

# Rodale Institute

Financial Statements  
Year Ended December 31, 2017



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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, 2017, 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, 2017, 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 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 8, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*BBD, LLP.*

**Philadelphia, Pennsylvania  
June 11, 2018**

# RODALE INSTITUTE

## STATEMENT OF FINANCIAL POSITION

December 31, 2017 with comparative totals for 2016

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Cash	\$ 7,209,933	\$ 614,992
Contributions receivable		
Rodale, Inc.	-	5,526,000
Other	1,136,736	65,000
Accounts receivable		
Grants and federal awards	220,561	187,137
Other	84,567	151,924
Inventory	37,421	47,922
Prepaid expenses and other assets	40,110	57,680
Investments	11,531,404	10,945,377
Note receivable	-	1,030,580
Beneficial interest in perpetual trust	565,697	504,843
Property and equipment, net	<u>3,118,550</u>	<u>3,240,466</u>
<b>Total assets</b>	<u>\$ 23,944,979</u>	<u>\$ 22,371,921</u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 678,678	\$ 164,502
Notes payable	<u>48,073</u>	<u>57,687</u>
<b>Total liabilities</b>	<u>726,751</u>	<u>222,189</u>
<b>NET ASSETS</b>		
Unrestricted	15,315,177	9,856,926
Temporarily restricted	6,606,133	11,114,528
Permanently restricted	<u>1,296,918</u>	<u>1,178,278</u>
<b>Total net assets</b>	<u>23,218,228</u>	<u>22,149,732</u>
<b>Total liabilities and net assets</b>	<u>\$ 23,944,979</u>	<u>\$ 22,371,921</u>

See accompanying notes

# RODALE INSTITUTE

## STATEMENT OF ACTIVITIES

Year ended December 31, 2017 with comparative totals for 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>	
				<u>2017</u>	<u>2016</u>
<b>REVENUE, GAINS AND SUPPORT</b>					
Grants	\$ 446,417	\$ -	\$ -	\$ 446,417	\$ 219,661
Federal awards	456,012	-	-	456,012	567,077
Contributions	1,091,109	1,248,017	-	2,339,126	1,459,890
Education and store	160,030	-	-	160,030	193,749
Farm sales	241,167	-	-	241,167	248,762
Other	182,525	-	-	182,525	151,356
Interest and dividend income	146,713	90,644	9,292	246,649	270,920
Net realized and unrealized gain on investments	669,578	658,004	82,829	1,410,411	478,763
Change in value of beneficial interest in perpetual trust	-	-	60,854	60,854	(202)
Transfers					
Endowment spending policy distribution	279,212	(244,877)	(34,335)	-	-
Net assets released from restrictions	<u>6,260,183</u>	<u>(6,260,183)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total revenue, gains and support</b>	<u>9,932,946</u>	<u>(4,508,395)</u>	<u>118,640</u>	<u>5,543,191</u>	<u>3,589,976</u>
<b>EXPENSES</b>					
<b>Program Services</b>					
Strategic Solutions Team	2,612,846	-	-	2,612,846	2,438,871
Communications	838,427	-	-	838,427	734,804
<b>Supporting Services</b>					
Management and general	426,663	-	-	426,663	461,262
Development	<u>596,759</u>	<u>-</u>	<u>-</u>	<u>596,759</u>	<u>291,790</u>
<b>Total expenses</b>	<u>4,474,695</u>	<u>-</u>	<u>-</u>	<u>4,474,695</u>	<u>3,926,727</u>
<b>CHANGE IN NET ASSETS</b>	5,458,251	(4,508,395)	118,640	1,068,496	(336,751)
<b>NET ASSETS</b>					
Beginning of year	<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>
<b>End of year</b>	<u>\$ 15,315,177</u>	<u>\$ 6,606,133</u>	<u>\$ 1,296,918</u>	<u>\$ 23,218,228</u>	<u>\$ 22,149,732</u>

