

# Rodale Institute

Financial Statements  
Year ended December 31, 2023



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# RODALE INSTITUTE

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## INDEPENDENT AUDITOR'S REPORT

**Board of Directors  
Rodale Institute**

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Rodale Institute (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Rodale Institute as of December 31, 2023 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.

#### ***Basis for Opinion***

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Rodale Institute and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Rodale Institute's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Rodale Institute's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rodale Institute's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

We have previously audited Rodale Institute's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 8, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

#### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2024 on our consideration of Rodale Institute's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Rodale Institute's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rodale Institute's internal control over financial reporting and compliance.

*BBD, LLP.*

**Philadelphia, Pennsylvania  
June 27, 2024**

# RODALE INSTITUTE

## STATEMENT OF FINANCIAL POSITION

December 31, 2023 with comparative totals for 2022

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Cash	\$ 7,950,539	\$ 8,077,717
Contributions and grants receivable	10,103,910	5,409,324
Accounts receivable	239,277	350,519
Prepaid expenses and other assets	250,398	338,139
Investments	26,810,109	23,644,207
Beneficial interest in perpetual trust	561,550	522,636
Property and equipment, net	<u>8,445,280</u>	<u>7,083,535</u>
<b>Total assets</b>	<u>\$ 54,361,063</u>	<u>\$ 45,426,077</u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	<u>\$ 3,536,649</u>	<u>\$ 1,348,253</u>
<b>NET ASSETS</b>		
Without donor restrictions	26,499,622	22,307,743
With donor restrictions	<u>24,324,792</u>	<u>21,770,081</u>
<b>Total net assets</b>	<u>50,824,414</u>	<u>44,077,824</u>
<b>Total liabilities and net assets</b>	<u>\$ 54,361,063</u>	<u>\$ 45,426,077</u>

See accompanying notes

# RODALE INSTITUTE

## STATEMENT OF ACTIVITIES

Year ended December 31, 2023 with comparative totals for 2022

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2023	2022
<b>REVENUE, GAINS AND SUPPORT</b>				
Contributions and corporate grants	\$ 4,410,390	\$ 7,553,949	\$ 11,964,339	\$ 10,983,260
In-kind contributions	452,103	-	452,103	1,769,224
Federal, state and local grants	4,522,486	-	4,522,486	1,519,604
Education and store	176,574	-	176,574	253,962
Farm sales	151,922	-	151,922	134,268
Other	255,578	-	255,578	173,784
Transfers				
Endowment spending policy distribution	523,797	(523,797)	-	-
Net assets released from restrictions	6,190,285	(6,190,285)	-	-
<b>Total revenue, gains and support</b>	<u>16,683,135</u>	<u>839,867</u>	<u>17,523,002</u>	<u>14,834,102</u>
<b>EXPENSES</b>				
<b>Program Services</b>				
Strategic Solutions Team	7,995,779	-	7,995,779	5,536,096
Communications	1,120,941	-	1,120,941	1,087,479
Education	882,259	-	882,259	771,004
Organic consultancy	1,673,372	-	1,673,372	1,376,989
<b>Supporting Services</b>				
Management and general	1,689,456	-	1,689,456	1,276,360
Development	1,346,753	-	1,346,753	1,082,305
<b>Total expenses</b>	<u>14,708,560</u>	<u>-</u>	<u>14,708,560</u>	<u>11,130,233</u>
<b>CHANGE IN NET ASSETS BEFORE OTHER CHANGES</b>				
	1,974,575	839,867	2,814,442	3,703,869
<b>OTHER CHANGES</b>				
Investment income (loss)	2,217,304	1,675,930	3,893,234	(3,378,156)
Change in value of beneficial interest in perpetual trust	-	38,914	38,914	(159,942)
<b>Total other changes</b>	<u>2,217,304</u>	<u>1,714,844</u>	<u>3,932,148</u>	<u>(3,538,098)</u>
<b>CHANGE IN NET ASSETS</b>				
	4,191,879	2,554,711	6,746,590	165,771
<b>NET ASSETS</b>				
Beginning of year	<u>22,307,743</u>	<u>21,770,081</u>	<u>44,077,824</u>	<u>43,912,053</u>
End of year	<u>\$ 26,499,622</u>	<u>\$ 24,324,792</u>	<u>\$ 50,824,414</u>	<u>\$ 44,077,824</u>

