Consolidated Financial Statements

CRH America, Inc. and Subsidiaries
(Ultimately, Wholly Owned Subsidiaries of CRH plc,
a Republic of Ireland Corporation)
Years Ended December 31, 2020 and 2019
With Report of Independent Auditors

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(Wholly Owned Subsidiaries of CRH plc,
a Republic of Ireland Corporation)

Consolidated Financial Statements

Years Ended December 31, 2020 and 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholder of CRH America, Inc. and Subsidiaries:

We have audited the accompanying financial statements of CRH America, Inc. and subsidiaries, ultimately a wholly-owned subsidiary of CRH plc, a Republic of Ireland corporation, (the Company), which comprise the consolidated balance sheet as of December 31, 2020, and the related consolidated statements of operations, shareholder's equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of CRH America, Inc. and subsidiaries as of December 31, 2020, and the consolidated results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter—Related Parties

As discussed in the consolidated financial statements, the Company had significant transactions with related parties. Because of these relationships, it is possible that the terms of these transactions are not the same as those that would result from transactions among unrelated parties.

Additionally, the accompanying consolidated financial statements have been prepared from the separate records maintained for the Company and may not necessarily be indicative of the conditions that would have existed or the results of operations if the Company had operated as an unaffiliated company from CRH Plc and its subsidiaries.

Portions of certain income and expense represent allocations made from items applicable to CRH Plc and its subsidiaries as a whole.

Predecessor Auditors' Opinion on 2019 Financial Statements

The consolidated financial statements of the Company as of and for the year ended December 31, 2019, were audited by other auditors whose report, dated April 28, 2020, expressed an unmodified opinion on those statements and included an emphasis-of-matter paragraph that described the adoption of ASU No. 2016-02, Leases, discussed in Note 2 to the consolidated financial statements.

Deloitte & Touche LLP

April 27, 2021

CRH America, Inc. and Subsidiaries
(Wholly Owned Subsidiaries of CRH plc,
a Republic of Ireland Corporation)

Consolidated Balance Sheets

	December 31 2020	December 31 2019
	(In Thousands)	
Assets		
Current assets:		
Cash and cash equivalents	**$ 74,230**	$ 5,182
Accounts receivable, less allowance for doubtful accounts of $6,318 and $6,970, respectively	**215,208**	207,372
Inventories	**139,139**	149,311
Assets held for sale, net	**–**	2,773
Costs and estimated earnings in excess of billings	**3,717**	731
Other current assets	**12,884**	11,924
Total current assets	**445,178**	377,293
Operating lease right of use assets	**42,458**	
Property, plant, and equipment, net	**310,836**	344,548
Due from Parent and affiliates, net	**4,058,170**	4,056,295
Interest rate swaps	**73,882**	22,637
Goodwill	**312,916**	241,997
Identifiable intangible assets, net	**52,689**	39,941
Total assets	**$ 5,296,129**	$ 5,082,711

CRH America, Inc. and Subsidiaries
(Wholly Owned Subsidiaries of CRH plc,
a Republic of Ireland Corporation)

Consolidated Balance Sheets

	December 31	
	2020	**2019**
	(In Thousands)	
	(In Thousands, Except Share Data)	
Liabilities and shareholder's equity		
Current liabilities:		
Accounts payable	**$ 84,662**	$ 76,922
Accrued payroll	**35,904**	41,226
Accrued interest	**20,728**	21,668
Other accrued expenses	**36,748**	38,532
Billings in excess of costs and estimated earnings	**8,763**	5,071
Operating lease obligations	**6,124**	7,102
Finance lease obligations	**869**	
Short-term borrowings	**–**	45
Current maturities of long-term debt	**399,988**	–
Total current liabilities	**593,786**	190,566
Operating lease obligation, net of current portion	**39,517**	54,030
Finance lease obligation, net of current portion	**9,502**	
Deferred tax liabilities, net	**20,868**	
Long-term debt	**2,083,183**	2,437,354
Other liabilities	**172**	262
Shareholder's equity:		
Common stock, $0.01 par value: 10,000 shares authorized; 2,500 shares issued and outstanding	**–**	–
Paid-in capital	**1,569,461**	1,568,095
Retained earnings	**979,640**	832,404
Total shareholder's equity	**2,549,101**	2,400,499
Total liabilities and shareholder's equity	**$ 5,296,129**	$ 5,082,711

See accompanying notes.

CRH America, Inc. and Subsidiaries
(Wholly Owned Subsidiaries of CRH plc,
a Republic of Ireland Corporation)

Consolidated Statements of Operations

	Year Ended December 31	
	2020	**2019**
	(In Thousands)	
Net sales from contracts with customers	**$ 1,178,369**	$ 1,067,233
Cost of sales	**837,608**	768,517
Gross profit	**340,761**	298,716
Selling, general, and administrative expenses	**168,706**	168,103
Operating income	**172,055**	130,613
Other income (expense):		
Interest income, net	**258,233**	281,243
Interest expense	**(239,125)**	(255,043)
Change in fair value of derivatives and fixed rate debt, net	**2,099**	34
Other, net – includes related-party transactions (*Note 14*)	**1,557**	2,061
	22,764	28,295
Income before provision for income taxes	**194,819**	158,908
Provision for income taxes	**47,583**	38,602
Net income	**147,236**	120,306

See accompanying notes.

CRH America, Inc. and Subsidiaries
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a Republic of Ireland Corporation)

Consolidated Statements of Shareholder's Equity

	Common Stock Shares	Common Stock Amount	Paid-in Capital	Retained Earnings	Total
	(In Thousands, Except Shares)				
Balance at January 1, 2019	2,500	$ –	$ 1,566,020	$ 712,098	$ 2,278,118
Employee stock compensation expense			2,075		2,075
Net income				120,306	120,306
Balance at December 31, 2019	2,500	–	1,568,095	832,404	2,400,499
Employee stock compensation expense			1,366		1,366
Net income				147,236	147,236
Balance at December 31, 2020	**2,500**	**$ –**	**$ 1,569,461**	**$ 979,640**	**$ 2,549,101**

See accompanying notes.

