

Rodale Institute

Financial Statements
Year Ended December 31, 2018



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RODALE INSTITUTE

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INDEPENDENT AUDITOR'S REPORT

**Board of Directors
Rodale Institute**

We have audited the accompanying financial statements of Rodale Institute (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 entity'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 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 financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rodale Institute as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Prior Period Adjustment

As discussed in Note 3 to the financial statements, during the current year management elected to record a liability for unused paid time off. As a result of not recording paid time off in the past, management determined that its net assets without donor restrictions were overstated and liabilities were understated by \$152,562 at December 31, 2017. As a result, management decreased net assets without restriction and increased liabilities at December 31, 2016 by \$130,652 and increased salaries expense by \$21,910 for the year ended December 31, 2017. Accordingly, these balances have been restated in the 2017 summarized comparative information. Our opinion is not modified with respect to these matters.

Report on Summarized Comparative Information

We have previously audited Rodale Institute's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 11, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the restated audited financial statements from which it has been derived.

BBD, LLP.

**Philadelphia, Pennsylvania
June 7, 2019**

RODALE INSTITUTE

STATEMENT OF FINANCIAL POSITION

December 31, 2018 with comparative totals for 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash	\$ 189,963	\$ 7,209,933
Contributions receivable	1,187,935	1,136,736
Accounts receivable		
Grants and federal awards	746,727	220,561
Other	82,504	84,567
Prepaid expenses and other assets	62,985	77,531
Investments	21,298,130	11,531,404
Beneficial interest in perpetual trust	491,478	565,697
Property and equipment, net	<u>4,776,601</u>	<u>3,118,550</u>
Total assets	<u>\$ 28,836,323</u>	<u>\$ 23,944,979</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 444,747	\$ 831,240
Deferred income	114,477	-
Notes payable	<u>38,458</u>	<u>48,073</u>
Total liabilities	<u>597,682</u>	<u>879,313</u>
NET ASSETS		
Without donor restrictions	14,104,970	15,162,615
With donor restrictions	<u>14,133,671</u>	<u>7,903,051</u>
Total net assets	<u>28,238,641</u>	<u>23,065,666</u>
Total liabilities and net assets	<u>\$ 28,836,323</u>	<u>\$ 23,944,979</u>

See accompanying notes

RODALE INSTITUTE

STATEMENT OF ACTIVITIES

Year ended December 31, 2018 with comparative totals for 2017

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2018	2017
REVENUE, GAINS AND SUPPORT				
Grants	\$ 940,623	\$ -	\$ 940,623	\$ 446,417
Federal awards	438,027	-	438,027	456,012
Contributions	1,230,775	8,212,316	9,443,091	2,339,126
Education and store	108,436	-	108,436	160,030
Farm sales	199,932	-	199,932	241,167
Other	153,604	-	153,604	182,525
Spending policy distribution from investments without donor restrictions	365,403	-	365,403	965,665
Transfers				
Endowment spending policy distribution	457,660	(457,660)	-	-
Net assets released from restrictions	1,081,126	(1,081,126)	-	-
Total revenue, gains and support	<u>4,975,586</u>	<u>6,673,530</u>	<u>11,649,116</u>	<u>4,790,942</u>
EXPENSES				
Program Services				
Strategic Solutions Team	2,917,134	-	2,917,134	2,612,846
Communications	1,148,761	-	1,148,761	838,427
Supporting Services				
Management and general	645,148	-	645,148	448,573
Development	544,863	-	544,863	596,759
Total expenses	<u>5,255,906</u>	<u>-</u>	<u>5,255,906</u>	<u>4,496,605</u>
CHANGE IN NET ASSETS BEFORE OTHER CHANGES	(280,320)	6,673,530	6,393,210	294,337
OTHER CHANGES				
Investment income (loss), net of spending policy distribution from investments without donor restrictions	(777,325)	(368,691)	(1,146,016)	691,395
Change in value of beneficial interest in perpetual trust	-	(74,219)	(74,219)	60,854
Total other changes	<u>(777,325)</u>	<u>(442,910)</u>	<u>(1,220,235)</u>	<u>752,249</u>
CHANGE IN NET ASSETS	(1,057,645)	6,230,620	5,172,975	1,046,586
NET ASSETS				
Beginning of year	15,162,615	7,903,051	23,065,666	22,019,080
End of year	<u>\$ 14,104,970</u>	<u>\$ 14,133,671</u>	<u>\$ 28,238,641</u>	<u>\$ 23,065,666</u>

