

RODALE INSTITUTE
Financial Statements
December 31, 2024
With Independent Auditor's Report

Rodale Institute
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December 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Rodale Institute:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Rodale Institute (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, 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 accompanying financial statements present fairly, in all material respects, the financial position of Rodale Institute as of December 31, 2024 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, 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 for 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 GAAS 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 GAAS 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

The financial statements of Rodale Institute as of and for the year ended December 31, 2023, were audited by BBD, LLP, who joined with WithumSmith+Brown, PC on April 1, 2024 and expressed a unmodified opinion on those statements dated June 27, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023 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 GAAS. 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 July 31, 2025 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.

WithumSmith+Brown, PC

July 31, 2025

Rodale Institute
Statement of Financial Position
December 31, 2024 with Comparative Totals for 2023

	<u>2024</u>	<u>2023</u>
Assets		
Cash and cash equivalents	\$ 8,486,786	\$ 7,950,539
Contributions and grants receivable	6,072,996	10,103,910
Accounts receivable	208,869	239,277
Prepaid expenses and other assets	367,111	250,398
Investments	29,717,285	26,810,109
Beneficial interest in perpetual trust	602,789	561,550
Property and equipment, net	<u>9,281,101</u>	<u>8,445,280</u>
 Total assets	 <u><u>\$ 54,736,937</u></u>	 <u><u>\$ 54,361,063</u></u>
 Liabilities and Net Assets		
 Liabilities		
Accounts payable and accrued expenses	<u>\$ 2,161,737</u>	<u>\$ 3,536,649</u>
 Net assets		
Without donor restrictions	27,575,975	26,499,622
With donor restrictions	<u>24,999,225</u>	<u>24,324,792</u>
Total net assets	<u>52,575,200</u>	<u>50,824,414</u>
 Total liabilities and net assets	 <u><u>\$ 54,736,937</u></u>	 <u><u>\$ 54,361,063</u></u>

The Notes to Financial Statements are an integral part of this statement.

Rodale Institute
Statement of Activities
Year Ended December 31, 2024 with Comparative Totals for 2023

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2024	2023
Revenue, gains and support				
Contributions and corporate grants	\$ 4,637,802	\$ 3,663,341	\$ 8,301,143	\$ 11,964,339
Contributions of non-financial assets	540,681	-	540,681	452,103
Federal, state and local grants	5,299,645	-	5,299,645	4,522,486
Education and store	273,937	-	273,937	176,574
Farm sales	178,812	-	178,812	151,922
Other	80,764	-	80,764	255,578
Transfers				
Endowment spending policy distribution	566,722	(566,722)	-	-
Net assets released from restrictions	3,674,062	(3,674,062)	-	-
Total revenue, gains and support	15,252,425	(577,443)	14,674,982	17,523,002
Expenses				
Program Services				
Strategic Solutions Team	7,518,236	-	7,518,236	7,995,779
Communications	1,139,971	-	1,139,971	1,120,941
Education	1,388,867	-	1,388,867	882,259
Organic consultancy	2,230,927	-	2,230,927	1,673,372
Supporting Services				
Management and general	1,763,155	-	1,763,155	1,689,456
Development	1,366,745	-	1,366,745	1,346,753
Total expenses	15,407,901	-	15,407,901	14,708,560
Change in net assets before other changes	(155,476)	(577,443)	(732,919)	2,814,442
Other changes				
Investment income	1,786,829	1,210,637	2,997,466	3,893,234
Impairment loss	(555,000)	-	(555,000)	-
Change in value of beneficial interest in perpetual trust	-	41,239	41,239	38,914
Total other changes	1,231,829	1,251,876	2,483,705	3,932,148
Change in net assets	1,076,353	674,433	1,750,786	6,746,590
Net assets				
Beginning of year	26,499,622	24,324,792	50,824,414	44,077,824
End of year	\$ 27,575,975	\$ 24,999,225	\$ 52,575,200	\$ 50,824,414

The Notes to Financial Statements are an integral part of this statement.

