-controlling: Unrestricted net position, non-controlling represents the balance of the minority shareholders that are included in the consolidated financial statements.

Operating and Non-operating Revenues and Expenses

Revenues and expenses are classified as operating if they are a result of the primary mission of the Foundation which is to raise resources for the Desert Research Institute. Contributions, gifts and revenues from fundraising activities and their related expenses are considered operating revenues and expenses, respectively.

Contributions and gifts are recognized as revenue in the period in which they are received; unless they are received as part of a campaign which is specifically designated as being for a future period or the donor has specified that they be used in a specific future period. In the latter cases, they are initially recorded as unearned revenue and support and then reclassified as revenue in the period for which they were designated.

DRI RESEARCH FOUNDATION
Notes to Consolidated Financial Statements - Continued
For The Fiscal Years Ended June 30, 2019 and 2018

NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies – Continued

Research and Development Costs

Research and development costs are expensed as incurred. Intangible assets acquired from third parties that have alternative uses are capitalized at cost. Intangible assets purchased for specific research projects with no alternative future uses are charged to expense as incurred.

Income Taxes

The Foundation is classified under Section 501(c)(3) (Nonprofit Education Organization) of the Internal Revenue Code. The Foundation is exempt from federal income tax and is classified as a public charity under section 509(a)(1) of the Internal Revenue Code.

DRC operates as a for-profit corporation in the State of Nevada, and is subject to federal income taxation. Nevada does not impose a state income tax. DRC recognizes the amount of taxes payable or refundable for the current year and recognizes deferred tax liabilities and assets for the expected future tax consequences of events and transactions that have been recognized in its financial statements or tax returns.

Reclassifications

Certain prior year amounts on the consolidated financial statements have been reclassified for consistency with current year presentation. The reclassifications had no effect on total net position.

Donated Assets and Services

Donated assets are recorded at fair market value at the date of donation. Donated assets are not recorded if their current use by the Foundation has been denied until later periods. The Foundation recognizes the donation of services only if the services received (a) would be performed by salaried personnel if not contributed; (b) are controlled similar to employment; (c) have a clearly measurable basis; and (d) are not intended for the benefit of its members. The value of the donated services provided by Desert Research Institute personnel in support of Foundation activities is reflected in the accompanying consolidated financial statements. The members of the board of trustees donate their services to the Foundation. The consolidated financial statements do not reflect the value of these services, as there is no objective basis by which to measure the value of such services.

Use of Estimates

In preparing consolidated financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

DRI RESEARCH FOUNDATION
Notes to Consolidated Financial Statements - Continued
For The Fiscal Years Ended June 30, 2019 and 2018

NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies – Continued

Adoption of New Accounting Policy

In July 2017, the Financial Accounting Standards Board (FASB) issued ASU 2017-11 which allows instruments with a down round feature to qualify for equity classification. Under ASU 2017-11, the issuer recognizes the value of the feature only when it is activated. The value of the adjustment is recorded as a deemed dividend and a reduction of income available to common stockholders. If an entity does not present earnings per share, no accounting entry is required. DRC early adopted this guidance during the year ended June 30, 2018, and recognized preferred stock issued in 2018 with a down round feature as equity. No adjustments were required for the retrospective application of this standard.

Subsequent Events

In preparing these consolidated financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through September 24, 2019, the date the consolidated financial statements were issued.

NOTE 2 - Land

The land consists of two unimproved lots in North Las Vegas, Nevada, with an appraised value of \$16,000 at the date of gift on December 20, 1985 and approximately 46 acres of undeveloped land in Yerington, Nevada which was donated to the Foundation in December 2010 with an appraised value of \$469,858. Management currently estimates the market value of the land to be approximately \$1,229,522.

