



RODALE
INSTITUTE™

HEALTHY SOIL, HEALTHY FOOD, HEALTHY PEOPLE, HEALTHY PLANET™



ANNUAL REPORT 2010

Letter from Rodale Institute Board Co-Chair, Maria Rodale

Dear friends,

2010 was a year of transitions for the Rodale Institute.

It began with the sad passing of my mother, Ardie Rodale, who was by far the Rodale Institute's biggest supporter and fan. Thanks so much to all of you who sent donations and letters of sympathy on her behalf. We are exploring ways to honor her spirit and support. In the meantime, the family planted a shagbark hickory tree by the side door of her house on the farm. If you come to visit you will recognize it by the crystals hanging from the branches!

My parents originally purchased the farm in 1972. With her passing, the farm is transitioning to full ownership by the Rodale Institute. In the past year, we completed putting the farm into what we believe is the first Organic Conservation Easement in the United States, so that the farm is protected from development and chemical farming in perpetuity. The easement is held by the Wildlands Conservancy, a wonderful partner to have with a shared mission of protecting, preserving and celebrating nature for future generations, which is ultimately what organic farming is all about.

But through all these major transitions, we have accomplished a lot: our organic plant sales brought out seasoned and newbie gardeners alike. Our second annual Organic Apple Festival was so well attended we ran out of food halfway through and by the end of the day the apple trees were picked clean! We broke ground on our new wastewater treatment bathrooms, which demonstrate an eco-friendly restroom facility using rainwater and a constructed wetland to treat the wastewater. Those should be in operation in time for our spring plant sale in April.

Our research team continues to study different aspects of organic farming, like cover crops, no-till, and mycorrhizal fungi. They've also guided our Farming Systems Trial, America's longest running study comparing organic agriculture and chemical agriculture, into its 30th year. This study has yielded so many insights into the importance of organic farming to our environment, our health and our future on this planet. We'll be celebrating this landmark anniversary in 2011.

We are ending 2010 with the best kind of transition—the hire of our new Executive Director, Mark “Coach” Smallwood. Mark joins us from Whole Foods, where he was the Mid-Atlantic Green Mission Specialist and Local Forager. He has had many notable accomplishments in his career, and I take heart in his ability to innovatively manage the Rodale Institute due to his experience driving a team of oxen, using pigs to turn compost and raising bees. Expect many new and interesting things in 2011!

Your support is essential to our continued work. I thank you from the bottom of my heart for your interest and donations. And I look forward to great things to come. Together, we are making a big difference of the most important kind.

Most Sincerely,



Maria Rodale



Letter from Rodale Institute's new Executive Director, Mark Smallwood

Dear friends,

I'm thrilled to join the Rodale Institute as its new Executive Director. Over the course of my career I've been an organic/biodynamic farmer, owned and operated an organic lawn care company, taught high school and coached basketball (That is why everyone calls me "Coach"). I'm humbled and proud to bring my experience in leadership and first-hand knowledge of organics to the Rodale Institute.

Rodale and its supporters like you have been pioneering organics for over sixty years, to great success. It's now time for a massive awakening concerning organics. My goal is to position the Rodale Institute as the leader of this cultural shift. How are we going to do that? We will continue our tradition of first-rate scientific research and education and support for farmers, while empowering consumers with the knowledge that they can change the world by demanding organic.

We know how profoundly important organic farming is to our own health, our environment, our families and communities. It's more essential than ever that we join together. I look forward to working with you in the coming years.

Sincerely,



Mark “Coach” Smallwood



BOARD OF DIRECTORS

Maria Rodale, co-chairman

Paul A. McGinley, co-chairman

Anthony Rodale, chairman emeritus

Ardath H. Rodale, co-chairman emeritus in memoriam

Christiane Baker

Drew Becher

George W. Bird

Ethne Clarke

Lorna Donaldson

Mark Kintzel, recording secretary

Kim Larson

Joseph McMahon

Helen Piszek Nelson

Louise Schorn Smith, CPA

Arran Stephens

RESEARCH



THE FARMING SYSTEMS TRIAL—AMERICA'S LONGEST RUNNING SIDE-BY-SIDE COMPARISON OF ORGANIC VERSUS CONVENTIONAL AGRICULTURE—IS TURNING 30!



What began in 1981 as a 5-year controlled study of what a typical American grain farmer would go through to give up chemical fertilizers and pesticides has matured into a complex, interdisciplinary, collaborative project. The Farming Systems Trial (FST) has been the subject of study on topics ranging from drought-tolerance to yield potential to water quality to economic viability, and has inspired similar long-term trials at research institutions nationally and internationally. So far, FST has demonstrated that, compared to conventional farming systems, organic systems:

- produce competitive crop yields.
- improve soil and water quality.
- reduce crop damage in drought years.
- sequester more carbon in the soil.

As these acres enter their 30th year of production, we hope you will celebrate with us the amazing body of research and collaborations that have sprung from so simple an idea.