Rodale Institute
Statement of Functional Expenses
Year Ended December 31, 2024 with Comparative Totals for 2023

	Program Services					Supporting Services			Totals	
	Strategic Solutions Team	Communications	Education	Organic Consultancy	Total Program Services	Management and General	Development	Total Supporting Services	2024	2023
Salaries	\$ 3,041,746	\$ 640,807	\$ 718,929	\$ 1,240,122	\$ 5,641,604	\$ 986,538	\$ 580,811	\$ 1,567,349	\$ 7,208,953	\$ 5,998,618
Payroll taxes and employee benefits	828,419	171,080	177,459	339,325	1,516,283	345,374	160,514	505,888	2,022,171	1,737,562
Consulting services	274,348	72,009	59,466	180,609	586,432	68,119	344,009	412,128	998,560	1,229,664
Contractors and subcontractors	1,595,019	887	-	6,312	1,602,218	38	125	163	1,602,381	2,366,872
Depreciation	150,759	1,311	250	-	152,320	15,095	3,629	18,724	171,044	94,700
Dues and subscriptions	66,643	28,042	13,906	33,421	142,012	17,698	22,641	40,339	182,351	151,286
Equipment maintenance	49,603	7,562	4,156	10,452	71,773	41,923	36,306	78,229	150,002	478,133
Postage	18,496	2,270	1,081	2,696	24,543	4,806	24,718	29,524	54,067	57,783
Printing and publications	14,860	4,777	3,699	1,322	24,658	2,038	30,270	32,308	56,966	65,503
Professional services	21,873	442	12,789	336	35,440	48,808	369	49,177	84,617	67,268
Supplies	411,435	28,201	32,632	12,872	485,140	51,307	46,635	97,942	583,082	666,726
Telecommunications	35,984	11,351	3,633	38,894	89,862	20,295	5,505	25,800	115,662	92,396
Testing and measurement	348,877	-	502	24	349,403	8,039	-	8,039	357,442	481,441
Travel	140,290	8,605	38,306	177,163	364,364	29,149	63,198	92,347	456,711	418,077
Utilities	298,978	37,131	160,256	76,922	573,287	26,794	13,051	39,845	613,132	323,808
Other	220,906	125,496	161,803	110,457	618,662	97,134	34,964	132,098	750,760	478,723
	<u>\$ 7,518,236</u>	<u>\$ 1,139,971</u>	<u>\$ 1,388,867</u>	<u>\$ 2,230,927</u>	<u>\$ 12,278,001</u>	<u>\$ 1,763,155</u>	<u>\$ 1,366,745</u>	<u>\$ 3,129,900</u>	<u>\$ 15,407,901</u>	<u>\$ 14,708,560</u>

The Notes to Financial Statements are an integral part of this statement.

Rodale Institute
Statements of Cash Flows
Year Ended December 31, 2024 with Comparative Totals for 2023

	<u>2024</u>	<u>2023</u>
Operating activities		
Change in net assets	\$ 1,750,786	\$ 6,746,590
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Net realized and unrealized gain on investments	(2,001,009)	(3,264,115)
Change in value of beneficial interest in perpetual trust	(41,239)	(38,914)
Depreciation expense	171,044	94,700
Impairment loss	555,000	-
Change in operating assets and liabilities		
Contributions and grants receivable	4,030,914	(4,694,586)
Accounts receivable	30,408	111,242
Prepaid expenses and other assets	(116,713)	87,741
Accounts payable and accrued expenses	<u>(1,258,560)</u>	<u>2,217,466</u>
Net cash provided by operating activities	<u>3,120,631</u>	<u>1,260,124</u>
Investing activities		
Proceeds from sales of investments	5,345,063	15,393,110
Purchases of investments	(6,251,230)	(15,294,897)
Purchases of property and equipment	<u>(1,678,217)</u>	<u>(1,485,515)</u>
Net cash used in investing activities	<u>(2,584,384)</u>	<u>(1,387,302)</u>
Net change in cash and cash equivalents	536,247	(127,178)
Cash and cash equivalents		
Beginning of year	<u>7,950,539</u>	<u>8,077,717</u>
End of year	<u>\$ 8,486,786</u>	<u>\$ 7,950,539</u>
Supplemental information		
Purchases of property and equipment included in accounts payable and accrued expenses	<u>\$ -</u>	<u>\$ 116,352</u>

The Notes to Financial Statements are an integral part of this statement.