CRH America, Inc. and Subsidiaries
(Wholly Owned Subsidiaries of CRH plc,
a Republic of Ireland Corporation)

Consolidated Statements of Cash Flows

	Year Ended December 31	
	2020	**2019**
	(In Thousands)	
Operating activities		
Net income	**$ 147,236**	$ 120,306
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**54,338**	41,617
Amortization of loan issuance costs and discounts	**1,520**	1,521
Loss (Gain) on sale of property, plant, and equipment	**99**	(223)
Gain on lease disposal and remeasurements	**(175)**	–
Employee stock compensation expense	**1,366**	2,075
Deferred income tax expense	**1,601**	
Gain on Divestment	**(14,873)**	–
Amortization of adjustment to debt resulting from discontinued fair value hedges	**(4,850)**	(4,850)
Change in fair value of derivatives and fixed rate debt, net	**(2,099)**	(34)
Changes in operating assets and liabilities, net of the effects of business acquisition:		
Accounts receivable, net	**(1,885)**	(28,640)
Inventories	**17,441**	(6,305)
Other assets	**1,150**	(81)
Accounts payable and other current liabilities	**(10,795)**	(38,979)
Billings in excess of costs and costs in excess of billings on contracts in progress, net	**706**	1,170
Net cash provided by operating activities	**190,780**	87,577
Investing activities		
Acquisition of businesses	**(134,526)**	(161,915)
Purchases of property, plant, and equipment	**(30,470)**	(39,719)
Proceeds from Divestments	**24,408**	–
Changes in due from Parent and affiliates, net	**19,308**	
Proceeds from sales of property, plant, and equipment, net of disposal costs	**471**	6,334
Net cash used in investing activities	**(120,809)**	(195,300)
Financing activities		
Principal payments of short-term borrowings	**(45)**	(43,343)
Changes in due from Parent and affiliates, net		156,931
Deferred consideration payments	**(878)**	(938)
Net cash (used in) / provided by financing activities	**(923)**	112,650
Increase in cash and cash equivalents	**69,048**	4,927
Cash and cash equivalents at beginning of year	**5,182**	255
Cash and cash equivalents at end of year	**$ 74,230**	$ 5,182

See accompanying notes.

1. Nature of Operations

CRH America, Inc. (the Company) is a wholly owned subsidiary of CRH Americas Products, Inc., which is ultimately a wholly owned subsidiary of CRH Americas, Inc., formerly known as Oldcastle Inc. (CRH Americas or Parent), a holding company whose ultimate parent is CRH plc, a Republic of Ireland corporation.

CRH Americas, Inc. and its subsidiaries (Group) are engaged in the production and supply of building materials to a wide and varied customer base within the United States. The Group is organized into two core product-based business groups:

- Building Products (primarily block, pavers, precast, fabricated glass, and lawn and garden products)

- Materials (primarily aggregates, cement, ready-mixed concrete, and asphalt supply and paving)

The Company consists of the operations of Building Products' precast and certain treasury and financing activities of CRH Americas. The Company has extensive transactions and relationships with affiliates (Note 16).

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements which have been prepared in conformity with U.S. generally accepted accounting principles (US GAAP) comprise those of the Company, and its wholly owned subsidiary Oldcastle Infrastructure Inc., (Oldcastle Infrastructure, formerly Oldcastle Precast, Inc).

Use of Estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. In addition to accounting related to

2. Summary of Significant Accounting Policies (continued)

uncertain tax provisions, we also make certain estimates for legal provisions and other contingencies. While we believe that these estimates and assumptions are reasonable under the circumstances, they are subject to uncertainties, some of which are beyond our control. Should any of these estimates and assumptions change or prove to have been incorrect, it could adversely affect our results of operations.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents were $74,230 and $5,182 at December 31, 2020 and 2019, respectively.

Accounts Receivable and Allowances

Accounts receivable consists of customer payments due but not received. Accounts receivable are recorded at their original amount less an estimated allowance for any doubtful accounts. An allowance is made when collection of the full amount is no longer considered probable.

Financial Instruments

The Company's financial instruments at December 31, 2020 and 2019, consist primarily of cash and cash equivalents, accounts receivable, accounts payable, short-term borrowings, long-term debt, and interest rate swap agreements. Due to the short maturities of cash and cash equivalents, accounts receivable, accounts payable, and short-term borrowings, carrying amounts approximate the respective fair values. Accordingly, such financial instruments were valued based upon Level 1 measures within the valuation hierarchy. See Note 18 for disclosures regarding the fair value of the Company's financial assets and liabilities.

Credit Risk

Substantially all of the Company's accounts receivable are due from companies in, or related to, the construction industry in the United States. The Company performs periodic credit evaluations of its customers' financial condition and generally does not require collateral. The Company does

2. Summary of Significant Accounting Policies (continued)

not believe significant credit risk exists at December 31, 2020 and 2019 related to accounts receivable. Receivables are generally due within 30 days, although extended terms may be granted.

Financial instruments give rise to credit risk on amounts due from counterparties. Credit risk is managed by limiting the aggregate amount and duration of exposure to any one counterparty primarily depending on its credit rating and by regular review of these ratings. The Company transacts with counterparties that have high investment grade credit ratings. The maximum exposure arising in the event of default on the part of the counterparty is the carrying value of the relevant financial instrument. The Company places its temporary cash investments and investment grade short-term investments in high credit quality financial institutions and limits the amount of credit exposure to any one entity.

Inventories

Inventories are stated at the lower of cost or net realizable value and are valued principally on the weighted average cost method. Elements of cost in inventories include raw materials, direct labor, and manufacturing overhead. To properly provide for potential exposure due to slow-moving, excess, obsolete or unusable inventory, inventory values are reduced based on forecasted usage, orders, and inventory aging. These factors are impacted by market conditions, and changes in strategic direction, and require estimates and management judgment that may include elements that are uncertain.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost. The depreciation of property, plant, and equipment is provided using the straight-line method over the estimated useful lives of the respective assets. Land, buildings, and improvements have useful lives that range from 7 to 40 years. Machinery and equipment have useful lives that range from 3 to 10 years.

Assets classified as held for sale are stated at the lower of carrying amount or fair value less costs to sell. Depreciation ceases once an asset is classified as held for sale.

2. Summary of Significant Accounting Policies (continued)

Leases

In 2019, the Company elected to early adopt Accounting Standard Update (ASU) 2016-02, *Leases* (Topic 842) and related amendments using the modified retrospective approach. The adoption of new standard did not have a material impact to the consolidated statements of operations and consolidated statements of cash flows.

