

# Rodale Institute

Financial Statements  
Year Ended December 31, 2016



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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, 2016, 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, 2016, 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.

### ***Report on Summarized Comparative Information***

We have previously audited Rodale Institute's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 16, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*BBD, LLP.*

**Philadelphia, Pennsylvania  
June 8, 2017**

# RODALE INSTITUTE

## STATEMENT OF FINANCIAL POSITION

December 31, 2016 with comparative totals for 2015

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash	\$ 614,992	\$ 724,731
Contributions receivable		
Rodale, Inc.	5,526,000	5,526,000
Other	65,000	67,900
Accounts receivable		
Grants and federal awards	187,137	241,330
Other	151,924	145,242
Inventory	47,922	41,283
Prepaid expenses and other assets	57,680	85,632
Investments	10,945,377	11,070,529
Note receivable	1,030,580	1,030,580
Beneficial interest in perpetual trust	504,843	505,045
Property and equipment, net	<u>3,240,466</u>	<u>3,214,667</u>
<b>Total assets</b>	<b><u>\$ 22,371,921</u></b>	<b><u>\$ 22,652,939</u></b>
<b>LIABILITIES</b>		
Accounts payable	\$ 80,626	\$ 90,923
Accrued liabilities	83,876	75,533
Notes payable	<u>57,687</u>	<u>-</u>
<b>Total liabilities</b>	<b><u>222,189</u></b>	<b><u>166,456</u></b>
<b>NET ASSETS</b>		
Unrestricted	9,856,926	9,982,200
Temporarily restricted	11,114,528	11,328,272
Permanently restricted	<u>1,178,278</u>	<u>1,176,011</u>
<b>Total net assets</b>	<b><u>22,149,732</u></b>	<b><u>22,486,483</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 22,371,921</u></b>	<b><u>\$ 22,652,939</u></b>

See accompanying notes

# RODALE INSTITUTE

## STATEMENT OF ACTIVITIES

Year ended December 31, 2016 with comparative totals for 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>	
				<u>2016</u>	<u>2015</u>
<b>REVENUE, GAINS AND SUPPORT</b>					
Grants	\$ 219,661	\$ -	\$ -	\$ 219,661	\$ 190,177
Federal awards	567,077	-	-	567,077	467,594
Contributions	1,143,205	316,685	-	1,459,890	2,002,364
Education and store	193,749	-	-	193,749	186,073
Farm sales	248,762	-	-	248,762	259,721
Other	151,356	-	-	151,356	170,355
Interest and dividend income	164,435	96,503	9,982	270,920	283,049
Net realized and unrealized gain (loss) on investments	194,400	256,775	27,588	478,763	(404,710)
Change in value of beneficial interest in perpetual trust	-	-	(202)	(202)	(31,735)
Transfers					
Endowment spending policy distribution	275,947	(240,846)	(35,101)	-	-
Net assets released from restrictions	642,861	(642,861)	-	-	-
<b>Total revenue, gains and support</b>	<u>3,801,453</u>	<u>(213,744)</u>	<u>2,267</u>	<u>3,589,976</u>	<u>3,122,888</u>
<b>EXPENSES</b>					
<b>Program Services</b>					
Strategic Solutions Team	2,438,871	-	-	2,438,871	2,666,331
Communications	734,804	-	-	734,804	654,796
<b>Supporting Services</b>					
Management and general	461,262	-	-	461,262	481,281
Development	291,790	-	-	291,790	312,146
<b>Total expenses</b>	<u>3,926,727</u>	<u>-</u>	<u>-</u>	<u>3,926,727</u>	<u>4,114,554</u>
<b>CHANGE IN NET ASSETS</b>	(125,274)	(213,744)	2,267	(336,751)	(991,666)
<b>NET ASSETS</b>					
Beginning of year	<u>9,982,200</u>	<u>11,328,272</u>	<u>1,176,011</u>	<u>22,486,483</u>	<u>23,478,149</u>
<b>End of year</b>	<u>\$ 9,856,926</u>	<u>\$ 11,114,528</u>	<u>\$ 1,178,278</u>	<u>\$ 22,149,732</u>	<u>\$ 22,486,483</u>