See accompanying notes

# RODALE INSTITUTE

## STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2017 with comparative totals for 2016

	Program Services			Supporting Services			Totals	
	Strategic Solutions Team	Communications	Total Program Services	Management and General	Development	Total Supporting Services	2017	2016
	Salaries	\$ 1,168,155	\$ 325,045	\$ 1,493,200	\$ 220,988	\$ 200,982	\$ 421,970	\$ 1,915,170
Payroll taxes and employee benefits	315,231	89,157	404,388	60,615	54,967	115,582	519,970	481,229
Consulting services	204,309	212,495	416,804	20,977	214,275	235,252	652,056	276,633
Contractors and subcontractors	98,151	-	98,151	-	-	-	98,151	134,142
Cost of goods sold	-	49,156	49,156	-	-	-	49,156	48,744
Depreciation	122,479	714	123,193	4,979	-	4,979	128,172	124,890
Dues and subscriptions	21,689	8,592	30,281	1,591	7,141	8,732	39,013	24,915
Equipment maintenance and rental	99,271	7,069	106,340	25,577	12,809	38,386	144,726	163,457
Grant expense	-	-	-	-	-	-	-	68,084
Postage	3,152	11,323	14,475	1,740	25,291	27,031	41,506	21,562
Printing and publications	5,426	38,595	44,021	820	20,128	20,948	64,969	93,613
Professional services	11,645	19,669	31,314	21,797	1,280	23,077	54,391	51,761
Supplies	274,027	23,310	297,337	19,792	7,415	27,207	324,544	304,796
Telecommunications	3,799	1,071	4,870	31,717	993	32,710	37,580	39,428
Travel	93,884	17,305	111,189	6,749	26,260	33,009	144,198	83,454
Utilities	69,632	13,273	82,905	9,321	809	10,130	93,035	93,621
Other	121,996	21,653	143,649	-	24,409	24,409	168,058	145,939
	<u>\$ 2,612,846</u>	<u>\$ 838,427</u>	<u>\$ 3,451,273</u>	<u>\$ 426,663</u>	<u>\$ 596,759</u>	<u>\$ 1,023,422</u>	<u>\$ 4,474,695</u>	<u>\$ 3,926,727</u>

See accompanying notes

# RODALE INSTITUTE

## STATEMENT OF CASH FLOWS

Year ended December 31, 2017 with comparative totals for 2016

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<i>Change in net assets</i>	\$ 1,068,496	\$ (336,751)
<i>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities</i>		
Net realized and unrealized gain on investments	(1,410,411)	(478,763)
Change in value of beneficial interest in perpetual trust	(60,854)	202
Depreciation expense	128,172	124,890
Amortization of discount on contributions receivable	(386,820)	(386,820)
(Increase) decrease in		
Contributions receivable	4,841,084	389,720
Accounts receivable	33,933	47,511
Inventory	10,501	(6,639)
Prepaid expenses and other assets	17,570	27,952
Increase (decrease) in		
Accounts payable and accrued expenses	514,176	(1,954)
<b>Net cash provided by (used for) operating activities</b>	<u>4,755,847</u>	<u>(620,652)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net sales of investments	824,384	603,915
Purchases of property and equipment	(6,256)	(150,689)
Proceeds from repayment of note receivable	<u>1,030,580</u>	<u>-</u>
<b>Net cash provided by investing activities</b>	<u>1,848,708</u>	<u>453,226</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net proceeds from (payments on) notes payable	<u>(9,614)</u>	<u>57,687</u>
<b>Net change in cash</b>	6,594,941	(109,739)
<b>CASH</b>		
Beginning of year	<u>614,992</u>	<u>724,731</u>
<b>End of year</b>	<u>\$ 7,209,933</u>	<u>\$ 614,992</u>

See accompanying notes

# RODALE INSTITUTE

## NOTES TO FINANCIAL STATEMENTS

December 31, 2017

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### (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 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.

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# RODALE INSTITUTE

## NOTES TO FINANCIAL STATEMENTS

December 31, 2017

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### 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, 2016, 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.

# RODALE INSTITUTE

## NOTES TO FINANCIAL STATEMENTS

December 31, 2017

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### **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.

### **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 2018. The note receivable and the majority of contributions receivable are due from Rodale, Inc. and are further described in Notes 3 and 5.

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# RODALE INSTITUTE

## NOTES TO FINANCIAL STATEMENTS

December 31, 2017

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### Reclassifications

Certain items in the 2016 comparative totals have been reclassified in order to conform to the 2017 presentation.

### (3) CONTRIBUTIONS RECEIVABLE

Unconditional contributions receivable are expected to be collected in 2018 and consisted of the following:

	<u>2017</u>	<u>2016</u>
Rodale, Inc.	\$ -	\$5,526,000
William Penn Foundation	1,000,703	-
Other	<u>136,033</u>	<u>65,000</u>
	<u>\$1,136,736</u>	<u>\$5,591,000</u>

There were also conditional contributions receivable from the William Penn Foundation of \$4,865,797 at December 31, 2017. These amounts are conditional upon the donor's receipt of certain requested reports and milestones being achieved.

### (4) INVESTMENTS

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

	<u>2017</u>	<u>2016</u>
Money market funds	\$ 139,221	\$ 206,836
Marketable equity securities	6,303,326	5,800,822
Mutual funds		
Equities	1,912,871	2,065,428
Fixed income	<u>3,175,986</u>	<u>2,872,291</u>
	<u>\$11,531,404</u>	<u>\$10,945,377</u>

Fair value of investments was determined using Level 1 inputs.

