

RERF Board Request
Outline for Reorganization & Funding
Updated: February 7, 2020

RERF Mission Statement:

To sponsor projects which promote public awareness, education, research and the advancement of recycling.

Current Task Force: Mike Hinsey, Paul Brenner, Kevin Lamar, Natasha Grant, Margie Erinle and various ISRI members and past RERF board members.

Strategic Planning:

The Board of The Recycling Research Foundation (RRF), now known as The Recycling Education and Research Foundation (RERF) began a process one year ago to review its mission and develop strategies for the strengthening of its ability to support the interests and needs of the recycling industry.

Plan Components:

Infrastructure- New Board members, bylaws review, KPI's and benchmarks, OPS location and overhead.

Fund Development- Generation of additional unrestricted funds i.e. events, donations, non ISRI members and other business relationships.

Grant Funding- grant applications that focus on education, research and recycling awareness.

Significant relationships- ISRI, Corporate, Market leaders etc.

To implement the resulting strategy, the Foundation proposed to hire a full time staff person dedicated to promoting and implementing the work of the Foundation. The job description has been drafted and is being finalized based on other fund development executive positions. The primary duties will be increasing fund development for RERF. The activities would focus on increasing the general unrestricted fund.

Below is a summary of duties:

1. Prior/similar experience with foundation management and fund development positions.
2. Creative and strategic thought skills. The ability to grow and work within a team/ board environment.
3. Skills and experience that would assist a new staff person to work with ISRI members, chapters, corporate partners and business leaders.
4. Experience with a CRM system (i.e. Sales Force) and the integration of Board directed key performance metrics and board reporting.

Compensation for this position from RERF is projected to be \$125,000 with incentives for achieving benchmarks. These benchmarks are tied to growing the unrestricted fund and receipt of grant funding. The financial projection below references one employee with an annual salary of \$125,000 for 3 years. It identifies \$75,000 each year of ISRI investment for years 2021 and 2022 subject to results.

The Foundation has currently encumbered the funds related to the first year of salary for this individual from the entity's unrestricted funds. Analysis below in the projections. RERF seeks potential support from ISRI for the subsequent two years after the encumbered funds are deployed up to \$125,000 per year. This investment by ISRI would assist if unrestricted fund generation results fall short of expectations in the early years of implementation of the reorganization plan. We believe that the combined efforts of RERF and ISRI will leverage talents for both organizations for growth in new members and our commodity/recycling market presence.

Request: (motion from RERF Board presented October 2019) and re-presented today:

The Recycling, Education, and Research Foundation asks ISRI to approve funding, in the form of a grant (investment) of up to a total amount of \$250,000 allocated over the years 2021 and 2022 to support a full time position to manage RERF. The ISRI funds would be used on an as need basis only following funding in year 2020 by RERF via their unrestricted funds.

Note: the financial analysis below uses a potential amount of \$75,000 from ISRI for each of the two years subsequent to year 2020 (60% of the amount requested). This potential funding over years 2021 and 2022 is subject to the performance of the RERF Board in regards to their reorganization plan and cash flow. This plan and related key performance metrics will be evaluated monthly by the new board and leadership team. Our future discussions with leaders of ISRI and the market will assist managing our expectations to implement success. RERF will need input from ISRI members and ongoing focus groups to achieve its plan.

Further commentary on the elements of the reorganization plan:

Just over one year ago, the Board of the Recycling Education Research Foundation (RERF) began a review of its mission and options for further supporting the interests of the recycling industry in ways that would strengthen both the Foundation itself and the industry it supports. To do so, a group of individuals was brought together, with the support of the ISRI Chair and President, to conduct research into how similar foundations were organized and functioned. The group was composed of Mike Hinsey, President of RERF, Paul Brenner, Vice President of RERF, Bob Ensinger, formerly with ISRI, and Natasha Grant, current ISRI staff.

The group visited the Environmental Research and Education Foundation (EREF; erefdn.org), based in Raleigh, North Carolina on September 11, 2018 and met with their director and manager of fundraising. EREF is a similar foundation to RERF, though their focus is based on research and education for the waste industry. Within just a few years the foundation was organizing a “high end” golf event that now generates in the area of half a million dollars, supports a silent and live auction at Waste Expo that generates seven figure income, and seeks supporting partners willing to fund endowments for educational and research activities that can be in the region of \$250,000 grants.

Strategic Requirements for the new fund development position at RERF and the Board:

1. Determine and implement the best avenue for unrestricted funds growth, i.e. auctions, sport outings, etc. Work closely with ISRI President and CFO to pursue incoming grant opportunities
2. Quickly identify non ISRI RERF Board candidates and ISRI members that would be vital to fundraising and grant sources. There are 4 board seats available for non ISRI member board candidates
3. With the Board’s direction, further develop strategic goals related to scholarships, research, endowments, etc. that promote the message and goals of the RERF mission statement.
4. Long term planning and not currently pursued in the next 3 years...implement potential financial savings to ISRI for assisting with such projects as the Jason project, Design for Recycling programs and other opportunities when RERF becomes self-sufficient. Further discussion between ISRI and RERF regarding this subject will be needed over the subsequent years.
5. The individual/position for fund development will be measured for the next 3 years by the RERF Board regarding:
 - A. Net growth in unrestricted funds balance.
 - B. Communication with the new board and ability to work as a team. Engagement with nationwide centers of influence.
 - C. Monthly reporting to the new board involving the CRM system and organizational performance.