1. NATURE OF OPERATIONS

Rodale Institute (the "Institute"), located in Kutztown, Pennsylvania, is an innovative 501(c)(3) nonprofit, 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. 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.

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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.

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 in accordance with accounting principles generally accepted in the United States of America ("GAAP"). As a result, revenues are recognized when earned and expenses are recognized when incurred.

Rodale Institute
Notes to Financial Statements
December 31, 2024

Financial Statement Presentation

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

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions.

Net assets 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.

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. The Institute includes in its measure of operations all revenues and expenses that are integral to its program services and supporting services. The measure of operations excludes non-operating activities, which are limited primarily to returns from investments, the change in value of perpetual trust and other activities considered to be of a non-operating nature.

Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the disclosure of contingent assets and liabilities, as well as the reported amounts of revenues and expenses during the reported period. Actual results could vary from those estimates. Significant estimates include the net realizable value of accounts and contributions and grants receivable, the fair value of investments, the fair value of the beneficial interest in perpetual trust, the depreciable lives of property and equipment and the allocation of functional expenses.

Fair Value Measurements

GAAP defines 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 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Institute has the ability to access.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, Inputs other than quoted prices that are observable for the asset or liability and Inputs that are derived principally from observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2024 and 2023.

Corporate Bonds, U.S. Treasury Obligations and Asset Backed Securities: Valued based on investment managers use of pricing services using market data.

Common Stocks, Mutual Funds and Exchange Traded Funds: Valued at quoted prices for identical assets or liabilities in active markets that the Institute has the ability to access.

Alternative Investments: Valued at net asset value which is based on its ownership interest in the funds. These are excluded from the fair value hierarchy.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Institute believes its valuation methods are appropriate and consistent, the use of different methodologies and assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Cash and Cash Equivalents

Cash equivalents include short-term, highly liquid investments with a maturity date of three months or less on the date of acquisition.

Accounts Receivable

Accounts receivable represent unsecured noninterest bearing obligations and are carried at original invoice amounts less an estimate made for credit losses based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for credit losses by identifying troubled accounts and performing a historical and future looking analysis. Receivables are written off when deemed uncollectible. Any uncollectible amounts would not be material to the financial statements. Accounts receivable totaled \$239,277 and \$350,519 as of January 1, 2024 and 2023, respectively. Account receivable at December 31, 2024 are expected to be collected within one year.

Contributions and Grants Receivable

The Institute records unconditional contributions and grants receivable that are expected to be collected within one year at net realizable value. Contributions and grants receivable with expected collection past one year are recorded at net present value using risk-free rates applicable to the years in which the promises are received. The Institute monitors the collectability of these receivables and an allowance for uncollectable promises to give is recorded based on historical experience, an assessment of economic conditions, and a review of subsequent collections (see Note 3).

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 the amounts reported in the financial statements could change materially in the near term.

Rodale Institute
Notes to Financial Statements
December 31, 2024

Property and Equipment, Net

Property and equipment are carried at cost, if purchased, and at the fair value at the date of donation if donated. Depreciation is computed over 3-20 years on the straight-line method over the estimated useful lives of the assets.

Impairment of Long-Lived Assets

The Institute reviews its long-lived assets for impairment whenever events or circumstances indicate that the carrying value of such assets may not be fully recoverable. Impairment is present when the sum of undiscounted estimated future cash flows expected to result from use of the assets is less than carrying value. If impairment is present, the carrying value of the impaired asset is reduced to its fair value. Fair value is determined based on discounted cash flows or appraised values, depending on the nature of the assets. During the year ended December 31, 2024 the Institute recognized an impairment loss of \$555,000 as a result of the cancellation of a grant. There was no impairment loss recognized in the year ended December 31, 2023.