See accompanying notes

# RODALE INSTITUTE

## STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2023 with comparative totals for 2022

	Program Services					Supporting Services			Totals	
	Strategic Solutions Team	Communications	Education	Organic Consultancy	Total Program Services	Management and General	Development	Total Supporting Services	2023	2022
	Salaries	\$ 2,779,780	\$ 547,017	\$ 389,584	\$ 895,109	\$ 4,611,490	\$ 881,114	\$ 506,014	\$ 1,387,128	\$ 5,998,618
Payroll taxes and employee benefits	784,685	166,425	120,876	262,711	1,334,697	255,232	147,633	402,865	1,737,562	1,478,284
Consulting services	335,409	105,724	216,081	99,561	756,775	259,481	213,408	472,889	1,229,664	506,123
Contractors and subcontractors	2,366,872	-	-	-	2,366,872	-	-	-	2,366,872	643,284
Depreciation	89,413	1,356	-	-	90,769	-	3,931	3,931	94,700	83,651
Dues and subscriptions	57,137	19,535	9,040	36,929	122,641	11,685	16,960	28,645	151,286	112,352
Equipment maintenance and rental	245,946	57,738	32,810	33,460	369,954	63,449	44,730	108,179	478,133	520,066
Postage	17,981	1,540	310	4,037	23,868	3,760	30,155	33,915	57,783	74,608
Printing and publications	3,480	5,307	1,986	4,479	15,252	484	49,767	50,251	65,503	89,009
Professional services	10,873	4,156	2,500	-	17,529	49,739	-	49,739	67,268	131,201
Supplies	323,531	19,751	28,761	18,286	390,329	41,987	234,410	276,397	666,726	577,686
Telecommunications	40,146	9,507	3,859	23,404	76,916	11,627	3,853	15,480	92,396	80,745
Testing and measurement	472,532	-	98	-	472,630	8,811	-	8,811	481,441	424,703
Travel	123,472	19,138	12,933	201,546	357,089	15,668	45,320	60,988	418,077	375,303
Utilities	218,501	26,828	14,741	44,150	304,220	15,075	4,513	19,588	323,808	402,937
Other	126,021	136,919	48,680	49,700	361,320	71,344	46,059	117,403	478,723	520,568
	<u>\$ 7,995,779</u>	<u>\$ 1,120,941</u>	<u>\$ 882,259</u>	<u>\$ 1,673,372</u>	<u>\$ 11,672,351</u>	<u>\$ 1,689,456</u>	<u>\$ 1,346,753</u>	<u>\$ 3,036,209</u>	<u>\$ 14,708,560</u>	<u>\$ 11,130,233</u>

See accompanying notes

# RODALE INSTITUTE

## STATEMENT OF CASH FLOWS

Year ended December 31, 2023 with comparative totals for 2022

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<i>Change in net assets</i>	\$ 6,746,590	\$ 165,771
<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	(3,264,115)	3,767,885
Change in value of beneficial interest in perpetual trust	(38,914)	159,942
Depreciation expense	94,700	83,651
(Increase) decrease in		
Contributions and grants receivable	(4,694,586)	(1,393,092)
Accounts receivable	111,242	27,379
Prepaid expenses and other assets	87,741	(134,484)
Increase (decrease) in		
Accounts payable and accrued expenses	<u>2,217,466</u>	<u>270,525</u>
<b>Net cash provided by operating activities</b>	<u>1,260,124</u>	<u>2,947,577</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of investments	15,393,110	3,317,055
Purchases of investments	(15,294,897)	(3,786,327)
Purchases of property and equipment	<u>(1,485,515)</u>	<u>(2,321,104)</u>
<b>Net cash used for investing activities</b>	<u>(1,387,302)</u>	<u>(2,790,376)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments on notes payable	<u>-</u>	<u>(9,036)</u>
<b>Net change in cash</b>	(127,178)	148,165
<b>CASH</b>		
Beginning of year	<u>8,077,717</u>	<u>7,929,552</u>
<b>End of year</b>	<u>\$ 7,950,539</u>	<u>\$ 8,077,717</u>
<b>SUPPLEMENTAL INFORMATION</b>		
Purchases of property and equipment included in accounts payable and accrued expenses	<u>\$ 116,352</u>	<u>\$ 145,422</u>