MOBILE SOIL CARBON MEASUREMENT

With support from the Pennsylvania Department of Environmental Protection's Pennsylvania Energy Development Authority (DEP-PEDA) and USDA-NRCS's Conservation and Innovation Grant program, Rodale Institute researchers started assembling a Mobile Field Lab in the nearly 30-year-old Farming Systems Trial (FST) early 2010. The goal? To develop a practical, on-farm testing system that would accurately track soil carbon variations due to farming

practices, monitor possible carbon-offset programs, or contribute to other climate change mitigation studies. This year we focused on integrating enhanced GPS analysis tools, hand-held sensors, and field-rugged computers to develop soil carbon modeling and validation protocols. The next phase is to take the Mobile Field Lab mobile, testing, sampling and studying how the system functions on other farms.



COVER CROP MULCH ALTERNATIVES

We partnered with Northeast SARE (Sustainable Agriculture Research and Education) this year to launch a three-year vegetable trial focusing on cover crop alternatives to petroleum-derived disposable black plastic mulch. The vegetable trials compared weed-suppression, yields and soil effects of rolled or mowed vetch and/or rye cover crops against the common black plastic mulch. Initial results favor a rye-vetch mix, but

more definitive results will be drawn from the coming two more years of the project. We planted about 800 tomato plants and a selection of pole beans this year, and we harvested hundreds of pounds a week. The fruit was picked and weighed for yield and then donated. We delivered over 4,000 pounds of farm-fresh organic tomatoes to local food banks in 2010 and created our own certified organic salsa for sale in our store.



EDUCATION & OUTREACH



OVER THE LAST 60 YEARS, THE RODALE INSTITUTE HAS COME TO BE RECOGNIZED AND RESPECTED AS A LEADER IN RESEARCH AND TRAINING ON ORGANIC AGRICULTURE. OUR EDUCATION AND OUTREACH EFFORTS HAVE INCLUDED PROGRAMS FOR FARMERS, EXTENSION AGENTS, POLICY MAKERS, STUDENTS, PROFESSIONALS, GARDENERS AND THE GENERAL PUBLIC.

TRAINING AND EDUCATION



In 2010, we carried out training activities that covered organic production and marketing, organic transition and certification and backyard gardening. These programs have been delivered in various formats including workshops, field days, in-service training for government agencies, posters and scientific presentations as well as workshops for gardeners. Specifically, this year we:

- Hosted the **2010 Annual Field Day** that featured soil-building and weed-management lessons learned from our newest organic systems research, as well as several other ongoing experiments and demonstrations.

- Developed and implemented a two-day professional development program titled **Enhancing Environmental Protection through Organic Production** for the Natural Resources Conservation Service (NRCS) East National Technology Support Center members from 14 states.

- Hosted a **Transition to Organic** course for women farmers interested in transitioning their existing farms to organic management.

- Developed and presented custom education programs for students, master gardeners, corporate groups and other not-for-profit organizations.

- Participated in some of the most important farmer oriented conferences, seminars, workshops and field days around the country to present key note addresses, lectures, posters and display booths with information and resources for farmers and other agriculture professionals.

- At the request of our farmers who regularly use our online farmer tools, we produced a printed book to complement the Transition to Organic Online Course to serve as quick reference any time, anywhere.

- Continued weekly updates of the Organic Price Report (OPR)

CONSUMER AWARENESS

The Rodale Institute and Rodale family were profiled on the PBS show Growing A Greener World. Host Joe Lamp'1 and his crew spent two days at the farm filming with Maria and Maya, and interviewed them both on growing up in the organic movement and the landmark Farming Systems Trial. The full episode is available at www.growingagreenerworld.com.



EVENTS ON OUR FARM

Our Spring Plant Sales drew a big crowd of early birds eager for our organic plants. The Institute's master gardeners answered tons of questions from beginning and expert gardeners alike.



Our Second Annual Organic Apple Festival was such a success that we ran out of hot dogs (delicious Applegate Farms organic hotdogs)... and even apples! Thanks in large part to promotion on local TV and country radio stations, we were able to draw a big crowd to experience a gorgeous day picking apples, sampling all sorts of local and organic foods, and hanging out on our organic farm.



PROJECTS IN PROGRESS

WE HAVE BROKEN GROUND ON OUR WATER PURIFICATION ECO-CENTER!

The Eco-Center will serve a dual purpose: it will be a new and highly sustainable public restroom and wastewater treatment facility that will also provide educational opportunities both onsite and online. The main focus of the project is to create, maintain and demonstrate a model of an on-site wastewater treatment system that captures rainwater and processes it through a constructed wetland treatment bed (rather than a traditional septic system) before returning it to the soil as clean water. The system is scalable and can be used in sustainable landscapes for small commercial entities as well as residential units. This exciting project is funded and supported by the U.S. Environmental Protection Agency and involves many partners, including landscape designers, water resource engineers, research scientists and education staff.