Beneficial Interest in Perpetual Trusts

The Institute has been named as an irrevocable beneficiary of a perpetual trust held and administered by an independent trustee. The perpetual trust provides for the distribution of the net income of the trust to the Institute; however, the Institute will never receive the assets of the trust. At the date the Institute receives notice of a beneficial interest, a contribution with donor restrictions of a perpetual nature is recorded in the statement of activities and a beneficial interest in perpetual trust is recorded in the statement of financial position at the fair value of the underlying trust assets. Thereafter, beneficial interest in the trust is reported at the fair value of the trusts' assets in the statement of financial position, with trust distributions and changes in fair value recognized in the statement of activities.

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 when the related promise to give is received. Conditional contributions and grants, that is, those with a measurable performance or other measurable barrier, and a right of return or release, are not recognized in revenue until the conditions on which they depend have been substantially met.

A portion of the Institute's revenue is derived from cost-reimbursable federal, state and local contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when Institute has incurred expenditures in compliance with specific contract or grant provisions. The Institute received cost-reimbursable grants of \$4,067,375 and \$25,758,044 that have not been recognized at December 31, 2024 and 2023, respectively, because qualifying expenditures have not yet been incurred.

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Notes to Financial Statements
December 31, 2024

Revenue Recognition

The Institute accounts for revenue from contracts with customers as exchange transactions in the consolidated statements of activities as revenue without donor restrictions.

In determining the appropriate amount of revenue to be recognized as it fulfills its obligations under its agreements, the Institute performs the following steps in accordance with Topic 606: (i) identification of the promised goods or services in the contract; (ii) determination of whether the promised goods or services are performance obligations including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations based on estimated selling prices; and (v) recognition of revenue when (or as) the Institute satisfies each performance obligation.

Educational revenue is based on published fixed rates and collected either at the time of registration, in advance of the workshop or webinar resulting in a deferred revenue balance or at the time the workshop or webinar takes place and immediately recognized as revenue. Educational revenues are recognized as revenue at the point in time the workshop or webinar is conducted.

Farm sales are based on published fixed rates and collected and recognized as revenue at the point in time of purchase.

There were no contract assets or liabilities at December 31, 2024 and 2023.

Contributions of Non-Financial Assets

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 at fair value on date of donation 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.

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, 2023, from which the summarized information was derived.

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).

Rodale Institute
Notes to Financial Statements
December 31, 2024

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.

Concentration of Credit Risk

The Institute has significant cash and money market fund balances at financial institutions which throughout the year regularly exceed the amounts insured by either the Federal Deposit Insurance Corporation for up to \$250,000 or the Securities Investor Protection Corporation. Any loss incurred or lack of access to such funds could have a significant adverse impact on the Institutes' financial condition, change in net assets, and cash flows.

3. CONTRIBUTIONS AND GRANTS RECEIVABLE

Unconditional contributions and grants receivable at December 31, 2024 and 2023 are expected to be collected as follows:

	<u>2024</u>	<u>2023</u>
Less than one year	\$ 2,818,372	\$ 6,236,856
One to five years	2,105,829	2,272,054
Thereafter	<u>2,000,000</u>	<u>2,400,000</u>
	6,924,201	10,908,910
Less: Allowance for doubtful accounts	(46,205)	-
Less: Discount of 4% in 2024 and 2023	<u>(805,000)</u>	<u>(805,000)</u>
	<u>\$ 6,072,996</u>	<u>\$ 10,103,910</u>

4. INVESTMENTS

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

	<u>2024</u>	<u>2023</u>
Money market funds	\$ 300,053	\$ 404,541
U.S. Treasury obligations	1,012,858	1,103,925
Corporate bonds	2,709,734	2,622,747
Asset backed securities	2,726,794	2,376,493
Common stocks	14,032,288	12,428,885
Equity exchange traded funds	1,749,722	1,692,593
Equity mutual funds	1,538,562	1,492,610
Alternative investments		
Private equity	951,341	251,341
Real estate investment trust	<u>4,695,933</u>	<u>4,436,974</u>
	<u>\$ 29,717,285</u>	<u>\$ 26,810,109</u>

Rodale Institute
Notes to Financial Statements
December 31, 2024

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 three private equity funds 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 funds have unfunded commitments of \$150,000 at December 31, 2024 and \$250,000 at December 31, 2023.