See accompanying notes

# RODALE INSTITUTE

## STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2016 with comparative totals for 2015

	Program Services			Supporting Services			Totals	
	Strategic Solutions Team	Communications	Total Program Services	Management and General	Development	Total Supporting Services	2016	2015
Salaries	\$ 1,055,874	\$ 314,577	\$ 1,370,451	\$ 241,721	\$ 158,287	\$ 400,008	\$ 1,770,459	\$ 1,816,547
Payroll taxes and employee benefits	286,343	84,541	370,884	67,044	43,301	110,345	481,229	461,333
Consulting services	152,465	99,724	252,189	16,846	7,598	24,444	276,633	230,210
Contractors and subcontractors	134,142	-	134,142	-	-	-	134,142	274,560
Cost of goods sold	-	48,744	48,744	-	-	-	48,744	59,562
Depreciation	116,688	1,102	117,790	7,100	-	7,100	124,890	92,569
Dues and subscriptions	11,760	5,600	17,360	1,182	6,373	7,555	24,915	25,231
Equipment maintenance and rental	103,400	19,061	122,461	30,341	10,655	40,996	163,457	331,164
Grant expense	68,084	-	68,084	-	-	-	68,084	-
Postage	4,517	10,235	14,752	1,683	5,127	6,810	21,562	30,710
Printing and publications	7,967	73,958	81,925	365	11,323	11,688	93,613	29,786
Professional services	16,575	19,858	36,433	15,328	-	15,328	51,761	41,899
Supplies	250,168	16,822	266,990	16,515	21,291	37,806	304,796	348,535
Telecommunications	4,395	1,398	5,793	32,669	966	33,635	39,428	39,311
Travel	57,913	10,020	67,933	1,409	14,112	15,521	83,454	112,649
Utilities	68,459	12,035	80,494	12,836	291	13,127	93,621	89,285
Other	100,121	17,129	117,250	16,223	12,466	28,689	145,939	131,203
	<u>\$ 2,438,871</u>	<u>\$ 734,804</u>	<u>\$ 3,173,675</u>	<u>\$ 461,262</u>	<u>\$ 291,790</u>	<u>\$ 753,052</u>	<u>\$ 3,926,727</u>	<u>\$ 4,114,554</u>

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See accompanying notes

# RODALE INSTITUTE

## STATEMENT OF CASH FLOWS

Year ended December 31, 2016 with comparative totals for 2015

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<i>Change in net assets</i>	\$ (336,751)	\$ (991,666)
<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	(478,763)	404,710
Change in value of beneficial interest in perpetual trust	202	31,735
Depreciation expense	124,890	92,569
Amortization of discount on contributions receivable	(386,820)	(386,820)
(Increase) decrease in		
Contributions receivable	389,720	407,527
Accounts receivable	47,511	(102,481)
Inventory	(6,639)	11,211
Prepaid expenses and other assets	27,952	(29,476)
Increase (decrease) in		
Accounts payable	(10,297)	(168,006)
Accrued liabilities	8,343	(82,755)
<b>Net cash used for operating activities</b>	<u>(620,652)</u>	<u>(813,452)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net sales of investments	603,915	1,089,250
Purchases of property and equipment	<u>(150,689)</u>	<u>(383,258)</u>
<b>Net cash provided by investing activities</b>	<u>453,226</u>	<u>705,992</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from notes payable	<u>57,687</u>	<u>-</u>
<b>Net change in cash</b>	(109,739)	(107,460)
<b>CASH</b>		
Beginning of year	<u>724,731</u>	<u>832,191</u>
<b>End of year</b>	<u>\$ 614,992</u>	<u>\$ 724,731</u>

See accompanying notes

# RODALE INSTITUTE

## NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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### (1) NATURE OF OPERATIONS

Rodale Institute (the "*Institute*"), located in Kutztown, Pennsylvania, is a non-profit research and education organization focused on organic agriculture and its beneficial impact on health and the environment. For over six decades Rodale Institute has demonstrated the benefits of organic farming through innovative research and outreach on its 333 acre experimental farm, one of the largest research facilities of its kind. The Institute has trained thousands of farmers throughout the world in organic methods that enhance soil fertility, build soil organic matter, sequester carbon and eliminate the use of synthetic chemicals and fertilizers. Rodale Institute's Farming System Trial is the longest running side-by-side comparison of conventional versus organic farming. Results of this 35-year study prove that organic yields match conventional and organic farming systems are more profitable than conventional.