The Company determines if an arrangement is a lease at inception. Operating lease assets are included in property, plant, and equipment and related liabilities are included in short-term lease liabilities and long-term lease liabilities in the consolidated balance sheets. Finance leases are included in property, plant, and equipment and related liabilities are included in short-term lease liabilities and long-term lease liabilities in the Company's consolidated balance sheets.

Leased assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease related assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term, discounted using the incremental borrowing rate or the interest rate implicit in the lease, if this is determinable, over the remaining lease term. The operating lease related asset also includes any lease payments made and excludes lease incentives. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Non-lease components in a contract such as maintenance and other service charges are separated from minimum lease payments and are expensed as incurred.

Goodwill and Other Intangible Assets

Goodwill represents the amount by which the total purchase price the Company has paid to acquire businesses exceeds the estimated fair value of the net identifiable assets acquired. Goodwill and intangible assets with definite lives are evaluated annually for impairment or whenever events or changes in circumstances indicate that impairment may have occurred. The Company has selected December 31 as the date for performing the annual impairment test.

2. Summary of Significant Accounting Policies (continued)

Oldcastle Infrastructure is the only reporting unit with goodwill. As such, the Company has developed and completed impairment tests on the Oldcastle Infrastructure reporting unit. When evaluating goodwill for impairment, the Company first performs a qualitative assessment to determine whether quantitative impairment test is necessary. If, after assessing qualitative factors, we determine it is more likely than not that the fair value of the reporting unit is less than the carrying amount, then the quantitative goodwill impairment test is performed. The Company compares the book value of the net assets of the Company to the fair value. If the fair value is determined to be less than book value, then the Company will record an impairment for the difference. The Company estimates fair value using a discounted cash flow methodology. At December 31, 2020 and 2019, no impairment adjustments have been required. Intangible assets that have a finite life, which consist primarily of non-compete agreements, customer relationships, and trade names, are amortized over their useful lives (from one to ten years) using the straight-line method.

Revenue Recognition

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-9, *Revenue from Contracts with Customers* (Topic 606). The amendments in this ASU supersede the revenue recognition requirements in ASC 605, *Revenue Recognition*. The Company adopted the standard as of January 1, 2019 using the modified retrospective approach applying the standard to all contracts at the date of adoption. There was no material impact on the Company’s revenue recognition or the classification of contract related assets or liabilities in the Company’s Consolidated Balance Sheet as a result of transitioning to the new standard.

The Company recognizes revenue in the amount of the price expected to be received for goods and services supplied at a point in time or over time, as contractual performance obligations are fulfilled, and control of goods and services passes to the customer. The Company excludes trade discounts and value-added tax/sales tax.

2. Summary of Significant Accounting Policies (continued)

Revenue derived from sale of goods (sources other than construction contracts)

While the Company manufactures a number of different products; recognition of revenue from the sale of goods is similar; being at the point in time when control is deemed to pass to the customer upon leaving a Company premises or upon delivery to a customer depending on the terms of the sale. Contracts do not contain multiple performance obligations

Goods are sometimes sold with discounts or rebates based on cumulative sales over a period. This variable consideration is only recognized when it is highly probable that it will not be subsequently reversed and is recognized using the most likely amount or expected value methods, depending on the individual contract terms. In the application of appropriate revenue recognition, judgement is exercised by management in the determination of the likelihood and quantum of such items based on experience and historical trading patterns.

The Company is deemed to be a principal to an arrangement when it controls a promised good or service before transferring them to a customer; and accordingly recognizes revenue on a gross basis.

Within the non-construction contract businesses, no element of financing is deemed present as transactions are all made with average credit terms, consistent with market practice. No one customer accounts for 10% or more of total revenue.

Revenue derived from construction contracts

The Company enters into a number of large construction contracts, which usually commence and complete within one financial period and are fixed price.

The Company typically recognizes revenue within its construction contract businesses over time, as it performs its obligations. Management believes this best reflects the transfer of control to the customer by providing an accurate representation of the enhancement of a customer-controlled asset or the construction of an asset with no alternative use. The percentage-of-completion method is used to recognize revenue over time when the outcome of a contract can be estimated reliably. The percentage-of-completion is calculated using an input method and based on the proportion of contract costs incurred at the balance sheet date relative to the total estimated costs of the contract.

2. Summary of Significant Accounting Policies (continued)

The Company has an enforceable right to payment for work and performance obligations completed to date.

Some of the Company's construction contracts may contain forms of variable consideration that can either increase or decrease the transaction price. Variable consideration is estimated based on the most likely amount or expected value methods (depending on the contract terms) and the transaction price is adjusted to the extent it is probable that a significant reversal of revenue recognized will not occur.

For the years ended December 31, 2020 and 2019, approximately 10% and 7%, respectively, of Company revenues were derived under fixed-price contracts from operations.

Recognition of contract assets and liabilities

In our construction contract businesses, amounts are billed as work progresses in accordance with pre-agreed contractual terms. When a performance obligation is satisfied but a customer has not yet been billed this is recognized as a contract asset. Retentions are also a common feature of construction contracts and are recognized as a contract asset within Accounts Receivables when we have a right to consideration in exchange for the completion of the contract. Retention terms are usual and customary and the purpose is not to provide a form of financing.Apart from retentions, the Company does not have any construction contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year.

When consideration is received in advance of work being performed, or we have billed an amount to a customer that is in excess of revenue recognized on the contract; this is recognized as a contract liability and the revenue is generally recognized in the subsequent period when the right to recognize revenue has been determined. As a result, advance payments received for construction contract arrangements are not considered a significant form of financing.

Prior to adoption of ASC 606, the Company recognized revenue when products were shipped to its customers. Certain contracts, however, allowed for billing of stored materials and the Company recorded these transactions as receivables with an offset to deferred income.

2. Summary of Significant Accounting Policies (continued)

Contract costs included all direct material and labor costs and those indirect costs related to contract performance, such as indirect labor, supplies, tools, and repairs. Provisions for estimated losses on uncompleted contracts were made in the period in which such losses were determined. Changes in job performance, job conditions, and estimated profitability, including those arising from contract penalty provisions, and final contract settlements may result in revisions to costs and income and are recognized in the period in which the revisions were determined. Profit incentives were included in revenues when their realization is reasonably assured. An amount equal to contract costs attributable to claims was included in revenues when realization was probable and the amount could be reliably estimated.