See accompanying notes

RODALE INSTITUTE

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2018 with comparative totals for 2017

	Program Services			Supporting Services			Totals	
	Strategic Solutions Team	Communications	Total Program Services	Management and General	Development	Total Supporting Services	2018	2017
Salaries	\$ 1,137,136	\$ 383,226	\$ 1,520,362	\$ 364,463	\$ 273,861	\$ 638,324	\$ 2,158,686	\$ 1,937,080
Payroll taxes and employee benefits	270,459	92,383	362,842	90,563	66,821	157,384	520,226	519,970
Consulting services	154,421	253,015	407,436	4,368	68,912	73,280	480,716	652,056
Contractors and subcontractors	473,282	139,563	612,845	-	-	-	612,845	98,151
Depreciation	109,759	171	109,930	2,019	-	2,019	111,949	128,172
Dues and subscriptions	15,575	9,073	24,648	2,273	7,247	9,520	34,168	39,013
Equipment maintenance and rental	133,225	11,968	145,193	33,176	15,142	48,318	193,511	144,726
Postage	4,096	6,763	10,859	2,001	15,296	17,297	28,156	41,506
Printing and publications	9,074	31,831	40,905	515	27,736	28,251	69,156	64,969
Professional services	5,793	60,280	66,073	43,320	689	44,009	110,082	54,391
Supplies	266,926	15,510	282,436	45,087	11,466	56,553	338,989	324,544
Telecommunications	10,230	2,814	13,044	39,097	1,847	40,944	53,988	37,580
Travel	77,833	42,939	120,772	5,481	25,369	30,850	151,622	144,198
Utilities	102,272	15,134	117,406	12,747	175	12,922	130,328	93,035
Other	147,053	84,091	231,144	38	30,302	30,340	261,484	217,214
	<u>\$ 2,917,134</u>	<u>\$ 1,148,761</u>	<u>\$ 4,065,895</u>	<u>\$ 645,148</u>	<u>\$ 544,863</u>	<u>\$ 1,190,011</u>	<u>\$ 5,255,906</u>	<u>\$ 4,496,605</u>

See accompanying notes

RODALE INSTITUTE

STATEMENT OF CASH FLOWS

Year ended December 31, 2018 with comparative totals for 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ 5,172,975	\$ 1,046,586
<i>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities</i>		
Net realized and unrealized (gain) loss on investments	1,236,232	(1,410,411)
Change in value of beneficial interest in perpetual trust	74,219	(60,854)
Depreciation expense	111,949	128,172
Donation of in-kind land	(1,770,000)	-
Amortization of discount on contributions receivable	-	(386,820)
(Increase) decrease in		
Contributions receivable	(51,199)	4,841,084
Accounts receivable	(524,103)	33,933
Prepaid expenses and other assets	14,546	28,071
Increase (decrease) in		
Accounts payable and accrued expenses	(386,493)	536,086
Deferred income	114,477	-
Net cash provided by operating activities	<u>3,992,603</u>	<u>4,755,847</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	14,212,056	2,000,959
Purchases of investments	(25,215,014)	(1,176,575)
Purchases of property and equipment	-	(6,256)
Proceeds from repayment of note receivable	-	1,030,580
Net cash provided by (used for) investing activities	<u>(11,002,958)</u>	<u>1,848,708</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net payments on notes payable	(9,615)	(9,614)
Net change in cash	(7,019,970)	6,594,941
CASH		
Beginning of year	<u>7,209,933</u>	<u>614,992</u>
End of year	<u>\$ 189,963</u>	<u>\$ 7,209,933</u>

See accompanying notes

RODALE INSTITUTE

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

(1) NATURE OF OPERATIONS

Rodale Institute (the "*Institute*"), located in Kutztown, Pennsylvania, is a 501(c)(3) nonprofit organization dedicated to advancing regenerative organic agriculture through research, education and outreach. For over seventy years, Rodale Institute has been researching innovative techniques to manage pests and diseases in organic agriculture while providing nutritious food and adapting to and mitigating climate change. The Institute shares its findings with farmers and scientists throughout the world, advocates for policies that support farmers and educates consumers about how organic is the healthiest option for people and the planet.