Rodale Institute also hosts a myriad of online tools for farmers including their free Transition to Organics course that provides information and expertise for farmers seeking to convert their farms from chemical methods to organic practices. In addition, Rodale Institute's website is home to an Organic Price Report, a Crop Conversion Calculator, an Organic System Plan and a variety of other online tools that help farmers transition to organic and ensure they are utilizing best organic farming practices. Revenue sources for the Institute consist primarily of federal and state grant monies in addition to contributions from individuals and organizations who share this vision and commitment.

### (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 three classes of net assets:

#### **Unrestricted net assets**

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

#### **Temporarily restricted net assets**

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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as "**net assets released from restrictions.**"

#### **Permanently restricted net assets**

Net assets that are subject to donor-imposed restrictions that such assets be maintained indefinitely.

#### **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:



# RODALE INSTITUTE

## NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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**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, 2015, 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.

### **Inventory**

Inventory is stated at the lower of cost (first-in, first-out method) or market.

### **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 4**). 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.

### **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 shown as a permanently restricted net asset in the financial statements.

# RODALE INSTITUTE

## NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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### **Contributions**

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted net assets 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 "**unrestricted support.**"

Unconditional contributions are recognized when the related promise to give is received. Conditional contributions are recognized 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. Accordingly, certain costs have been allocated among the program and supporting services benefitted, primarily based upon the relative time spent by Institute employees on each function.

### **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, accounts receivable and a note 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 2017. The note receivable and the majority of contributions receivable are due from Rodale, Inc. and are further described in Notes 3 and 5.

# RODALE INSTITUTE

## NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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### (3) CONTRIBUTIONS RECEIVABLE

Rodale, Inc. is a for-profit publishing corporation located in Emmaus, Pennsylvania. A former Chairman of Rodale, Inc. founded the Institute. Contributions receivable from Rodale, Inc. are expected to be collected as follows:

2017	\$ 386,820
2018	386,820
2019	386,820
2020	386,820
2021	<u>5,556,910</u>
	7,104,190
Less discount to net present value (7%)	<u>(1,578,190)</u>
	<u>\$ 5,526,000</u>

Other contributions receivable are expected to be collected in 2017. Fair value of contributions receivable was determined using Level 2 valuation inputs.

### (4) INVESTMENTS

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

	<u>2016</u>	<u>2015</u>
Money market funds	\$ 206,836	\$ 344,821
Marketable equity securities	5,800,822	5,666,236
Mutual funds		
Equities	2,065,428	2,146,638
Fixed income	<u>2,872,291</u>	<u>2,912,834</u>
	<u>\$10,945,377</u>	<u>\$11,070,529</u>

Fair value of investments was determined using Level 1 inputs.

### (5) NOTE RECEIVABLE

In January 1991, the Institute received a note receivable from Rodale, Inc. (**See Note 3**). The note in the amount of \$2,061,160 (in addition to forgiveness of an advance from Rodale, Inc. of \$555,000) was consideration for the repurchase by Rodale, Inc. of preferred stock (78,800 shares) held by the Institute. It bears interest at 12% per annum with principal payments to be received in ten equal annual installments beginning March 31, 1997, with the entire unpaid balance due March 31, 2006. On April 1, 2006, an agreement was reached with Rodale, Inc. to extend this note until March 31, 2011. On March 31, 2011, the note was amended to extend the note's maturity until March 31, 2021. The note is due in full on March 31, 2021, and interest will be paid quarterly at 7%, until this note matures on that date. At December 31, 2016 and 2015, the outstanding balance of this note was \$1,030,580 and interest income was \$73,668 and \$72,142 for the years ended December 31, 2016 and 2015, respectively.