Advertising Costs

The Company expenses advertising and promotion costs as incurred, which are recognized in the Company's selling, general, and administrative expenses.. Advertising and promotional costs were approximately $1,488 and $2,750 during the years ended December 31, 2020 and 2019, respectively.

Interest Rate Swaps

The Company enters into interest rate swap agreements to reduce the impact of changes in interest rates relating to the issuance of its debt and to manage the Company's overall level of fixed and variable rate debt to a targeted range. The Company recognizes interest rate swaps in the accompanying Consolidated Balance Sheets at fair value. Changes in fair value for interest rate swaps that are not designated in qualifying hedge accounting relationships are recorded in the Consolidated Statements of Operations. Changes in fair value for interest rate swaps that are designated as hedges of the fair value of fixed rate debt are offset against the related debt.

Stock Compensation

Certain of the Company's employees participate in stock compensation plans of the ultimate parent company, CRH plc. Stock compensation awards are measured based on fair value at grant date. For the years ended December 31, 2020 and 2019, the Company recorded stock compensation

(In Thousands)

2. Summary of Significant Accounting Policies (continued)

expense with a corresponding adjustment to additional paid-in capital of $1,366 and $2,075, respectively, under the CRH plc plans.

Income Taxes

Taxable income of the Company is included in the consolidated U.S. federal income tax return of the Parent. Income tax is computed on a basis that considers the permanent and temporary differences related to the Company's operations. The aggregate amounts charged to the Company for current income tax amounts and deferred income tax amounts related to temporary differences are $47,583 and $36,302 for the years ended December 31, 2020 and 2019, respectively.

The Company's income tax expense consists of the following:

	Year Ended December 31	
	2020	**2019**
Current	**$ 45,982**	$ 36,398
Deferred	**1,601**	2,204
Total income tax provision	**$ 47,583**	$ 38,602

Deferred income taxes are provided for all significant temporary differences between income reported for financial reporting and income reported for tax purposes. Deferred income tax assets arise primarily from the recording of accruals which are not currently deductible for tax purposes and the Fair Value Adjustments on debt and interest rate swaps.

Deferred income tax liabilities arise primarily from the effect of the use, for income tax purposes, of accelerated methods of depreciation and the Company's interest rate swap activities. Deferred tax assets and liabilities as of December 31, 2020 and 2019 consist of the following:

(In Thousands)

2. Summary of Significant Accounting Policies (continued)

	December 31 2020	December 31 2019
Accruals and other reserves	**$ 32,257**	$ 27,621
Revaluation differences related to debt	**-**	15,571
Total deferred tax assets	**$ 32,257**	$ 43,192

	December 31 2020	December 31 2019
Property, plant, and equipment	**$ (38,448)**	$ (38,173)
Goodwill and intangible assets	**(14,677)**	(13,197)
Revaluation differences related to interest rate swaps	**-**	(11,089)
Total deferred tax liabilities	**$ (53,125)**	$ (62,459)

The Company recognizes the benefit of uncertain tax positions when the position taken or expected to be taken in a tax return is more likely than not of being sustained upon examination by tax authorities. As of December 31, 2020, and 2019, the Company’s liabilities for unrecognized tax benefits of $4,386 and $2,987, respectively.

The Company recognizes interest and penalties accrued related to unrecognized tax benefits as components of the income tax provision. The Company does not have any material interest and penalties accrued as of December 31, 2020 and 2019, respectively, related to unrecognized tax benefits.

(In Thousands)

2. Summary of Significant Accounting Policies (continued)

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment when circumstances indicate that the carrying value of the assets may not be fully recoverable. When the carrying value of the asset exceeds the value of its expected undiscounted future cash flows, an impairment charge is recognized equal to the difference between the asset's carrying value and its fair value. No impairment charges were recognized for the years ended December 31, 2020 and 2019.

Comprehensive Income

For the years ended December 31, 2020 and 2019, there were no material items that gave rise to other comprehensive income and net income equaled comprehensive income.

Recently Adopted Accounting Standards

The FASB issued ASU No. 2016-13, "Measurement of Credit Losses on Financial Instruments." This standard replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects estimates of expected credit losses over their contractual life that are recorded at inception based on historical information, current conditions, and reasonable and supportable forecasts. The pronouncement is effective for nonpublic companies for fiscal years beginning after December 15, 2023. The Company is currently evaluating the impact of this standard, including subsequent amendments, on the consolidated financial statements and related disclosures.

3. Inventories

Inventories consisted of the following:

	December 31	
	2020	**2019**
Raw materials	**$ 24,820**	$ 24,084
Finished goods	**114,319**	125,227
	$ 139,139	$ 149,311

(In Thousands)

4. Assets Held for Sale

In 2020, no assets have been classified as held for sale. In 2019, the Company had the following assets listed as held for sale. These assets did not constitute a business.

	December 31 2019
Land and improvements	$ 2,101
Buildings and improvements	2,695
Machinery and equipment	295
	5,091
Less accumulated depreciation	(2,318)
	$ 2,773

No gain or loss has been included in current year income related to disposal of assets held for sale as of the prior year.

5. Property, Plant, and Equipment

Property, plant, and equipment consisted of the following:

	December 31	
	2020	**2019**
Land, buildings, and improvements	**$ 280,790**	$ 306,562
Machinery and equipment	**420,966**	397,233
Construction in progress	**21,960**	25,383
	723,716	729,178
Less accumulated depreciation	**(412,880)**	(384,630)
	$ 310,836	$ 344,548

Depreciation expense for the years ended December 31, 2020 and 2019, was $43,735 and $38,446, respectively, which are recognized in the Company's selling, general, and administrative expenses.

6. Acquisitions

During 2020, the Company acquired the following businesses for total consideration of $133,988:

Business	Acquisition Date
Highline Products, Inc.	January 13
Suttle, Inc.	March 11
Martin Enterprises	December 30

The Company obtained control of the Highline Products, Inc, Suttle, Inc. and Martin Enterprises businesses by entering into asset purchase agreements. The businesses listed above manufacture precast concrete and stormwater management products. Related to these acquisitions, the Company incurred $750 in costs which are recognized in the Company's selling, general, and administrative expenses.

These acquisitions were accounted for by the acquisition method of accounting and do not include any deferred consideration. The results of operations are included in the accompanying financial statements since the respective acquisition dates. The initial acquisition accounting is incomplete as the Company continues to accumulate information for valuation of acquired fixed assets.