See accompanying notes



# RODALE INSTITUTE

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

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### (1) NATURE OF OPERATIONS

Rodale Institute (the "*Institute*"), located in Kutztown, Pennsylvania, is an innovative 501(c)(3) nonprofit, located in Kutztown, PA, dedicated to advancing regenerative agriculture through rigorous independent research, direct farmer support initiatives, consumer education and workforce training programs. Widely recognized as the birthplace of the organic movement in the US, today Rodale Institute is recognized as a prestigious agricultural research and education nonprofit, and a trusted partner of farmers, corporations and state and federal governments and agencies, promoting and advancing regenerative organic agriculture for over 70 years.

The work of the Rodale Institute, since its start in 1947, is grounded in the principle that healing people and the planet begins with healthy soil. As the global leader in regenerative organic agriculture, our mission is to advance groundbreaking research and best-in-class education that enables farms and farmers to transition to regenerative organic agricultural practices, thereby improving the health of the world's soil and securing the global food supply. Rodale Institute is where optimism meets science. The science is clear: healthy soil means healthy food and healthy people. In addition, healthy soil is the single largest catalyst to help heal the planet.

The world is at a critical inflection point. The rise in environmental pollution and chronic diseases, increased frequency of extreme weather events, and a changing climate require us to reckon with how we feed the world. As we enter our 75th year, we are committed to providing the research, consulting and education necessary to catalyze change in our food, agriculture and healthcare systems. Guided by our five-year strategy, rooted in four key areas: Growth, Infrastructure, People (Internal), and People (External); Rodale Institute influences a broad swath of the agricultural industry and is dedicated to helping farmers thrive! The research, education and consulting conducted at the Rodale Institute is the catalyst for change in all areas of food and fiber production across the country and around the world.

Rodale Institute is committed to conducting rigorous research designed to uncover the most effective, efficient approaches that will enhance the management of regenerative organic agroecosystems. Shared with farmers and consumers worldwide, our research acts as a catalyst for change in food systems around the globe. Through long-term comparison trials between organic and conventional systems conducted side by side, along with various short-term projects across different climate zones in Pennsylvania, we support a wide range of growers in overcoming field challenges while addressing ecosystem health and human concerns. Rodale Institute has three main areas of focus that guide the research that we do:

- Bolster organic agriculture by developing integrated pests, diseases and weed management techniques as alternatives for chemical applications and facilitate the transition to organic.
- Assist growers in enhancing the resiliency of agricultural ecosystems to withstand extreme weather events exacerbated by climate change.
- Help solve food insecurity by providing research around growing nutrient-dense foods.

The Institute's 350+-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 of Rodale Institute's research influence, 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.

Education is critical to the mission of Rodale Institute. The world needs more regenerative organic farmers. 95 million acres of farmland are poised to change hands in the next decade. In the United States, organic sales have topped \$62 billion annually, and continue to grow. Yet only approximately 1% of U.S. cropland is certified organic. We have a need for more organic farmers, as well as beginning farmers. Today, there are 6x as many farmers over 65 as under 35. That is why Rodale Institute is helping farmers transition to organic, while training the next generation of organic leaders.

# RODALE INSTITUTE

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

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At Rodale Institute, we're invested in giving new farmer trainees and advocates the tools they need to succeed. We offer hands-on, virtual and classroom-based educational opportunities to new farmers through several farmer education and fellowship pathways. Our education philosophy is built on the concept that our work becomes a "destination for inspiration" training both existing farmers and new farmers to become educated regenerative organic farmers as well as reaching out to educate consumers that drive the market and policy makers that incentivize farmer behavior. Rodale Institute is invested in helping new farmers get established in organic agriculture, working with conventional farmers to transition to organic, and teaching existing organic farmers the most effective organic growing practices.