# RODALE INSTITUTE

## NOTES TO FINANCIAL STATEMENTS

December 31, 2016

### (6) PROPERTY AND EQUIPMENT

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

	<u>2016</u>	<u>2015</u>
Land	\$ 2,554,726	\$ 2,554,726
Land improvements	34,421	34,421
Machinery and equipment	1,948,585	1,857,463
Less accumulated depreciation	<u>(1,297,266)</u>	<u>(1,231,943)</u>
	<u>\$ 3,240,466</u>	<u>\$ 3,214,667</u>

All 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:

#### Year ending December 31,

2017	\$ 8,137
2018	8,739
2019	9,277
2020	9,848
2021	10,454
2022	<u>11,232</u>
	<u>\$57,687</u>

### (8) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following:

	<u>Balance</u> <u>December 31, 2015</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance</u> <u>December 31, 2016</u>
<b>Purpose restrictions</b>				
Operations and maintenance of Rodale Institute	\$ 4,816,919	\$321,476	\$(240,846)	\$ 4,897,549
Various research and strategic solutions	965,353	295,987	(622,861)	638,479
<b>Time restrictions</b> <b>(available in future years)</b>				
Rodale, Inc. contribution receivable	5,526,000	-	-	5,526,000
Other	<u>20,000</u>	<u>52,500</u>	<u>(20,000)</u>	<u>52,500</u>
	<u>\$11,328,272</u>	<u>\$669,963</u>	<u>\$(883,707)</u>	<u>\$11,114,528</u>

# RODALE INSTITUTE

## NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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### (9) PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of the following:

General endowment	\$ 673,435
Beneficial interest in perpetual trust	<u>504,843</u>
	<u>\$1,178,278</u>

The income from the general endowment and the beneficial interest in perpetual trust is available for general operations.

### (10) 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 Institute classifies both the original fair value of contributions to permanent endowments along with the investment income attributable to the permanent endowments as part of permanently restricted net assets. 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 permanently restricted endowment is to distribute the amount equal to 5% of a moving three-year average of the fair value of the permanently restricted endowment fund. No distribution was taken on the board-designated endowment fund for 2016.

Changes in the endowment assets for the year ended December 31, 2016 are as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Assets</u>
Endowment net assets, beginning of year	\$4,816,919	\$670,966	\$5,487,885
Interest and dividends, net	86,654	9,982	96,636
Realized and unrealized gain	234,822	27,588	262,410
Spending policy distribution	<u>(240,846)</u>	<u>(35,101)</u>	<u>(275,947)</u>
Endowment net assets, end of year	<u>\$4,897,549</u>	<u>\$673,435</u>	<u>\$5,570,984</u>

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# RODALE INSTITUTE

## NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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### (11) DONATED SERVICES AND IN-KIND CONTRIBUTIONS

The fair value of donated services and in-kind contributions included as contributions in the financial statements and the corresponding expenses for the year ended December 31, 2016 are as follows:

	<u>Strategic Solutions Team</u>	<u>Communications</u>	<u>Development</u>	<u>Total</u>
Consulting services	\$ 59,606	\$ -	\$ -	\$ 59,606
Contractors and subcontractors	24,100	-	-	24,100
Equipment maintenance and rental	12,748	14,222	-	26,970
Supplies	12,870	3,600	8,753	25,223
Other	177	-	-	177
	<u>\$109,501</u>	<u>\$17,822</u>	<u>\$8,753</u>	<u>\$136,076</u>

### (12) 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 \$34,434 to the plan in 2016 and \$42,954 to the plan in 2015.

### (13) 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 is approved until December 31, 2017, but is reviewed annually for renewal. There were no advances outstanding at December 31, 2016 and 2015.

### (14) SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 8, 2017, the date on which the financial statements were available to be issued. No subsequent events have occurred that require recognition in the financial statements.