NOTE 3 - Donated Materials, Services and Equipment

The estimated fair market values of donated materials, services and equipment included in the consolidated financial statements for the years ended June 30, are as follows:

	<u>2019</u>	<u>2018</u>
In-kind contribution to the Nevada Medal Dinners	\$ -	\$ 26,432
In-kind administrative and support labor	175,121	117,717
Total	<u>\$ 175,121</u>	<u>\$ 144,149</u>

NOTE 4 - DRC Majority Owned Entities

DRC serves as the technology commercialization partner to DRI and seeks to structure an innovation pipeline that replicates industrial research and development, extending from basic science to commercialization. To that end, DRC assists in the formation of new companies often becoming the majority owner. Companies that are majority owned by DRC include the following:

Predira - Predira is a Nevada corporation formed in July, 2017 for the purpose of creating an intelligence platform to provide localized pest and disease forecasts for industrial scale farming. Predira had no significant activity during the year ended June 30, 2019.

DRI RESEARCH FOUNDATION
Notes to Consolidated Financial Statements - Continued
For The Fiscal Years Ended June 30, 2019 and 2018

NOTE 4 - DRC Majority Owned Entities – Continued

Tu Biomics - Tu Biomics is a Nevada corporation formed in July, 2017 and is a development stage agricultural pharmaceutical company that targets industrial scale farming.

DRC holds 8,000,000 shares of common stock in Tu Biomics which represented a 76.9% ownership interest at June 30, 2019. In 2018, Tu Biomics also issued 2,400,000 shares of preferred stock issued to outside investors at a price of \$0.125 per share for total proceeds of \$300,000. The preferred stock is convertible into one share of common stock at the option of the holder. The preferred stock has a down round provision which provides for the adjustment to the conversion price if Tu Biomics issues future equity at a price less than \$0.125 per share. The preferred shares are presented as equity on an as converted basis and represent the entirety of the non-controlling interest presented.

Subsequent to June 30, 2019, Tu Biomics' board of directors approved the issuance of 480,000 shares of preferred stock for total gross proceeds of \$60,000. The shares have identical conversion features and down round provisions as described above.

Tu Biomics and DRI maintain an ongoing cost reimbursement agreement, primarily for research services with DRI, who is a related party as described in Note 6. The cost reimbursement agreement is for an estimated total cost of \$200,000. For the year ended June 30, 2019, the costs incurred were \$121,977 of which \$52,252 was due to DRI. For the year ended June 30, 2018, the costs incurred were \$81,168 of which \$81,168 was due to DRI. Tu Biomics and DRI also maintain an Option and Evaluation Agreement that allows Tu Biomics the exclusive right to certain technology for research purposes and the right to negotiate a non-exclusive or exclusive license for use of the technology within the terms of the agreement.

NOTE 5 – Income Taxes

DRC had cumulative net operating losses of \$361,962 as of June 30, 2019 for federal income tax purposes resulting in a deferred tax asset of \$85,126 at June 30, 2019, an increase of 202% over the \$28,162 deferred tax asset recorded at June 30, 2018. The ability to realize deferred tax assets is reviewed at least annually and a full valuation allowance was established due to the uncertainty of realizing the deferred tax asset based on conditions existing at June 30, 2019.

DRC files income tax returns in the United States. These tax returns are subject to examination by taxation authorities provided the years remain open under the relevant statutes of limitations, which may result in the payment of income taxes and/or a decrease in the net operating losses available for carryforwards. Although DRC believes that its tax filings do not include uncertain tax positions, the results of potential examinations or the effect of changes in tax law cannot be ascertained. DRC currently has no tax years under examination.

NOTE 6 - Related Party Transactions

DRI provided the Foundation and with administrative services and support for the years ended June 30, 2019 and 2018 in the amounts of \$175,121 and \$117,717, respectively. The Foundation and its subsidiaries made payments or incurred expenses to or on behalf of the Desert Research Institute in the amount of \$938,058 and \$1,189,656 for the years ended June 30, 2019 and 2018, respectively. The amounts due to DRI were \$64,677 and \$619,090 as of June 30, 2019 and 2018, respectively.