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 online courses to the public to make regenerative organic growing methods more accessible and more widespread.

Rodale Institute Consulting simplifies the process of transitioning to regenerative organic farming systems. Backed by 75+ years of science, our Regenerative Organic Consulting Service launched in 2019 to accelerate the shift from conventional to organic agriculture practices and production. We put trained agronomists and certification experts on farms in a one-on-one mentorship and personalized coaching model to advise transitioning farmers. Our consultancy focuses on 4 core areas:

- Technical Assistance for Farmers
- Market/Buyer Discovery and Connection
- Translating Research into Practical Advice
- Connecting Agricultural Communities

Rodale Institute's Consultancy has two distinct advantages in its service to farmers: 1) we have a national presence that can held a broad geographic constituency; and 2) our consultants have diverse expertise which can help solve farmer's most pressing needs. Our results have been tremendous, with over 33,000 acres in transition since 2019 and 4000 acres having completed transition.

In addition to the headquarters in Kutztown, PA, Rodale Institute also operates nine satellite locations. Six Regional Resource Centers serve as hubs for organic research and education throughout the U.S. and the world. These hubs meet the needs of farmers in their own communities, including regionalized research on pests, diseases, weeds or fertility, as well as field days and extension. Hubs are located in California, Midwest (Iowa), Southeast (Georgia), Pacific Northwest (Washington), Pennsylvania (Pocono), and Europe (Parma, Italy). Additional campuses include an organic farm at a St. Luke's University Hospital Network location, the historic Rodale Institute Founders Farm in Emmaus, PA, and a certified organic vegetable farm on Cornwall Manor's senior living facility campus.

## (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.

# RODALE INSTITUTE

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

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### ***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.

### **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, 2022, 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 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.

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# RODALE INSTITUTE

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

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### **Property and Equipment**

The Institute capitalizes all expenditures for property and equipment in excess of \$5,000. Property and equipment is carried at the lesser of cost or fair value if purchased and at fair value at the date of donation if contributed. 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 included in net assets with donor restrictions in the financial statements.

### **Contributions and Grants**

Contributions and grants 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 and grants whose restrictions are satisfied in the same period are reported as net assets without donor restrictions.

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

### **Donated Services and Materials**

The Institute records donated services that create or enhance nonfinancial assets and that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Institute records the value of donated materials when there is an objective basis available to measure their value. Donated materials are included as support in the accompanying statement of activities at their estimated values at the time received.

### **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.

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# RODALE INSTITUTE

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### Concentration of Credit Risk

Financial instruments which potentially subject the Institute to concentrations of credit risk are cash, contributions and grants 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 agricultural customers and are expected to be collected through 2034. Contributions and grants receivable are primarily due from government agencies and foundations (**See Note 3**).

### (3) CONTRIBUTIONS AND GRANTS RECEIVABLE

Unconditional contributions and grants receivable at December 31, 2023 and 2022 are expected to be collected as follows:

	<u>2023</u>	<u>2022</u>
Less than one year	\$ 6,236,856	\$4,084,086
One to five years	<u>4,672,054</u>	<u>1,405,238</u>
	10,908,910	5,489,324
Less: discount of 4% in 2023 and 5% in 2022	<u>(805,000)</u>	<u>(80,000)</u>
	<u>\$10,103,910</u>	<u>\$5,409,324</u>

The Institute has the following conditional contributions and grants receivable at December 31, 2023.

Redevelopment Assistance Capital Program	\$ 1,000,000
U.S. Department of Agriculture	22,541,816
Foundation for Food and Agricultural Research	<u>2,216,228</u>
	<u>\$25,758,044</u>

### (4) INVESTMENTS

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

	<u>2023</u>	<u>2022</u>
Money market funds	\$ 404,541	\$ 475,098
Common stocks	12,428,885	9,882,827
Corporate bonds	2,622,747	1,455,548
U.S. Treasury obligations	1,103,925	420,432
Asset backed securities	2,376,493	1,305,957
Equity exchange traded funds	1,692,593	2,210,617
Mutual funds		
Equities	1,492,610	1,946,357
Fixed income	-	1,639,745
Alternative investments		
Private equity	251,341	268,971
Real estate investment trust	<u>4,436,974</u>	<u>4,038,655</u>
	<u>\$26,810,109</u>	<u>\$23,644,207</u>

Fair value of investments was determined using Level 1 inputs, except for corporate bonds, U.S. Treasury obligations and asset backed securities which used Level 2 inputs and the alternative investments which are measured at net asset value.