The principal factor contributing to the recognition of goodwill in the acquisitions is the potential realization of cost savings and synergies with existing companies.

(In Thousands)

6. Acquisitions (continued)

The following table summarizes the fair values of the assets acquired and liabilities assumed at the date of acquisition:

Accounts receivable	**$ 11,291**
Inventories	**8,824**
Accounts payable	**(4,051)**
Property, plant, and equipment	**25,669**
Other assets	**351**
Goodwill	**69,462**
Intangible assets	**23,351**
Other liabilities	**(913)**
Fair value of net assets acquired	**133,984**
Deferred consideration	**-**
Cash consideration	**$ 133,984**

Of acquired goodwill, the total amount expected to be deductible for tax purposes is $69,462. For the year ended December 31, 2020, the Company acquired intangible assets subject to amortization valued at $23,351 through the acquisitions, which consist of the following:

	Gross	**Weighted Average Amortization Period**
Non-contractual customer relationships	**$ 21,581**	**5**
Trade names	**1,770**	**10**
Total intangible assets	**$ 23,351**	

(In Thousands)

6. Acquisitions (continued)

In 2020, the Company made a measurement period adjustment of $1,457 to the goodwill associated with the Torrent Resources, Inc. acquisition that occurred in 2019. The adjustment was due to an increase in consideration paid of $542 and increase of liabilities of $915. The entire goodwill adjustment is expected to be deductible for tax purposes. These adjustments were due to new facts and circumstances that were unknown at the time of acquisition

During 2019, the Company acquired the following businesses for total consideration of $162,778:

Business	Acquisition Date
Quality Concrete Products, Inc.	February 15
Suntree Technologies, Inc.	March 5
Granite Precasting & Concrete, Inc.	June 6
Charlottes Concrete, Inc.	August 5
Standard Precast, Inc.	October 1
Torrent Resources, Inc.	November 4

The Company obtained control of the Quality Concrete Products, Inc. and Charlottes Concrete, Inc. businesses by entering into asset purchase agreements. The Company purchased 100% of outstanding stock of Suntree Technologies, Inc., Granite Precasting & Concrete, Inc., Standard Precast, Inc., and Torrent Resources, Inc. The businesses listed above manufacture precast concrete and stormwater management products. Related to these acquisitions, the Company incurred $1,840 in costs which are recognized in the Company's selling, general, and administrative expenses.

These acquisitions were accounted for by the acquisition method of accounting and include deferred consideration of $863. The results of operations are included in the accompanying financial statements since the respective acquisition dates. The initial acquisition accounting is incomplete as the Company continues to accumulate information for valuation of acquired fixed assets.

(In Thousands)

6. Acquisitions (continued)

The principal factor contributing to the recognition of goodwill in the acquisitions is the potential realization of cost savings and synergies with existing companies.

The following table summarizes the fair values of the assets acquired and liabilities assumed at the date of acquisition.

Accounts receivable	**$ 18,904**
Inventories	**7,880**
Accounts payable	**(5,042)**
Property, plant, and equipment	**41,276**
Deferred tax	**(1,667)**
Other assets	**905**
Goodwill	**86,394**
Intangible assets	**36,058**
Other liabilities	**(21,930)**
Fair value of net assets acquired	**162,778**
Deferred consideration	**863**
Cash consideration	**$ 161,915**

Of acquired goodwill, the total amount expected to be deductible for tax purposes is $54,810. For the year ended December 31, 2019, the Company acquired intangible assets subject to amortization valued at $36,058 through the acquisitions, which consist of the following:

	Gross	**Weighted Average Amortization Period**
Non-contractual customer relationships	**$ 30,808**	**5**
Trade names	**3,380**	**4**
Non-compete	**1,870**	**10**
Total intangible assets	**$ 36,058**	

(In Thousands)

7. Transfer of Assets

During 2020, certain assets and liabilities related to a facility were transferred by the Company to another CRH wholly owned subsidiary. The following table summarizes the book values of the assets and liabilities transferred:

Property, plant, and equipment	$	2,216
Other liabilities		(299)
Carrying value of net assets transferred		1,917

The transfer was accounted for as a book value transfer between entities under common control, as such the net assets were transferred at cost and no gain or loss was recognized on the transaction.

8. Disposal

During 2020, the Company sold certain assets and liabilities related to one facility to third parties for total consideration of $24,681. Related to this disposal, the Company incurred $273 in costs which are recognized in the Company's selling, general, and administrative expenses.

The following table summarizes the facility's carrying values of the assets and liabilities sold in 2020 and proceeds received. A net gain of $14,873 was recognized on the transactions, which is recorded in selling, general and administrative expenses in the accompanying consolidated statement of operations for the month ended December 31, 2020.

Inventories	$	1,555
Account Receivables, net		5,340
Property, plant, and equipment		1,244
Other assets		(194)
Other payables		1,590
Carrying value of net assets sold		9,535
Total cash proceeds received		24,681
Disposal cost		(273)
Gain recognized on sale	$	14,873

(In Thousands)

9. Goodwill and Other Intangible Assets

As of December 31, 2020, total intangible assets subject to amortization consisted of the following:

	Gross	Accumulated Amortization	Net Balance
Non-compete agreements	**$ 5,305**	**$ 3,709**	**$ 1,596**
Non-contractual customer relationships	**67,358**	**21,777**	**45,581**
Trade names	**12,803**	**7,291**	**5,512**
Backlog	**198**	**198**	**–**
Total intangible assets	**$ 85,664**	**$ 32,975**	**$ 52,689**

As of December 31, 2019, total intangible assets subject to amortization consisted of the following:

	Gross	Accumulated Amortization	Net Balance
Non-compete agreements	**$ 5,305**	**$ 3,369**	**$ 1,936**
Non-contractual customer relationships	**45,777**	**12,058**	**33,719**
Trade names	**11,033**	**6,747**	**4,286**
Backlog	**198**	**198**	**–**
Total intangible assets	**$ 62,313**	**$ 22,372**	**$ 39,941**

(In Thousands)

9. Goodwill and Other Intangible Assets (continued)

Amortization expense for intangible assets for the years ended December 31, 2020 and 2019, was $10,603 and $3,171 respectively. The following represents the estimated amortization expense for intangible assets for each of the years indicated:

2021	$	13,215
2022		12,591
2023		11,745
2024		8,938
2025		4,193
Thereafter		2,007

The changes in the carrying value of goodwill for the years ended December 31, 2020 and 2019, are as follows:

		2020		2019
Balance as at the beginning of the year	**$**	**241,997**	$	155,603
Add acquired on business combinations during the year		**69,462**		86,394
Add measurement period adjustment		**1,457**		-
Balance as at the end of the year	**$**	**312,916**	$	241,997

10. Pension and Profit-Sharing Plans

The Company has various defined contribution retirement plans. Total employer contributions related to the above plans were $4,665 and $8,317 for the years ended December 31, 2020 and 2019, respectively. The Company has no liability to these plans beyond the annual discretionary contributions.