Supplementary Information

DRI RESEARCH FOUNDATION
Schedule of Selected Information
For The Fiscal Years Ended June 30, 2019 and 2018

Schedule of Gifts and Contributions:	2019	2018
Unrestricted:		
Outright Gifts	\$ 101,120	\$ 60,000
Gifts and Contributions from Special Events	-	282,218
Non-Cash Contributions	-	26,432
Total Unrestricted Gifts and Contributions	<u>101,120</u>	<u>368,650</u>
Restricted:		
Center for Watersheds and Environmental Sustainability	51,671	50,000
Development Office Support	23,650	-
Division of Atmospheric Sciences	290,000	20,500
Division of Earth and Ecosystem Sciences	20,000	125
Division of Hydrological Sciences	300	300
Global Water Knowledge Fund	-	468
Innovative Research Program	55,450	202,250
Kelly Redmond Memorial Fund	5,500	-
Rogers Center for Environmental Remediation & Monitoring Endowment	133,333	70,000
Rogers Science and Technology Building	66,667	70,000
Science Alive/GreenPower Program	221,501	254,584
Stories in the Snow	2,936	-
Total Restricted Gifts and Contributions	<u>871,008</u>	<u>668,227</u>
Total Gifts and Contributions	<u><u>\$ 975,128</u></u>	<u><u>\$ 1,036,877</u></u>

DRI RESEARCH FOUNDATION
Schedule of Selected Information
For The Fiscal Years Ended June 30, 2019 and 2018

Payments to or on Behalf of the Desert Research Institute:	2019	2018
Center for International Water Sustainability	\$ 51,671	\$ 50,000
Development Office Support	23,650	-
Division of Atmospheric Sciences	290,000	20,500
Division of Earth & Ecosystem Sciences	20,000	125
Division of Hydrological Sciences	250	300
DRI Administrative Support	-	178,300
DRI Faculty Support	-	257,242
DRI Researcher Awards	-	5,000
Global Water Knowledge Fund	-	468
Kelly Redmond Memorial Fund	5,500	-
Science Alive/Green Power Program	221,172	254,373
Innovative Research Program	-	202,180
Rogers Center for Environmental Remediation & Monitoring Endowment	133,333	70,000
Rogers Science and Technology Building	66,667	70,000
Stories in the Snow	3,838	-
DRI research and laboratory fees charged to Tu Biomics for R&D per the option agreement between both entities	121,977	81,168
Total Payments to or on Behalf of the Desert Research Institute	<u>\$ 938,058</u>	<u>\$ 1,189,656</u>
Supplies and Services:		
Insurance	\$ 2,760	\$ 1,146
Licenses and fees	1,950	2,335
Events	74,254	180,826
Office and meeting	3,771	5,460
Professional fees	77,905	9,760
Other supplies and services	13,536	20,858
Total Supplies and Services	<u>\$ 174,176</u>	<u>\$ 220,385</u>

Shareholders

Edward R. Cupit, CPA (1943-2010)
Ronald A. Milligan, CPA
Thomas M. Ogden, CPA
Melvin L. Williams, CPA

**INDEPENDENT AUDITORS' 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**

To the Board of Trustees,
DRI Research Foundation

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 consolidated financial statements of DRI Research Foundation, a component unit of the Desert Research Institute (DRI), which comprise the consolidated statement of net position as of June 30, 2019, and the related consolidated statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 24, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered DRI Research Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of DRI Research Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of DRI Research Foundation'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 consolidated 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 over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying *Schedule of Findings and Responses*, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether DRI Research Foundation's consolidated 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 determination of financial statement amounts. However, providing an opinion on compliance with

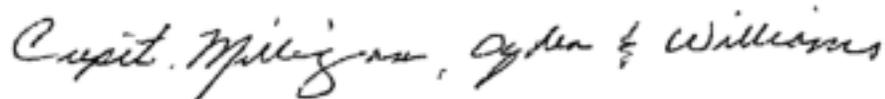
those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

DRI Research Foundation's Response to Findings

DRI Research Foundation's response to the findings identified in our audit are described in the accompanying *Schedule of Findings and Responses*. DRI Research Foundation's response was not subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on it.

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 foundation'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 Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Capital Management, Ogden & Williams".