At the heart of Rodale Institute's work is the desire to improve health-of soil, plants and most importantly, people. The Institute partners with many organizations; universities like Iowa State, Penn State and University of Minnesota, corporate partners like Patagonia and Dr. Bronner's, hospitals like St. Luke's hospital network, Penn State Hershey Medical Center, and Lehigh Valley Health Network; and foundations like William Penn, Blooming Prairie and Towards Sustainability to create the scientific research needed to transition farms and farmers to regenerative organic systems.

The Institute's 333-acre organic farm and research facility serves as a living laboratory, an educational campus and a gathering place for the community. The farm is the site of many of the Institute's research projects; Farming Systems Trial ("*FST*"), the longest-running, side-by-side comparison of conventional and organic grain systems, Vegetable Systems Trial ("*VST*") a long-term food nutrition experiment, soil health and hemp project and many more. As an example, data from FST has shown that organic systems can outperform conventional production in times of drought and has comparable yields with conventional under good conditions. An established authority on organic production methods, Rodale Institute offers internships to beginning farmers, including special programs for military veterans, as well as workshops and on line courses to the public to make regenerative organic growing methods more accessible and more widespread.

Revenue sources for the Institute consist primarily of federal and state grant monies in addition to contributions from individuals and organizations who are also passionate about the power of regenerative organic agriculture to provide a better future for people and the planet.

(2) SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. As a result, revenues are recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation

The Institute reports information regarding its financial position and activities according to the following classes of net assets:

Without donor restrictions

Net assets that are not subject to donor-imposed restrictions.

With donor restrictions

Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of the Institute and/or the passage of time. When a restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Also included in this category are net assets subject to donor-imposed restrictions that require the net assets to be maintained indefinitely while permitting the Institute to expend the income generated in accordance with the provisions of the contribution.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2018

Fair Value Measurements

Generally accepted accounting principles ("**GAAP**") define fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Institute. Unobservable inputs reflect the Institute's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Institute has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable, that is, inputs that reflect the Institute's own assumptions.

Summarized Prior-Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the financial statements for the year ended December 31, 2017, from which the summarized information was derived.

Accounts Receivable

Accounts receivable are reported at net realizable value. The net realizable value is based on management's estimate of the amount of receivables that will be actually collected. Accounts are written off against the allowance for doubtful accounts when management determines the account is uncollectible.

Investments and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains and losses included in the statement of activities. Dividend and interest income is recorded as earned. Donated investments are recorded at fair value at the date of receipt.

The Institute invests in a professionally-managed portfolio that contains various types of securities (**See Note 5**). Such investments are exposed to market and credit risks. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in the near term would materially affect investment balances and the amounts reported in the financial statements.

Property and Equipment

The Institute capitalizes all expenditures for property and equipment in excess of \$5,000. Property and equipment is stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 3 to 20 years.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2018

Beneficial Interest in Perpetual Trust

The Institute is the beneficiary of a perpetual trust agreement which is held by a third party. Because the Institute will receive a perpetual stream of income from the trust, an estimate of the present value of estimated future cash flows has been recorded as an asset on the statement of financial position using Level 3 valuation inputs. The Institute's beneficial interest in this trust agreement is included in net assets with donor restrictions in the financial statements.

Contributions

Contributions received are recorded as net assets without donor restrictions or with donor restrictions depending on the absence or existence and nature of any donor restrictions. Donor-restricted contributions whose restrictions are satisfied in the same period are reported as net assets without donor restrictions.

Unconditional contributions are recognized as revenue when the related promise to give is received. Conditional contributions are recognized as revenue when the conditions are satisfied.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Institute.

Grants and Federal Awards

Grants and federal awards are recorded as revenue as the services are performed.

Functional Allocation of Expenses

The costs of providing the program and supporting services have been presented on a functional basis in the statements of activities and functional expenses. Expenses directly attributable to a specific functional area are reported as expenses of that functional area. Expenses not directly attributable to a specific functional area are allocated. Significant expenses that are allocated include salaries and payroll taxes and employee benefits which were allocated based on estimates of time and effort.

Income Tax Status

The Institute is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Institute's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Institute qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(1).

GAAP requires entities to evaluate, measure, recognize and disclose any uncertain income tax positions taken on their tax returns. GAAP prescribes a minimum threshold that a tax position is required to meet in order to be recognized in the financial statements. The Institute believes that it had no uncertain tax positions as defined in GAAP.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments which potentially subject the Institute to concentrations of credit risk are cash, contributions receivable and accounts receivable. The Institute maintains its cash at various financial institutions. At times, deposits may exceed federally-insured limits. Accounts receivable are due primarily from government agencies and are expected to be collected during 2019. Contributions receivable are primarily due from the William Penn Foundation and are expected to be collected in 2019.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2018

Reclassifications

Certain items in the 2017 summarized comparative totals have been reclassified to conform to the 2018 presentation.