# RODALE INSTITUTE

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

The Institute's real estate investment trust consists of shares of common stock of an unregistered real estate investment trust (Iroquois Valley Farmland REIT, PBC) which invests in organic farmland. This investment has a 5-year lock-up redemption restriction that expires in September 2025.

The Institute's is invested in a private equity fund whose objective is to realize long-term total returns by investing in regenerative agriculture companies. This investment cannot be redeemed, instead distributions will be received through the liquidation of the underlying assets. The fund has unfunded commitments of \$250,000 at December 31, 2023.

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

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 793,142	\$ 558,981
Net realized and unrealized gain (loss)	3,264,115	(3,767,885)
Less: investment management fees	<u>(164,023)</u>	<u>(169,252)</u>
	<u>\$ 3,893,234</u>	<u>\$ (3,378,156)</u>

### (5) PROPERTY AND EQUIPMENT

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

	<u>2023</u>	<u>2022</u>
Land	\$ 6,107,243	\$ 6,107,243
Land improvements	34,421	34,421
Machinery and equipment	3,118,389	2,325,123
Construction in progress – science center	<u>1,186,747</u>	<u>523,568</u>
	10,446,800	8,990,355
Less: accumulated depreciation	<u>(2,001,520)</u>	<u>(1,906,820)</u>
	<u>\$ 8,445,280</u>	<u>\$ 7,083,535</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.

### (6) NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>Balance</u> <u>December 31, 2022</u>	<u>Additions</u> <u>(Subtractions)</u>	<u>Releases</u>	<u>Balance</u> <u>December 31, 2023</u>
Subject to expenditure for specified purposes or periods				
Research, strategic solutions and education	\$ 8,536,885	\$3,353,891	\$(6,190,285)	\$ 5,700,491
Science Center	<u>-</u>	<u>4,200,058</u>	<u>-</u>	<u>4,200,058</u>
	<u>\$ 8,536,885</u>	<u>\$7,553,949</u>	<u>\$(6,190,285)</u>	<u>\$ 9,900,549</u>

# RODALE INSTITUTE

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

Net assets to be maintained indefinitely				
Beneficial interest in perpetual trust, income in available for general operations	522,636	38,914	-	561,550
Endowments				
General endowment, income is available for general operations	648,341	109,886	-	758,227
Ardath Rodale endowment, income is for operations and maintenance of Rodale Research Center	5,613,922	868,814	(271,504)	6,211,232
Working Tree Center endowment, income is available for the operations and maintenance of the Working Tree Center	4,678,297	697,230	(252,293)	5,123,234
Land – Working Tree Center	<u>1,770,000</u>	<u>-</u>	<u>-</u>	<u>1,770,000</u>
	<u>13,233,196</u>	<u>1,714,844</u>	<u>(523,797)</u>	<u>14,424,243</u>
	<u>\$21,770,081</u>	<u>\$9,268,793</u>	<u>\$(6,714,082)</u>	<u>\$24,324,792</u>

The historical dollar value of the Ardath Rodale and Working Tree Center endowments is \$5,000,000 and \$4,546,560, respectively. The historic dollar value of the general endowment is not known.

### (7) 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 net assets for the year ended December 31, 2023 are as follows:

	<b><u>With Donor Restrictions</u></b>
Endowment net assets, beginning of year	\$10,940,560
Interest and dividends, net	165,166
Realized and unrealized gain	1,510,764
Spending policy distribution	<u>(523,797)</u>
Endowment net assets, end of year	<u>\$12,092,693</u>

# RODALE INSTITUTE

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### (8) 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, 2023 are as follows:

	<u>Strategic Solutions Team</u>	<u>Communications</u>	<u>Education</u>	<u>Organic Consultancy</u>	<u>Management and General</u>	<u>Development</u>	<u>Total</u>
Consulting services	\$ 10,398	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,398
Contractor and subcontractors	128,159	-	-	-	-	-	128,159
Supplies	8,490	-	-	-	204,500	5,901	218,891
Travel	<u>33,242</u>	<u>2,055</u>	<u>3,077</u>	<u>53,953</u>	<u>643</u>	<u>1,685</u>	<u>94,655</u>
	<u>\$180,289</u>	<u>\$2,055</u>	<u>\$3,077</u>	<u>\$53,953</u>	<u>\$205,143</u>	<u>\$7,586</u>	<u>\$452,103</u>

### (9) 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 \$171,208 and \$125,124 to the plan in 2023 and 2022, respectively.

### (10) 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 ¾%. The arrangement has no maturity date and is due on demand by the bank. There were no advances outstanding at December 31, 2023 and 2022.

### (11) COMMITMENTS

During 2022, the Institute entered into construction contracts with two companies to design and build a science center and other campus infrastructure upgrades estimated to cost \$22,000,000. The construction is expected to be completed by September 2025.

### (12) 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	\$ 7,950,539
Contributions and grants receivable	10,103,910
Accounts receivable	239,277
Investments	<u>26,810,109</u>
Total financial assets	45,103,835
Less: financial assets not available for general operations within one year	
Restricted by donor for specific purposes	(9,900,549)
Restricted by donor to be maintained indefinitely	(9,020,606)
Unfunded commitments to private equity fund	(250,000)
Investments with liquidity horizons greater than one year	<u>(4,688,315)</u>
Total financial assets available within one year	<u>\$21,244,365</u>



# RODALE INSTITUTE

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

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### 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.

### (13) SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 27, 2024, the date on which the financial statements were available to be issued. There are no material subsequent events that have occurred that require recognition in the financial statements and a line of credit.

## **SUPPLEMENTARY INFORMATION**

**RODALE INSTITUTE**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Year ended December 31, 2023**

<u>Federal Grantor/Pass-Through/ Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass- Through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>Passed Through to Subrecipients</u>
<b>Research and Development Cluster</b>				
<b>U.S. Department of Agriculture programs</b>				
Direct program:				
Agricultural Research Service programs				
Agricultural Research Basic and Applied Research	10.001	N/A	\$ 29,191	\$ -
Pass-Through programs:				
Agricultural Marketing Service programs				
Specialty Crop Block Grant Program - Farm Bill				
Pennsylvania Department of Agriculture	10.170	C940000983	31,898	-
Pennsylvania Department of Agriculture	10.170	C940001090	20,425	-
Pennsylvania Department of Agriculture	10.170	C940000519	45,561	-
California Department of Food and Agriculture	10.170	22-0001-026-SF	86,800	-
California Department of Food and Agriculture	10.170	21-0433-019-SF	100,229	-
Iowa Department of Agriculture and Land Stewardship	10.170	SCBG-1430-9	16,354	-
		<b>Total ALN 10.170</b>	<u>301,267</u>	<u>-</u>
Direct program:				
National Institute of Food and Agriculture programs				
Beginning Farmer and Rancher Development Program	10.311	N/A	210,723	-
Pass-Through programs:				
National Institute of Food and Agriculture programs				
Sustainable Agriculture Research and Education				
University of Vermont	10.215	ONE22-421-AWD00000495	11,464	-
University of Vermont	10.215	LNE23-473R-AWD00001024	18,115	-
University of Vermont	10.215	N/A	14,683	-
		<b>Total ALN 10.215</b>	<u>44,262</u>	<u>-</u>
Integrated Programs				
Clemson University	10.303	2225-207-2014161	21,305	-
Grassland Reserve Program				
University of Delaware	10.920	UDR0000354	20,104	-
Total National Institute of Food and Agriculture programs			<u>296,394</u>	<u>-</u>