Reno, Nevada
September 24, 2019

DRI Research Foundation
Schedule of Findings and Responses
For the Year Ended June 30, 2019

Material Weakness - Proper Cut Off Procedures over Accounts Payable at the Subsidiary Level

Condition - Our auditing procedures revealed that certain vendor invoices were not included in accounts payable at year end.

Criteria - Accrual basis accounting requires expenses to be recorded in the period that the goods or services were delivered or received.

Effect - Had the error not been corrected, total liabilities and research and development expenses would have been understated by \$14,145.

Cause - The material weakness is attributed to a lack of controls to properly recognize and record expenses and accounts payable within the period the goods or services were delivered or received.

Recommendation - We recommend that:

1. DRC establish new, or improve existing, policies, procedures, and related internal controls over the accounts payable cycle.
2. DRC design monitoring controls to ensure that management adequately examine transactions recorded before and after period end for proper cut off.

Response from the DRI Research Foundation:

1. The DRI Foundation and the DRC have engaged an outside CPA firm to provide accounting and reporting services for the 2020 fiscal year.
2. The DRI Vice President for Finance and Business (VPFB) will provide oversight or appoint qualified Finance Services Office personnel to provide oversight of the accounting services and will review internal controls with DRC management and the CPA firm.
3. The accounting firm will meet at least annually with senior management of DRC and with DRI's VPFB and Controller to discuss financial cut off dates, invoices being held for any reasons, and to develop a plan to review subsequent events for potential inclusion in the financial statements.

**Cupit, Milligan,
Ogden & Williams**
Certified Public Accountants

Shareholders
Edward R. Cupit, CPA (1943-2010)
Ronald A. Milligan, CPA
Thomas M. Ogden, CPA
Melvin L. Williams, CPA

1695 Meadow Wood Lane, Suite 100
Reno, Nevada 89502
(775) 827-5055
Fax (775) 827-6356

September 24, 2019

To the Board of Trustees
DRI Research Foundation

We have audited the consolidated financial statements of the DRI Research Foundation ("the Foundation") as of and for the year ended June 30, 2019, and have issued our report thereon dated September 24, 2019. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Consolidated Financial Statement Audit

As communicated in our engagement letter dated May 2, 2019, our responsibility, as described by professional standards, is to form and express an opinion about whether the consolidated financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the consolidated financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the consolidated financial statements are free of material misstatement. An audit of consolidated financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Foundation solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding significant control deficiencies, material weaknesses and other matters noted during our audit in the Schedule of Findings and Responses dated September 24, 2019.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Foundation's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Foundation is included in Note 1 to the consolidated financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2019. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions

and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the consolidated financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimate affecting the consolidated financial statements is the contributed salaries and services provided by the DRI.

Management's estimate of contributed salaries and services is based on employee estimates of time devoted to the Foundation at current hourly rates. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic consolidated financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to consolidated financial statement users. The most sensitive disclosures affecting the Foundation's consolidated financial statements include those related to DRC majority owned entities.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Corrected and Uncorrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the consolidated financial statements taken as a whole. The following adjustment was not recorded by management as it was determined to be immaterial:

- The legal representation letter from Holland & Hart stated that \$27,687 was due to them at June 30, 2019 from DRC. Of that amount, \$24,539 was included in accounts payable. The remaining balance of \$3,148 could not be reconciled and was not recorded or resolved.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The following material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by management:

- DRI Research Foundation – one adjustment was made to adjust the investment in DRC for the prior year activity and one adjustment was made to record the current year activity of DRC and its subsidiaries. Had the errors not been corrected, total assets would have been overstated by \$98,798, net assets would have been understated by \$129,059 and loss from subsidiary would have been understated by \$227,857. As the financial statements are presented on a consolidated basis, there was no impact on the financial statements as the investment in DRC is eliminated for financial reporting.
- DRC - two adjustments were made to accrue invoices for lab supplies and legal services. Had the invoices not been accrued, accounts payable and total expense would have been understated by \$14,145.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to DRI Research Foundation's consolidated financial statements or the auditors' report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain representations from management that are included in the management representation letter dated September 24, 2019.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings or Issues

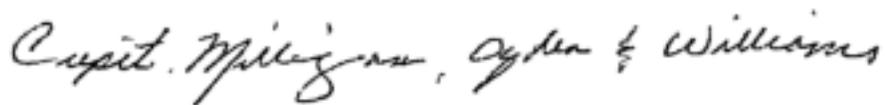
In the normal course of our professional association with the DRI Research Foundation, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating conditions affecting the Foundation, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the DRI Research Foundation's auditors.