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

	<u>2024</u>	<u>2023</u>
Interest and dividends	\$ 1,154,974	\$ 793,142
Net realized and unrealized gain	2,001,009	3,264,115
Less: Investment management fees	<u>(158,517)</u>	<u>(164,023)</u>
	<u>\$ 2,997,466</u>	<u>\$ 3,893,234</u>

5. PROPERTY AND EQUIPMENT

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

	<u>2024</u>	<u>2023</u>
Land	\$ 6,107,243	\$ 6,107,243
Land improvements	34,421	34,421
Machinery and equipment	2,942,452	3,118,389
Construction in progress - science center	<u>2,324,549</u>	<u>1,186,747</u>
	11,408,665	10,446,800
Less: Accumulated depreciation	<u>(2,127,564)</u>	<u>(2,001,520)</u>
	<u>\$ 9,281,101</u>	<u>\$ 8,445,280</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.

Rodale Institute
Notes to Financial Statements
December 31, 2024

6. NET ASSETS WITH DONOR RESTRICTIONS

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

	Balance December 31, 2023	Additions	Releases	Balance December 31, 2024
Subject to expenditure for specified purposes or periods				
Research, strategic solutions and education Science Center	\$ 5,700,491	\$ 3,329,992	\$ (3,627,332)	\$ 5,403,151
	<u>4,200,058</u>	<u>333,349</u>	<u>(46,730)</u>	<u>4,486,677</u>
	<u>9,900,549</u>	<u>3,663,341</u>	<u>(3,674,062)</u>	<u>9,889,828</u>
Net assets to be maintained indefinitely				
Beneficial interest in perpetual trust, income is available for general operations	561,550	41,239	-	602,789
Endowments				
General endowment, income is available for general operations	758,227	77,946	-	836,173
Ardath Rodale endowment, income is for operations and maintenance of Rodale Research Center	6,211,232	638,073	(310,561)	6,538,744
Working Tree Center endowment, income is available for the operations and maintenance of the Working Tree Center	<u>5,123,234</u>	<u>494,618</u>	<u>(256,161)</u>	<u>5,361,691</u>
Land - Working Tree Center	<u>1,770,000</u>	<u>-</u>	<u>-</u>	<u>1,770,000</u>
	<u>14,424,243</u>	<u>1,251,876</u>	<u>(566,722)</u>	<u>15,109,397</u>
	<u>\$ 24,324,792</u>	<u>\$ 4,915,217</u>	<u>\$ (4,240,784)</u>	<u>\$ 24,999,225</u>

The historical dollar value of the Ardath Rodale and Working Tree Center endowments is \$5,000,000 and \$4,546,560, respectively at December 31, 2024 and 2023. 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.

Rodale Institute
Notes to Financial Statements
December 31, 2024

Changes in the endowment net assets for the year ended December 31, 2024 are as follows:

With Donor Restrictions	2024	2023
Endowment net assets, beginning of year	\$ 12,092,693	\$ 10,940,560
Interest and dividends, net	316,202	165,166
Realized and unrealized gain	894,435	1,510,764
Spending policy distribution	(566,722)	(523,797)
Endowment net assets, end of year	<u>\$ 12,736,608</u>	<u>\$ 12,092,693</u>

8. CONTRIBUTIONS OF NON-FINANCIAL ASSETS

The fair value of donated services, supplies, travel and utilities is included as contributions in the financial statements and the corresponding expenses for the years ended December 31, 2024 and 2023:

2024	Strategic Solution Team	Communications	Education	Organic Consultancy	Management and General	Development	Total
Contractor and subcontractors	\$ 357,683		\$ 30,000		\$ 1,425		\$ 389,108
Supplies	2,855	2,787				9,932	15,574
Travel	12,532	1,346	281	58	734	1,048	15,999
Utilities	-	-	120,000	-	-	-	120,000
	<u>\$ 373,070</u>	<u>\$ 4,133</u>	<u>\$ 150,281</u>	<u>\$ 58</u>	<u>\$ 2,159</u>	<u>\$ 10,980</u>	<u>\$ 540,681</u>

2023	Strategic Solution Team	Communications	Education	Organic Consultancy	Management and General	Development	Total
Consulting services	\$ 10,398	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,398
Contractor and subcontractors	128,159	-	-	-	-	-	128,159
Supplies	8,490	-	-	-	204,500	5,901	218,891
Travel	33,242	2,055	3,077	53,953	643	1,685	94,655
	<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 \$194,486 and \$171,208 to the plan in 2024 and 2023, 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 $\frac{3}{4}\%$. The arrangement has no maturity date and is due on demand by the bank. There were no advances outstanding at December 31, 2024 and 2023.