11. Multi-employer Plans

The Company participates in a number of multi-employer plans. Total employer expense related to those plans was $1,627 and $1,634 in 2020 and 2019, respectively.

(In Thousands)

12. Leases

The Company enters into leases for a range of assets, principally relating to property. These property leases have varying terms, renewal rights and escalation clauses, including periodic rent reviews linked with a consumer price index and/or other indices. The Company also leases plant and machinery, vehicles and equipment. Our leases have remaining lease terms of 1 year to 12 years, some of which include options to extend the leases for up to 32 years, and some of which include options to terminate within 1 year. The terms and conditions of these leases do not impose significant financial restrictions on the Company.

The components of lease expense were as follows for 2020:

	2020
Operating lease cost	**$ 1,978**
Finance lease cost:	
Amortization of right-to-use assets	**$ 567**
Interest on lease liabilities	**508**
Total finance lease cost	**$ 1,075**

Supplemental cash flow information related leases were as follows for 2020:

	2020
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	**$ 6,379**
Operating cash flows from finance leases	**370**
Financing cash flows from finance leases	**508**
Right-of-use assets obtained in exchange for lease obligations	
Operating leases	**42,458**
Finance leases	**10,111**

(In Thousands)

12. Leases (Continued)

Supplemental balance sheet information related to leases was as follow for 2020:

	2020
Operating leases	
Right of use asset, net	$ 42,458
Short-term lease liabilities	6,124
Long-term lease liabilities	39,517
Total operating lease liabilities	45,641
Finance leases	
Property and equipment, at cost	10,678
Accumulated depreciation	(567)
Property and equipment, net	10,111
Short-term lease liabilities	869
Long-term lease liabilities	9,502
Total finance lease liabilities	$ 10,371

	2020
Weighted average remaining lease term:	
Operating leases	10 years
Finance leases	30 years
Weighted average discount rate	
Operating leases	4.3%
Finance leases	5.0%

(In Thousands)

12. Leases (Continued)

Maturities of lease liabilities were as follows for 2020:

	Operating Leases	Finance Leases
2021	$ 6,243	$ 888
2022	6,139	745
2023	5,701	707
2024	5,649	631
2025	5,607	618
Thereafter	26,299	16,072
Total lease payments	55,638	19,661
Less imputed interest	(9,997)	(9,290)
Total	$ 45,641	$ 10,371

Prior to adoption of ASC 842 on January 1, 2019, the Company accounted for its obligations under various non-cancelable operating leases under ASC 840 using the straight-line method for recognizing rental expense.

The components of lease expense were as follows for 2019:

	2019
Operating lease cost	$ 7,728
Finance lease cost:	
Amortization of right-to-use assets	$ 300
Interest on lease liabilities	150
Total finance lease cost	$ 450

(In Thousands)

12. Leases (continued)

Supplemental cash flow information related leases were as follows for 2019:

		2019
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$	6,827
Operating cash flows from finance leases		234
Financing cash flows from finance leases		150
Right-of-use assets obtained in exchange for lease obligations		
Operating leases		48,466
Finance leases		10,632

Supplemental balance sheet information related to leases was as follow for 2019:

		2019
Operating leases		
Property, plant, and equipment, net	$	48,466
Short-term lease liabilities		6,263
Long-term lease liabilities		44,174
Total operating lease liabilities		50,437
Finance leases		
Property and equipment, at cost		10,933
Accumulated depreciation		(301)
Property and equipment, net		10,632
Short-term lease liabilities		839
Long-term lease liabilities		9,856
Total finance lease liabilities	$	10,695

(In Thousands)

12. Leases (continued)

	2019
Weighted average remaining lease term:	
Operating leases	11 years
Finance leases	30 years
Weighted average discount rate	
Operating leases	4.3%
Finance leases	4.9%

Maturities of lease liabilities were as follows for 2019:

	Operating Leases	**Finance Leases**
2020	$ 6,386	$ 857
2021	6,094	867
2022	6,085	739
2023	5,994	708
2024	5,961	631
Thereafter	33,243	16,690
Total lease payments	63,763	20,492
Less imputed interest	(13,326)	(9,797)
Total	$ 50,437	$ 10,695

(In Thousands)

13. Long-Term Debt and Short-Term Borrowings

As of December 31, 2020, and 2019, long-term debt consists of the following:

	December 31	
	2020	**2019**
Global bond, guaranteed by CRH plc, due 2021; interest payable semiannually on January 15 and July 15 at an annual rate of 5.75%	**$ 399,988**	$ 399,699
Global bond, guaranteed by CRH plc, due 2025; interest payable semiannually on May 18 and November 18 at an annual rate of 3.88%	**1,318,691**	1,268,797
Global bond, guaranteed by CRH plc, due 2033; interest payable semiannually on April 15 and October 15 at an annual rate of 6.40%	**360,532**	365,251
Global bond, guaranteed by CRH plc, due 2045; interest payable semiannually on May 18 and November 18 at an annual rate of 5.13%	**491,405**	491,052
	2,570,616	2,524,799
Included in Due from Parent and affiliates, net	**(87,445)**	(87,445)
Current maturities of long-term debt	**(399,988)**	–
Long-term debt	**$ 2,083,183**	$ 2,437,354

The carrying value of long-term debt is adjusted for the effects of discounting on the original issue, the original issuance costs and interest rate swap agreements accounted for as fair value hedges, including those de-designated in prior years. The total adjustments of $120,616 and $74,799 at December 31, 2020 and 2019, respectively, are reflected as a net increase in the carrying value of the related debt.

The total balance of $87,445 of global bonds held by CRH Belgard Limited as of December 31, 2020 and 2019 is classified in Due from Parent and affiliates, net in the accompanying Consolidated Balance Sheets.