We applied certain limited procedures to management's discussion and analysis, which is required supplementary information (RSI) that supplements the basic consolidated financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic consolidated financial statements, and other knowledge we obtained during our audit of the basic consolidated financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Schedule of Selected Information, which accompanies the consolidated financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the consolidated financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the consolidated financial statements or to the consolidated financial statements themselves.

This report is intended solely for the information and use of the Board of Trustees and management of the DRI Research Foundation and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Cupit, Milligan, Ogden & Williams, CPA's
Reno, Nevada
September 24, 2019

DRI Research Foundation
FY 2020 Budget For Unrestricted Funds

REVENUE AND EXPENSE DESCRIPTION		FY2020 BUDGET. Includes 2019 NV Medal	REMAINING	Jul-19	Aug-19	Sep-19	FY Total	PROJECTED Oct-19
REVENUES								
Donor Contributions								
	Board of Trustees	120,000	(112,500)	\$ -	\$ -	\$ 7,500.00	\$ 7,500.00	\$ 11,000.00
	Private Gifts	18,000	(15,476)	\$ -	\$ 23.68	\$ 2,500.00	\$ 2,523.68	
	<i>Subtotal Donor Contributions Revenue</i>	138,000	(127,976)	\$ -	\$ 23.68	\$ 10,000.00	\$ 10,023.68	\$ 11,000.00
Special Events - Nevada Medal								
	All Sponsors 2020	350,000	(350,000)	\$ -	\$ -	\$ -	\$ -	\$ -
	All Ticket Sles 2020	102,000	(102,000)	\$ -	\$ -	\$ -	\$ -	\$ -
	<i>Subtotal Nevada Medal Revenue</i>	452,000	(452,000)	\$ -	\$ -	\$ -	\$ -	\$ -
Possible Renvue from Sale of Yerington Property				\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES		590,000	(579,976)	\$ -	\$ 23.68	\$ 10,000.00	\$ 10,023.68	\$ 11,000.00
EXPENSES								
Operating Expenses								
	Audit and Tax Services	15,000	15,000	\$ -	\$ -	\$ -	\$ -	\$ -
	Appreciation and Gifts / Stewardship	1,000	1,000	\$ -	\$ -	\$ -	\$ -	\$ -
	Bank Fees	1,500	1,126	\$ 113.00	\$ 130.01	\$ 130.98	\$ 373.99	\$ 40.00
	Insurance and Fees	4,000	2,342	\$ 1,608.00	\$ -	\$ 50.00	\$ 1,658.00	\$ -
	Meeting and Retreat Expenses		-	\$ -	\$ -	\$ -	\$ -	\$ -
	Office/Computer Supplies/Event supplies	500	356	\$ 48.00	\$ 48.00	\$ 48.00	\$ 144.00	\$ 48.00
	Postage and Handling	500	500	\$ -	\$ -	\$ -	\$ -	\$ -
	Printing/Duplicating/Graphics/ Photography	500	500	\$ -	\$ -	\$ -	\$ -	\$ -
	Land Maintenance & Property Taxes	5,300	(2,038)	\$ 5,338.20	\$ 2,000.00	\$ -	\$ 7,338.20	\$ -
	Independent Contractor		-	\$ -	\$ -	\$ -	\$ -	\$ -
	Outside Bookkeeping Fee	5,000	(599)	\$ 898.75	\$ 2,700.00	\$ 2,000.00	\$ 5,598.75	\$ 3,950.00
	Adminstrative Expense	1,500	1,500	\$ -	\$ -	\$ -	\$ -	\$ -
	Advertising (not NV Medal)		-	\$ -	\$ -	\$ -	\$ -	\$ -
	Travel - in State		-	\$ -	\$ -	\$ -	\$ -	\$ -
	Host Expense	10,000	10,000	\$ -	\$ -	\$ -	\$ -	\$ -
	<i>Subtotal Operating Expenses</i>	44,800	29,687	\$ 8,005.95	\$ 4,878.01	\$ 2,228.98	\$ 15,112.94	\$ 4,038.00