**See notes to Schedule of Expenditures of Federal Awards**

**RODALE INSTITUTE**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Year ended December 31, 2023**

<u>Federal Grantor/Pass-Through/ Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass- Through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>Passed Through to Subrecipients</u>
Direct program:				
National Resources Conservation Service programs				
Environmental Quality Incentives Program	10.912	N/A	27,694	-
Partnerships for Climate-Smart Commodities	10.937	N/A	<u>1,903,002</u>	<u>1,493,603</u>
			<u>1,930,696</u>	<u>1,493,603</u>
<b>Total Research and Development Cluster</b>			<u>2,557,548</u>	<u>1,493,603</u>
<b><u>U.S. Department of Agriculture</u></b>				
Pass-Through programs:				
Purdue University				
Organic Agriculture Research and Extension Initiative	10.307	F9000079402021	28,438	-
Penn State University				
Organic Agriculture Research and Extension Initiative	10.307	N/A	20,000	-
Pennsylvania Certified Organic				
Organic Agriculture Research and Extension Initiative	10.307	N/A	56,695	-
Florida Certified Organic Growers				
Organic Agriculture Research and Extension Initiative	10.307	N/A	58,079	-
CCOF Foundation				
Organic Agriculture Research and Extension Initiative	10.307	23-NOP-XX-CA-0002	95,079	-
OCIA International, Inc.				
Organic Agriculture Research and Extension Initiative	10.307	N/A	113,515	-
The Land Connection				
Organic Agriculture Research and Extension Initiative	10.307	N/A	<u>26,150</u>	<u>-</u>
		<b>Total ALN 10.307</b>	<u>397,956</u>	<u>-</u>
<b><u>U.S. Department of The Treasury</u></b>				
Pass-Through: Linn County Food Systems Council				
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	<u>16,000</u>	<u>-</u>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$2,971,504</u></b>	<b><u>\$1,493,603</u></b>

# RODALE INSTITUTE

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2023

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### (1) GENERAL INFORMATION

The accompanying schedule of expenditures of federal awards presents the activities in all the federal financial assistance programs of Rodale Institute. All financial assistance received directly from federal agencies as well as federal financial assistance passed through other governmental agencies or nonprofit organizations are included on the schedule of expenditures of federal awards. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("**Uniform Guidance**"). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

### (2) BASIS OF ACCOUNTING

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.

### (3) RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal awards expenditures reported in the basic financial statements are presented may differ from the expenditures reported in the schedule of expenditures of federal awards due to the expenditures exceeding grant or contract budget limitations which are not included as federal awards.

### (4) INDIRECT COSTS

Rodale Institute has not elected to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

# RODALE INSTITUTE

## *SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS*

**December 31, 2023**

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An audit in accordance with Uniform Guidance was not required to be performed for the year ended December 31, 2022.



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**INDEPENDENT AUDITOR'S REPORT**

**Board of Directors  
Rodale Institute**

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Rodale Institute (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 27, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Rodale Institute's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Rodale Institute's internal control. Accordingly, we do not express an opinion on the effectiveness of Rodale Institute's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Rodale Institute's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BBD, LLP.

**Philadelphia, Pennsylvania**  
**June 27, 2024**





**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

**INDEPENDENT AUDITOR'S REPORT**

**Board of Directors  
Rodale Institute**

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Rodale Institute's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on Rodale Institute's major federal program for the year ended December 31, 2023. Rodale Institute's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Rodale Institute complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Rodale Institute and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Rodale Institute's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Rodale Institute's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Rodale Institute's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Rodale Institute's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Rodale Institute's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Rodale Institute's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Rodale Institute's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*BBD, LLP.*

**Philadelphia, Pennsylvania**  
**June 27, 2024**

# RODALE INSTITUTE

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended December 31, 2023

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### SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Rodale Institute were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of Rodale Institute were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award program are reported in the report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal program for Rodale Institute expresses an unmodified opinion on the major federal program.
6. There are no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) of the Uniform Guidance.
7. The program tested as the major federal program was:
  - U.S. Department of Agriculture
  - Research and Development Cluster –
  - ALNs 10.001, 10.170, 10.215, 10.303, 10.311, 10.912, 10.920 and 10.937
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Rodale Institute did not qualify as a low-risk auditee.

### FINDINGS—FINANCIAL STATEMENT AUDIT

None

### FINDINGS AND QUESTIONED COSTS—MAJOR FEDERAL AWARD PROGRAM AUDIT

None