### (5) NOTE RECEIVABLE

The Institute had a note receivable from Rodale, Inc. The note in the amount of \$2,061,160 was consideration for the repurchase by Rodale, Inc. of preferred stock held by the Institute. The note was repaid at the end of 2017 and had a balance of \$1,030,580 at December 31, 2016. Interest income was \$72,141 and \$73,668 for the years ended December 31, 2017 and 2016, respectively.

### (6) PROPERTY AND EQUIPMENT

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

	<u>2017</u>	<u>2016</u>
Land	\$ 2,554,726	\$ 2,554,726
Land improvements	34,421	34,421
Machinery and equipment	1,929,525	1,948,585
Less accumulated depreciation	<u>(1,400,122)</u>	<u>(1,297,266)</u>
	<u>\$ 3,118,550</u>	<u>\$ 3,240,466</u>

All of the Institute's land is under a conservation easement with the Wildlands Conservancy.

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# RODALE INSTITUTE

## NOTES TO FINANCIAL STATEMENTS

December 31, 2017

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### (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,

2018	\$ 8,745
2019	9,283
2020	9,855
2021	10,462
2022	<u>9,728</u>
	<u>\$48,073</u>

### (8) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following:

	<u>Balance</u> <u>December 31, 2016</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance</u> <u>December 31, 2017</u>
<b>Purpose restrictions</b>				
Operations and maintenance of Rodale Institute	\$ 4,897,549	\$ 748,648	\$ (244,877)	\$5,401,320
Various research and strategic solutions	638,479	821,197	(294,863)	1,164,813
<b>Time restrictions (available in future years)</b>				
Rodale, Inc. contribution receivable	5,526,000	386,820	(5,912,820)	-
Other	<u>52,500</u>	<u>40,000</u>	<u>(52,500)</u>	<u>40,000</u>
	<u>\$11,114,528</u>	<u>\$1,996,665</u>	<u>\$(6,505,060)</u>	<u>\$6,606,133</u>

### (9) PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of the following:

General endowment	\$ 731,221
Beneficial interest in perpetual trust	<u>565,697</u>
	<u>\$1,296,918</u>

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

# RODALE INSTITUTE

## NOTES TO FINANCIAL STATEMENTS

December 31, 2017

### (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.

Changes in the endowment assets for the year ended December 31, 2017 are as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Assets</u>
Endowment net assets, beginning of year	\$4,897,549	\$673,435	\$5,570,984
Interest and dividends, net	90,644	9,292	99,936
Realized and unrealized gain	658,004	82,829	740,833
Spending policy distribution	<u>(244,877)</u>	<u>(34,335)</u>	<u>(279,212)</u>
Endowment net assets, end of year	<u>\$5,401,320</u>	<u>\$731,221</u>	<u>\$6,132,541</u>

### (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, 2017 are as follows:

	<u>Strategic Solutions Team</u>	<u>Communications</u>	<u>Management and General</u>	<u>Development</u>	<u>Total</u>
Consulting services	\$ 96,870	\$ 4,250	\$ -	\$ -	\$101,120
Contractor and subcontractors	16,634	-	-	-	16,634
Supplies	6,297	13,430	269	-	19,996
Travel	23,320	734	1,542	1,072	26,668
Other	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
	<u>\$143,121</u>	<u>\$19,414</u>	<u>\$1,811</u>	<u>\$1,072</u>	<u>\$165,418</u>

# RODALE INSTITUTE

## NOTES TO FINANCIAL STATEMENTS

December 31, 2017

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### (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 \$55,884 to the plan in 2017 and \$34,434 to the plan in 2016.

### (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 has no maturity date and is due on demand by the bank. There were no advances outstanding at December 31, 2017 and 2016.

### (14) SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 11, 2018, the date on which the financial statements were available to be issued. Except as disclosed below, no subsequent events have occurred that require recognition in the financial statements.

In January 2018, the Institute received a contribution from Rodale, Inc. of real property consisting of 40.9 acres of land with buildings and improvements with a fair value of \$1,770,000. The Institute also received contributions of \$20,000 from Rodale, Inc. and \$4,480,000 from the Rodale Family Foundation, which are to be used exclusively in connection with the costs and expenses associated with the ownership, maintenance and operation of the property. The property is to be used exclusively for organic farming and other purposes consistent with the Institute's mission. Terms of the agreement state that if before January 2023, the Institute should determine that it's unable to maintain the land, that the land can be transferred to the Rodale Family Foundation.