Special Events								
	NV Medal Expense 2020	135,000	126,818	\$ -	\$ -	\$ 8,182.50	\$ 8,182.50	\$ 6,500.00
	Cultivation Events	10,000	10,000	\$ -	\$ -	\$ -	\$ -	\$ -
	FUNDRAISING CAMPAIGN EXPENSES	50,000	50,000	\$ -	\$ -	\$ -	\$ -	\$ -
	<i>Subtotal Special Events Nevada Medal Expenses</i>	195,000	186,818	\$ -	\$ -	\$ 8,182.50	\$ 8,182.50	\$ 6,500.00
	Total Operating Expenses	239,800	226,916	\$ 8,005.95	\$ 4,878.01	\$ 10,411.48	\$ 23,295.44	\$ 10,538.00
Program Support Expenses								
	Development Office Management Support	300,000	300,000	\$ -	\$ -	\$ -	\$ -	\$ -
	Desert Research Corporation			\$ -	\$ -	\$ -	\$ -	\$ -
	Researcher Awards & Other Restricted Transfers to DRI	7,000	7,000	\$ -	\$ -	\$ 249.00	\$ -	\$ -
	Legal Bills			\$ 31,136.24	\$ -	\$ -	\$ 31,136.24	\$ 11,998.00
	Total Program Support Expenses	307,000	307,000	\$ 31,136.24	\$ -	\$ 249.00	\$ 31,385.24	\$ 11,998.00
TOTAL EXPENSES		546,800	492,119	\$ 39,142.19	\$ 4,878.01	\$ 10,660.48	\$ 54,680.68	\$ 22,536.00
REVENUES OVER (UNDER) EXPENSES		43,200	(87,857)	\$ (39,142.19)	\$ (4,854.33)	\$ (660.48)	\$ (44,657.00)	\$ (11,536.00)
Unrestricted Cash Balance on Hand October 1, 2019				\$ 178,797.81	\$ 173,943.48	\$ 173,283.00		



Resolution to Authorize Additional DRI Positions to have Signature Authority
on DRI Foundation Checks

RESOLVED: To authorize the addition of the following persons holding the following positions within DRI to have signature authority on the DRI Foundation checking account(s) and other accounts with financial institutions:

Controller, DRI
Budget Director, DRI

NOTES ON AGENDA ITEM 10: Election of Directors of the Desert Research Corporation

We thought it might be helpful to explain yesterday's email regarding a ballot for directors of DRC. This information is also included in the materials being distributed for the 10/30 Trustees meeting.

As part of the effort to review and improve DRI's efforts to develop commercial uses for technology and intellectual property arising from DRI scientists' research, DRI and the Foundation (DRIF) have been reviewing the organization and procedures of the Desert Research Corporation, a for-profit entity owned 100% by the Foundation. This structure was put in place many years ago but only recently became relevant as projects such as the Tu Biomics project (garlic fungus), Devah (e-cigarette toxicity) and others have shown good potential.

After reviewing the relevant issues with legal and other experts, we were advised that it would be best if the board of DRC were composed principally of disinterested directors rather than persons who are either investors in specific projects or connected directly with either DRI or DRIF. We have also been advised that as the sole shareholder of DRC, it is appropriate for DRIF to have one of its Trustees as a member of the Board of DRC.

The intent of the resolution to be voted on at the 10/30 meeting of Trustees is intended to result in the DRC Board consisting of two outside directors, Mike Benjamin and Ken Ladd, neither of whom are currently Trustees of the Foundation or employees of DRI, and one representative of DRIF, Michael Fagen (currently a Trustee). These three persons will replace the current board of DRC.

If you have any questions, please feel free to contact either of us.

Best regards,

Tina Quigley
Tom Gallagher