THE SHUMEI NATURAL AGRICULTURE DEMONSTRATION GARDEN

The Rodale Institute and Shumei partnered in 1998 to work together to make this world better through sustainable agriculture and living. We broke ground on this new demonstration garden in 2007 with the purpose of showcasing a small operating homestead based on the principles of Shumei Natural Agriculture. The garden features a vegetable and herb garden, a dome greenhouse for winter

production and seed starting, a wheat field for making flour and a root cellar for harvest storage. There is also a green-roof building that is used for workshops and seed saving. Water management, energy savings and year-round food production are design attributes of the garden's elements, all contributing to lowering greenhouse gas emissions and shrinking a family's carbon footprint.

TREE AS A CROP™

This environmental initiative brings together the Rodale Institute, Rodale Inc. and NewPage Corporation in a revolutionary partnership that demonstrates the potential of trees—both fast-growing softwood and slower-growing hardwood species—to be planted in a field border and utilized to produce paper and wood products. The information gleaned from the project will be used to educate a broad audience, including farmers and landowners, about the rewards of growing trees as a crop. Tree as a Crop™ is a simple, down-to-earth concept that offers extraordinary potential to create ecological, social and economic value. Modeled on the natural cycle of planting, harvesting and replanting conventional farm crops, Tree as a Crop™ offers a way to put trees to work to improve ecosystems, while helping to create a healthy prosperity for farmers and small forest landowners.



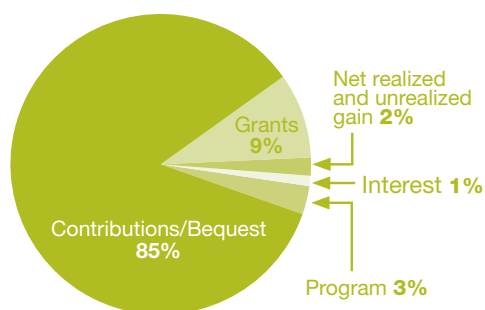
LIVESTOCK ARE RETURNING TO THE FARM!

We know a diversified farm is a healthy farm, and after years of building our soil and researching cropping-systems, we've decided to invite grazing livestock back on our land. Preliminary research at university sites and on small farms has shown the inclusion of several years of animal-grazed pasture forage crops in a regular cash crop rotation can improve soil quality and fertility—increasing soil carbon content, microbial activity and nutrient cycling. Integrated livestock practices also have the potential to reduce the negative environmental effects of animal production and increase the profitability of small farms. This project is also a wonderful demonstration of neighbors helping each other out: by hosting our neighbor's dairy herd, we'll be helping him transition to organic.

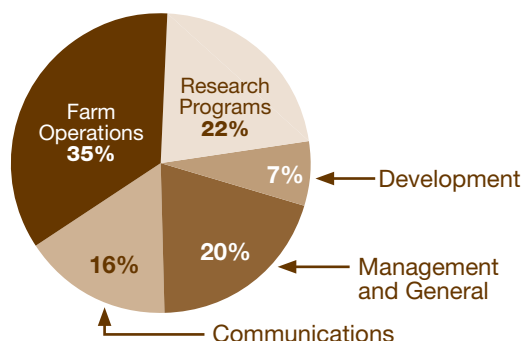
FARMER TRAINING IN AFRICA

The Rodale Institute and AFRICARE have partnered to implement the training and demonstration component of the USAID-funded Timbuktu Food Security Initiative (TFSI) in Mali. This project will establish regenerative agriculture training and demonstration sites in the Timbuktu and Dire regions. The overall goal is to promote organic agriculture as the basis for the creation of wealth and sustainable development in Mali.

FINANCIALS



REVENUE 2010



EXPENSES 2010

Asset

Cash	\$522,882	\$598,982
Contributions receivable	\$6,045,308	\$7,623,479
Accounts receivable	\$247,245	\$204,429
Inventory	\$9,422	\$36,575
Prepaid expenses and other assets	\$45,770	\$79,636
Investments	\$9,169,299	\$4,773,353
Note receivable	\$1,030,580	\$1,030,580
Property and equipment, net	\$2,765,451	\$416,482
Interest in charitable remainder trust	\$18,418	\$18,010
Total Assets	\$19,854,375	\$14,781,526

2010

2009

Liabilities and Net Assets

Liabilities

Accounts payable	\$135,722	\$101,994
Accrued liabilities	\$98,953	\$107,288
Deferred grant revenue	\$3,645	\$1,080,247
Total Liabilities	\$238,320	\$1,289,529

Net Assets

Unrestricted	\$8,200,473	\$5,250,189
Temporarily restricted	\$10,790,263	\$7,661,692
Permanently restricted	\$625,319	\$580,116
Total net assets	\$19,616,055	\$13,491,997
Total Liabilities and Net Assets	\$19,854,375	\$14,781,526

Statement of Financial Position as of December 31, 2010 and 2009