(In Thousands)

13. Long-Term Debt and Short-Term Borrowings (continued)

All senior notes and global bonds contain certain restrictive covenants including, maintenance of insurance on the Company's assets, limitations on disposal of fixed assets, prompt payments of taxes and assessments, limitations on sales and leaseback transactions, and limitations on the merger and/or sale of the Company.

Principal maturities of long-term debt are as follows at December 31, 2020:

2021	$ 399,988
2022	–
2023	–
2024	–
2025	1,318,691
Thereafter	851,937
	$ 2,570,616

At December 31, 2020 and 2019, the par value of the Company's long-term debt, excluding adjustments to the carrying value for the effects of discounting on the original issue and interest rate swap agreements accounted for as fair value hedges, was $2,450,000 and $2,450,000, respectively, while the fair value of such debt approximated $2,895,194 and $2,725,800, respectively, based primarily upon Level 2 measures within the valuation hierarchy.

Short-term borrowings primarily consist of bank overdrafts. The Company had unsecured lines of credit with three banks totaling $150,000 at December 31, 2020 and three banks totaling $230,000 at December 31, 2019. The various lines of credit have variable interest rates based on the prevailing interest rate at the time of borrowing as well as the length of time funds are borrowed.

There were no outstanding balances under these lines of credit at December 31, 2020 and 2019; however, the Company had $80,408 and $73,813 of outstanding letters of credit under these agreements at December 31, 2020 and 2019, respectively. At December 31, 2020 and 2019, the company has letter of credit facilities with one bank in 2020 for $40,000 and two banks in 2019 for $115,000, of which $20,000 and $41,007 have been issued at December 31, 2020 and 2019, respectively. These letters of credit were issued on behalf of our operating companies.

(In Thousands)

13. Long-Term Debt and Short-Term Borrowings (continued)

During 2020 and 2019, the Company and its subsidiaries paid interest on external debt, net of interest received on interest rate swaps, of $93,334 and $118,811, respectively.

14. Contingencies and Litigation

The Company is involved in a number of lawsuits that arose in the normal course of its business. Based upon discussions with legal counsel, liabilities, if any, arising from these proceedings have not had, and are not expected to have, a material adverse effect on the Company's consolidated financial statements.

15. Costs and Estimated Earnings on Uncompleted Contracts

The details of the Company's costs and billings related to construction contracts, as well as a reconciliation to the line items in which such amounts are recorded in the accompanying consolidated balance sheets, are as follow:

	December 31	
	2020	**2019**
Costs incurred on uncompleted contracts	**$ 130,266**	$ 124,502
Estimated earnings	**71,019**	28,079
Revenue job to date on uncompleted contracts	**201,285**	152,581
Less billings job to date	**206,331**	156,921
Contract liabilities/net billings in excess of costs and estimated earnings	**$ (5,046)**	$ (4,340)
Contract assets/costs and estimated earnings in excess of billings	**$ 3,717**	$ 713
Billings in excess of costs and estimated earnings	**(8,763)**	(5,071)
	$ (5,046)	$ (4,340)

16. Related-Party Transactions

The Company participates in a centralized cash management system with CRH Americas whereby excess cash is invested to maximize the return to system participants. The Company also performs certain treasury and finance functions on behalf of the Group.

The amounts due from Parent and affiliates included in the accompanying Consolidated Balance Sheets of $4,058,170 and $4,056,295 at December 31, 2020 and 2019, respectively, represent loans, income tax accounts, and related accrued interest due from Parent and affiliates. With the exception of the notes with CRH SMW Finance DAC, and bonds held by CRH Belgard Limited, these amounts are due on demand; however, it is the intention of management of Parent and CRH plc not to pay or call the amounts due or receivable within the next twelve months.

At December 31, 2020 and 2019, the Company’s outstanding balances (noted above) with Parent and affiliates included the following entities:

Belgard Finance Company, Inc.
CRH North America Luxembourg SARL
CRH SMW Finance DAC
CRH Finance America, Inc.
CRH America Finance, Inc.
CRH Belgard Limited
Oldcastle Investments Company LLC
CRH Americas, Inc.
Oldcastle Building Products, Inc.
Oldcastle Distribution, Inc.
Oldcastle Finance, Inc.
Oldcastle Holdings, Inc.
Oldcastle BuildingEnvelope, Inc.
CRH Americas Materials, Inc. and Subsidiaries

The amounts due from Parent and affiliates classified as a non-current asset include both a series of long-term notes payable to and long-term notes receivables from a wide array of the related parties noted above.

16. Related-Party Transactions (continued)

At December 31, 2020, the outstanding long-term notes payable to Parent and affiliates ranged from $82,725 to $1,750,000, with maturity dates ranging from August 23, 2022 to October 15, 2033, and interest rates ranging from 5.00% to 6.40%.

At December 31, 2020, the outstanding long-term notes receivable from Parent and affiliates ranged from $23,300 to $640,000 with maturity dates ranging from July 23, 2022 to December 31, 2023, and interest rates ranging from 5.00 to 5.50%. These balances are included in Due from Parent and affiliates, net in the Consolidated Balance Sheets.

At December 31, 2019, the outstanding long-term notes payable to Parent and affiliates ranged from $84,725 to $1,750,000, with maturity dates ranging from August 23, 2022 to October 15, 2033, and interest rates ranging from 5.00% to 6.40%.

At December 31, 2019, the outstanding long-term notes receivable from Parent and affiliates ranged from $23,300 to $640,000 with maturity dates ranging from July 23, 2022 to December 31, 2023, and interest rates ranging from 5.00% to 5.50%. These balances are included in Due from Parent and affiliates, net in the Consolidated Balance Sheets.

For the years ended December 31, 2020 and 2019, the Company had the following significant transactions with the Parent and affiliates:

The Company pays interest expense on amounts due and receives interest income on amounts owed to them from the Parent and affiliates. During 2020 and 2019, the Company and its subsidiaries paid net interest of $55,224 and $46,294, respectively, on loans to the Parent and affiliates.

Interest income, net presented in the accompanying Consolidated Statements of Operations includes interest earned on amounts due from the Parent and affiliates of $215,991 and $247,338 in 2020 and 2019, respectively. The interest income reimburses the Company for a portion of external interest expense incurred by the Company. The amount is determined at management’s discretion.