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 and is funded by a capital campaign.

Rodale Institute
Notes to Financial Statements
December 31, 2024

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 for general expenditures within one year.

	2024	2023
Cash and cash equivalents	\$ 8,486,786	\$ 7,950,539
Contributions and grants receivable	6,072,996	10,103,910
Accounts receivable	208,869	239,277
Investments	<u>29,717,285</u>	<u>26,810,109</u>
Total financial assets	44,485,936	45,103,835
Less: Financial assets not available for general operations within one year		
Restricted by donor for specific purposes	(9,889,828)	(9,900,549)
Restricted by donor to be maintained indefinitely	(12,736,608)	(12,092,693)
Investments with liquidity horizons greater than one year	<u>(5,647,274)</u>	<u>(4,688,315)</u>
Total financial assets available within one year	<u>\$ 16,212,226</u>	<u>\$ 18,422,278</u>

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. ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS

The following is a summary of assets and liabilities measured at fair value on a recurring basis and the valuation inputs used to value them:

Description	Balance December 31, 2024	Quoted Prices In Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Investments				
Money market funds	\$ 300,053	\$ 300,053	\$ -	\$ -
U.S. Treasury obligations	1,012,858	-	1,012,858	-
Corporate bonds	2,709,734	-	2,709,734	-
Asset backed securities	2,726,794	-	2,726,794	-
Common stocks	14,032,288	14,032,288	-	-
Equity exchange traded funds	1,749,722	1,749,722	-	-
Equity mutual funds	1,538,562	1,538,562	-	-
Alternative investments	<u>5,647,274</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total Investments	29,717,285	17,620,625	6,449,386	-
Beneficial interest in perpetual trust	<u>602,789</u>	<u>-</u>	<u>-</u>	<u>602,789</u>
	<u>\$ 30,320,074</u>	<u>\$ 17,620,625</u>	<u>\$ 6,449,386</u>	<u>\$ 602,789</u>

Rodale Institute
Notes to Financial Statements
December 31, 2024

<u>Description</u>	<u>Balance December 31, 2023</u>	<u>Quoted Prices In Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Assets				
Investments				
Money market funds	\$ 404,541	\$ 404,541	\$ -	\$ -
U.S. Treasury obligations	1,103,925	-	1,103,925	-
Corporate bonds	2,622,747	-	2,622,747	-
Asset backed securities	2,376,493	-	2,376,493	-
Common stocks	12,428,885	12,428,885	-	-
Equity exchange traded funds	1,692,593	1,692,593	-	-
Equity mutual funds	1,492,610	1,492,610	-	-
Alternative investments	4,688,315	N/A	N/A	N/A
Total Investments	26,810,109	16,018,629	6,103,165	-
Beneficial interest in perpetual trust	561,550	-	-	561,550
	<u>\$ 27,371,659</u>	<u>\$ 16,018,629</u>	<u>\$ 6,103,165</u>	<u>\$ 561,550</u>

14. SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 31, 2025, the date on which the financial statements were available to be issued. Other than as disclosed in Note 2, there are no subsequent events that have occurred that require recognition in the financial statements.