Accounting Pronouncements Adopted

On August 18, 2016, the Financial Accounting Standards Board ("**FASB**") issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The Institute has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of the Institute's financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a new disclosure about liquidity and availability of resources (**Note 13**).

(3) PRIOR PERIOD ADJUSTMENT

During 2018, management elected to record a liability for unused paid time off as the liability has increased recently due to increases in personnel and changes to the paid time off policy. As a result, management decreased net assets and increased liabilities by \$130,652 at December 31, 2016 and increased salary expense and decreased the change in net assets by \$21,910 for the year ended December 31, 2017.

(4) CONTRIBUTIONS RECEIVABLE

Unconditional contributions receivable are expected to be collected in 2019 and consisted of the following:

	<u>2018</u>	<u>2017</u>
William Penn Foundation	\$1,044,086	\$1,000,703
Other	<u>143,849</u>	<u>136,033</u>
	<u>\$1,187,935</u>	<u>\$1,136,736</u>

There were also conditional contributions receivable from the William Penn Foundation of \$3,821,711 at December 31, 2018. These amounts are conditional upon the donor's receipt of certain requested reports and milestones being achieved.

(5) INVESTMENTS

Investments, at fair value, consist of the following at December 31,:

	<u>2018</u>	<u>2017</u>
Money market funds	\$ 2,115,775	\$ 139,221
Common stocks	7,486,651	6,303,326
Corporate bonds	3,795,652	-
U.S. Treasury obligations	728,310	-
Equity exchange traded funds	515,115	-
Mutual funds		
Equities	1,878,477	1,912,871
Fixed income	<u>4,778,150</u>	<u>3,175,986</u>
	<u>\$21,298,130</u>	<u>\$11,531,404</u>

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NOTES TO FINANCIAL STATEMENTS

December 31, 2018

Fair value of investments was determined using Level 1 inputs, except for corporate bonds and U.S. Treasury obligations which used Level 2 inputs.

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

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 624,108	\$ 364,016
Net realized and unrealized gain (loss)	(1,236,232)	1,410,411
Less investment management fees	<u>(168,489)</u>	<u>(117,367)</u>
	<u>\$ (780,613)</u>	<u>\$ 1,657,060</u>

(6) PROPERTY AND EQUIPMENT

Property and equipment at December 31, consist of the following:

	<u>2018</u>	<u>2017</u>
Land	\$ 4,324,726	\$ 2,554,726
Land improvements	34,421	34,421
Machinery and equipment	1,929,525	1,929,525
Less accumulated depreciation	<u>(1,512,071)</u>	<u>(1,400,122)</u>
	<u>\$ 4,776,601</u>	<u>\$ 3,118,550</u>

In January 2018, the Institute received a contribution of land consisting of 40.9 acres with a fair value of \$1,770,000. The donor requires the land to be used for organic farming and agriculture, scenic, natural and historic preservation, conservancy or other purposes consistent with the Institute's mission and has been recorded in net assets with donor restrictions. The rest of the Institute's land is under a conservation easement with the Wildlands Conservancy.

(7) NOTES PAYABLE

On December 5, 2016, the Institute entered into two notes payable with a bank for the purchase of two vehicles. The notes bear interest at 5.99% and call for monthly principal and interest payments of \$956. The notes mature in December 2022.

The notes payable mature as follows:

<u>Year ending December 31,</u>	
2019	\$ 9,283
2020	9,855
2021	10,462
2022	<u>8,858</u>
	<u>\$38,458</u>

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NOTES TO FINANCIAL STATEMENTS

December 31, 2018

(8) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes and periods:

	<u>Balance</u> <u>December 31, 2017</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance</u> <u>December 31, 2018</u>
Subject to expenditure for specified purposes or periods				
Operations and maintenance of Rodale Research Center	\$5,401,320	\$ (229,253)	\$ (270,066)	\$ 4,902,001
Operations and maintenance of Working Tree Center	-	4,465,789	(153,000)	4,312,789
Various research and strategic solutions	1,164,813	1,895,756	(1,041,126)	2,019,443
For future periods	<u>40,000</u>	<u>-</u>	<u>(40,000)</u>	<u>-</u>
	<u>6,606,133</u>	<u>6,132,292</u>	<u>(1,504,192)</u>	<u>11,234,233</u>
Net assets to be maintained indefinitely				
Beneficial interest in perpetual trust, whose income is available for general operations	565,697	(74,219)	-	491,478
Endowment, whose income is available for general operations	731,221	(58,667)	(34,594)	637,960
Land - Working Tree Center	<u>-</u>	<u>1,770,000</u>	<u>-</u>	<u>1,770,000</u>
	<u>1,296,918</u>	<u>1,637,114</u>	<u>(34,594)</u>	<u>2,899,438</u>
	<u>\$7,903,051</u>	<u>\$7,769,406</u>	<u>\$(1,538,786)</u>	<u>\$14,133,671</u>

(9) ENDOWMENT FUND

An accounting standard was issued which provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act ("**UPMIFA**"). The Institute is not subject to this guidance since Pennsylvania has not enacted a version of UPMIFA. The standard also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

In accordance with Pennsylvania statutes, the Institute has adopted investment and spending policies for its endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of these endowment assets over the long-term. The Institute's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes.

The spending policy calculates the amount of money annually distributed from the endowment funds to support various programs. The current spending policy on the endowment to be maintained indefinitely is to distribute the amount equal to 5% of a moving three-year average of the fair value of the endowment fund to be maintained indefinitely.

Changes in the endowment assets for the year ended December 31, 2018 are as follows:

	With Donor Restrictions
Endowment net assets, beginning of year	\$6,132,541
Contributions	4,546,560
Interest and dividends, net	223,759
Realized and unrealized loss	(592,450)
Spending policy distribution	<u>(457,660)</u>
Endowment net assets, end of year	<u>\$9,852,750</u>

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NOTES TO FINANCIAL STATEMENTS

December 31, 2018

(10) DONATED SERVICES AND IN-KIND CONTRIBUTIONS

The fair value of donated services and in-kind contributions (other than in-kind land disclosed in **Note 6**) included as contributions in the financial statements and the corresponding expenses for the year ended December 31, 2018 are as follows:

	Strategic Solutions Team	Communications	Management and General	Development	Total
Consulting services	\$ 4,176	\$11,655	\$ -	\$ -	\$ 15,831
Contractor and subcontractors	3,206	50,820	-	-	54,026
Dues and subscriptions	-	625	-	-	625
Equipment maintenance and rental	10,711	-	-	-	10,711
Professional services	819	-	-	-	819
Supplies	11,883	5,259	31,415	-	48,557
Travel	21,850	3,796	1,160	2,060	28,866
Other	1,103	220	-	3,214	4,537
	<u>\$53,748</u>	<u>\$72,375</u>	<u>\$32,575</u>	<u>\$5,274</u>	<u>\$163,972</u>

(11) DEFINED CONTRIBUTION PLAN

The Institute participates in a participatory defined contribution plan that covers substantially all of its employees. Employees can contribute any percentage of their income up to the Internal Revenue Service limit for the year. The Institute matches contributions by the participants up to 6% of annual compensation. The Institute contributed \$66,718 and \$55,884 to the plan in 2018 and 2017, respectively.

(12) LINE OF CREDIT

The Institute has a line of credit arrangement with a local bank under which the Institute may borrow up to \$250,000. The line bears interest at prime plus $\frac{3}{4}\%$. The arrangement has no maturity date and is due on demand by the bank. There were no advances outstanding at December 31, 2018 and 2017.

(13) LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Institute's financial assets as of the statement of financial position date, which has been reduced by financial assets not available within one year.

Cash	\$ 189,963
Contributions receivable	1,187,935
Accounts receivable	829,231
Investments	<u>21,298,130</u>
Total financial assets	23,505,259
Less: financial assets not available for general operations within one year	
Restricted by donor for specific purposes or periods	(11,234,233)
Restricted by donor to be maintained indefinitely	<u>(637,960)</u>
Total financial assets available within one year	<u>\$ 11,633,066</u>

RODALE INSTITUTE

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

Liquidity Management

As part of the Institute's liquidity management, it invests cash in excess of daily requirements in short-term investments, typically money market funds.

(14) SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 7, 2019, the date on which the financial statements were available to be issued. No subsequent events have occurred that require recognition in the financial statements.