16. Related-Party Transactions (continued)

Interest expense presented in the accompanying Consolidated Statements of Operations includes interest incurred on amounts due to the Parent and affiliates of $124,207 and $124,170 in 2020 and 2019, respectively.

The Company participates in insurance plans administered by Parent under which it is fully insured for general liability and workers' compensation claims and pays an annual premium. Premiums paid to Parent for insurance in 2020 and 2019 were $9,748 and $8,485, respectively. The Company also participates in a health insurance plan administered by Parent under which the Company is charged for actual claims incurred and records an accrual for estimated incurred but unreported claims. Claims expense under this health insurance plan in 2020 and 2019 was $26,999 and $25,459, respectively.

Guarantee fees totaling $1,557 and $2,063 in 2020 and 2019, respectively, are included in other, net in the accompanying Consolidated Statements of Operations and reflect the net amount of guarantee fees charged by CRH plc and the amount charged to affiliated companies.

Included in selling, general, and administrative expenses are management fees charged by CRH plc of $15,569 and $13,754 in 2020 and 2019, respectively.

17. Financial Instruments

The Company accounts for derivative instruments in accordance with ASC 815, *Derivatives and Hedging*, which requires the recognition of all derivative instruments in the accompanying Consolidated Balance Sheets at fair value. The Company enters into interest rate swap agreements to reduce the impact of changes in interest rates relating to the issuance of long-term debt and to manage the Company's overall level of fixed and variable interest rate debt to a targeted range.

The following table summarizes the types of derivative financial instruments utilized by the Company and the related fair values, which are recorded in the interest rate swap line items in the accompanying Consolidated Balance Sheets:

(In Thousands)

17. Financial Instruments (continued)

	Fair Value of Derivative Financial Instruments Assets		
	Type of Derivative Financial Instrument	**2020 Fair Value**	**2019 Fair Value**
Derivatives designated as hedging instruments	Interest rate swaps	**$ 73,882**	$ 22,637
Total		**$ 73,882**	$ 22,637

The effect of derivative financial instruments in the accompanying Consolidated Statements of Operations for the years ended December 31, 2020 and 2019 include:

Derivatives in Fair Value Hedging Relationships	Location of Gain Recognized in Income on Derivatives	Amount of Gain Recognized in Income on Derivatives	
		2020	**2019**
Interest rate swaps	Change in fair value of derivatives and fixed rate debt	**$ 51,245**	$ 41,094

Hedged Items in Fair Value Hedge Relationships	Location of (Loss) Recognized in Income on Related Hedged Item	Amount of (Loss) Recognized in Income on Related Hedged Items	
		2020	**2019**
Fixed rate debt	Change in fair value of derivatives and fixed rate debt	**$ (49,146)**	$ (41,060)

17. Financial Instruments (continued)

At December 31, 2020 the Company had six fixed-to-variable interest rate swap agreements outstanding with commercial banks having a total notional amount of $875,000 (2019: $875,000) that were designated as fair value hedges related to the Company's long-term debt.

The Company is exposed to credit loss in the event of nonperformance by the other parties to the interest rate swap agreements; however, the Company does not anticipate nonperformance by the counterparties due to their high credit ratings. During 2020, the fixed interest rate received exceeded the variable interest rate paid on all interest rate swap agreements and in 2019, the fixed interest rate paid exceeded the variable interest rate received on all interest rate swap agreements, resulting in the Company receiving a weighted average interest rate, net of 1.38% and (0.19)%, respectively.

Weighted average variable rates are based on rates implied in the yield curve as of December 31, 2020 and 2019, which are primarily based upon London Interbank Offering Rate (LIBOR) indices.

18. Fair Value Measurements

Accounting Standards Codification 820, *Fair Value Measurement*, defines fair value as the exchange value of an asset or a liability in an orderly transaction between market participants and outlines a valuation framework and creates a fair value hierarchy in order to increase the consistency and comparability of fair value measurements and the related disclosures. The three broad fair value hierarchy levels are defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Consists of observable market data, other than that included in Level 1, which is either directly or indirectly observable.

Level 3 – Consists of unobservable market data. The input may reflect the assumptions of the entity, not a market participant, little available market data, and the entity's own assumptions that are considered by management to be the best available information.

(In Thousands)

18. Fair Value Measurements (continued)

The Company records assets and liabilities at fair value on a recurring and nonrecurring basis as required by U.S. GAAP. The carrying amounts reflected in the consolidated balance sheets for cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities approximate fair values due to their short maturities. The carrying amounts of long term debt and finance leases approximate their fair values because changes in the applicable credit spreads have not had a material impact on the fair value of long term debt and finance leases.

The following financial assets were measured at fair value on a recurring basis:

	Fair Value Measurements Using			
Year Ended	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
Interest rate swaps				
December 31, 2020	**$ –**	**$ 73,882**	**$ –**	**$ 73,882**
December 31, 2019	–	22,637	–	22,637

The fair value of the Company's interest rate swaps is based on a model-driven valuation using the forward LIBOR yield curve and a credit valuation adjustment to incorporate counter-party credit risk.

Generally, nonfinancial assets are recorded at fair value on a nonrecurring basis as a result of recording impairment charges. Assets measured on a nonrecurring basis for the years ended December 31, 2020 and 2019 included assets held for sale, which were valued using Level 2 inputs and resulted in the fair values disclosed in Note 4.

19. Workforce

The Company had a workforce of 2,927 at December 31, 2020, of which 14% were subject to collective bargaining agreements. Of this 14%, 169 employees are subject to renegotiation in 2021. Negotiations will be ongoing throughout 2021 with the different parties, and the Company foresees no related work stoppages. At December 31, 2019, the Company had a workforce of 3,494 of which 20% were subject to collective bargaining agreements.

20. Subsequent Events

In February, the Company transferred certain assets and liabilities with a net book value of $10,744 to another CRH wholly owned subsidiary. The transfer was accounted for as a book value transfer between entities under common control, as such the net assets were transferred at book value and no gain or loss was recognized. In February, the Company sold certain assets and liabilities related to one facility to third parties for total consideration of $16,481. The Company obtained control of Hancock Concrete Products LLC for $66,400 on March 12, 2021 by entering into an asset purchase agreement, further increasing its precast product line.

The Company has evaluated whether any additional subsequent events have occurred that would require disclosure or recognition in these financial statements and concluded that no additional disclosure or recognition is necessary. The evaluation was performed through April 27, 2021, the date the financial statements were available to be issued.