Financial Projection: The information below presents historical as well as projected results. In addition projected expenses related to fundraising and the hire of a fund development executive.

	<u>Proj YR 3</u>	<u>Proj YR 2</u>	<u>Proj YR 1</u>	<i>DRAFT</i>		
				2019	2018	2017
REVENUE						
Restricted						
Scholarship	\$160,000	\$150,000	\$140,000	\$ 131,482	\$ 112,188	\$ 109,738
Unrestricted						
ISRI Funding (Proposed)	\$75,000	\$75,000	\$0	-	-	-
General Fund	\$200,000	\$110,000	\$75,000	66,353	68,138	35,383
Total Revenue	435,000	335,000	215,000	197,835	180,326	145,121
DIRECT EXPENSES						
Restricted-						
Scholarship	160,000	150,000	140,000	128,500	108,750	122,900
Other Expenses	-	-	-	-	-	15,888
Unrestricted						
Grants & Scholarships	50,000	25,000	-	9,000	14,000	50,000
Operating Expenses	7,000	7,000	7,000	9,537	3,922	8,805
Fundraising Expenses	50,000	25,000	5,000			
Personnel Expenses	125,000	125,000	125,000	-	26,716	-
Total Expenses	392,000	332,000	\$277,000	147,037	153,388	197,593
Change in Net Assets	\$ 43,000	\$ 3,000	\$ (62,000)	\$ 50,798	\$ 24,418	\$ (52,472)
Cash position at end of period	247,754	204,754	201,754	263,754	218,381	0
- Restricted funds for scholarship	<u>\$35,000</u>	<u>\$35,000</u>	<u>\$35,000</u>	<u>\$35,993</u>	<u>\$33,011</u>	<u>\$0</u>
Cash available for operations	<u>\$212,754</u>	<u>\$169,754</u>	<u>\$166,754</u>	<u>\$227,761</u>	<u>\$185,370</u>	<u>\$0</u>

Note: The above is assuming lower results as compared to plan. Goals identified below by RERF team.

General Fund \$500,000 \$250,000 \$125,000

RERF Expenses Absorbed by ISRI

Payroll and Benefits	0	0	0	11,260	-	17,756
General Expenses	3,198	3,198	3,198	3,198	7,983	5,141
Total Expenses	\$ 3,198	\$ 3,198	\$ 3,198	\$ 14,458	\$ 7,983	\$ 22,897

Organizational History:

Originally formed in 1967, the mission of RERF is to promote the art and science of scrap processing and recycling through research, sponsorships, technical assistance, and educational programs for the purpose of advancing the industry. By funding research projects on subjects concerning the industry and providing academic scholarships, the foundation raises the profile of the recycling industry while supporting future generations. Over the years, RERF has awarded over \$1.2 million in scholarships to nearly 950 students.

The top accomplishments for RERF as related to their mission or outside their mission over the last 3 years.

1. Growth of the silent auction, notwithstanding the decrease in 2019.
2. Grants to assist Houston Clean Air study

Currently the board is newly established and will consist of:

- Representatives from the ISRI chapters.
- ISRI commodity divisions
- Associate ISRI members
- ISRI members with fund development experience
- Non ISRI members (limited)

RERF frequently asked questions:

1. **Funds received from Chapters are noted as restricted funds. What are the restrictions?** *Can only be disbursed at the discretion of the submitting chapter for their specific scholarship candidates.*
2. **Has the bylaw changes and name change been made or are these pending RERF board approval?** *Bylaws have been approved, approved name changed earlier in 2019.*
3. **IS RERF being used to move programs from ISRI to RERF?** **No. This is not the primary purpose of RERF. In our course of doing business, it would make sense if RERF could deliver the program more effectively and efficiently. Both ISRI and RERF are focused on execution and net investment. As a steward of resources, all opportunities must be reviewed and analyzed for the global successful outcome of all parties.**
4. **Why hasn't RERF (formerly known as RRF) used unrestricted funds or silent auction funds more effectively?** **One observation is that the RERF lacked the employed "point person" to lead the group for achieving results in board designated actions. The new board leadership with this strategic plan process, in combination with the hiring of the fund development executive, will achieve results related to non-scholarship funds.**
5. **What is the timeline for the new board and implementation of the strategic plan?** **Monthly meetings have occurred in the past with the above mentioned task force. Assembling of new board members will be accomplished by 4/30/20. During that time the strategic plan will be enhanced and further developed. If this request is approved, then the search for the new employee will be commence with onboarding by 5/31/20. Future monthly board meetings will compare results of the plan implementation and performance benchmarks as compared to actual results.**