SUPPLEMENTARY INFORMATION

Rodale Institute
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2024

Federal Grantor/Pass-Through/ Program Title	Federal Assistance Listing Number (ALN)	Pass- Through Grantor's Number	Total Federal Expenditures	Passed Through to Subrecipients
<u>Research and Development Cluster</u>				
U.S. Department of Agriculture programs				
Direct Program:				
Agricultural Research Service programs				
Agricultural Research Basic and Applied Research	10.001	N/A	\$ 24,646	\$ -
Pass-Through Programs:				
Agricultural Marketing Service programs				
Specialty Crop Block Grant Program - Farm Bill				
Pennsylvania Department of Agriculture	10.170	C940000983	72,851	-
Pennsylvania Department of Agriculture	10.170	C940001090	32,826	-
Pennsylvania Department of Agriculture	10.170	C940001531	51,680	-
California Department of Food and Agriculture	10.170	22-0001-026-SF	116,016	-
California Department of Food and Agriculture	10.170	21-0433-019-SF	146,976	-
Iowa Department of Agriculture and Land Stewardship	10.170	SCBG-1430-9	7,622	-
		Total ALN 10.170	427,971	-
Direct Program:				
National Institute of Food and Agriculture programs				
Beginning Farmer and Rancher Development Program	10.311	N/A	216,141	-
Pass-Through Programs:				
National Institute of Food and Agriculture programs				
Sustainable Agriculture Research and Education				
University of Vermont	10.215	ONE22-421-AWD00000495	7,209	-
University of Vermont	10.215	LNE23-473R-AWD00001024	79,586	-
			86,795	-
Integrated Programs				
Clemson University	10.303	2225-207-2014161	20,229	-
Washington University	10.303	2023-51106-41077	58,053	-
			78,282	-
Grassland Reserve Program				
University of Delaware	10.520	UDR0000354	79,732	-
Total National Institute of Food and Agriculture programs			460,950	-
Direct Program:				
National Resources Conservation Service programs				
Environmental Quality Incentives Program	10.912	N/A	7,767	-
Total Research and Development Cluster			921,334	-
<u>U.S. Department of Agriculture</u>				
Direct Program:				
Partnership for Climate-Smart Commodities	10.937	N/A	2,249,199	938,514

Rodale Institute
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2024

Pass-Through Programs:

Pennsylvania Certified Organic				
Organic Agriculture Research and Extension Initiative	10.307	N/A	65,824	-
Florida Certified Organic Growers				
Organic Agriculture Research and Extension Initiative	10.307	N/A	53,369	-
OCIA International, Inc.				
Organic Agriculture Research and Extension Initiative	10.307	N/A	145,000	-
The Land Connection				
Organic Agriculture Research and Extension Initiative	10.307	N/A	<u>52,000</u>	<u>-</u>
Total ALN 10.307			<u>316,193</u>	<u>-</u>

Total Expenditures of Federal Awards			<u>\$ 3,486,726</u>	<u>\$ 938,514</u>
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Rodale Institute
Notes to Schedule of Expenditures of Federal Awards
December 31, 2024

1. GENERAL INFORMATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Rodale Institute (the "Institute") under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the 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"). Because the Schedule presents only a selected portion of the operations of the Institute, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Institute.

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 as to reimbursement.

3. INDIRECT COSTS

The Institute has not elected to use the 10% de minimis indirect cost rate for federal contracts allowed under the Uniform Guidance.

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

To the Board of Directors of
Rodale Institute:

We have audited, in accordance with auditing standards generally accepted in the United States of America 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, 2024, 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 July 31, 2025.

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 Rodale Institute's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rodale Institute's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Withum Smith & Brown, PC

July 31, 2025

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
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 Office of Management and Budget *Compliance Supplement* that could have a direct and material effect on Rodale Institute's major federal program for the year ended December 31, 2024. 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 the major federal program for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Programs

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"); 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 is 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 GAAS, *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 GAAS, *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.

Withum Smith & Brown, PC

July 31, 2025

Rodale Institute
Schedule of Findings and Questioned Costs
Year Ended December 31, 2024

Section 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weaknesses identified? No

Significant deficiencies identified that are not considered to be material weaknesses? None reported

Noncompliance material to the financial statements noted? No

Federal Awards

Internal control over major programs:

Material weaknesses identified? No

Significant deficiencies identified that are not considered to be material weaknesses? None reported

Type of auditor's report issued on compliance for the major program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a): No

The following federal program was designated as the major program:

Assistance
Listing Number

Partnerships for Climate-Smart Commodities 10.937

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as a low-risk auditee? No

Section 2 - Financial Statement Findings

None.

Section 3 - Major Federal Award Programs Findings and Questioned Costs

None.

Section 4 - Prior Year Findings

None.