

World Food Program, USA

Financial Report
September 30, 2020

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Independent Auditor's Report

Board of Directors
World Food Program, USA

Report on the Financial Statements

We have audited the accompanying financial statements of World Food Program, USA (WFP USA), which comprise the statement of financial position as of September 30, 2020, the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WFP USA as of September 30, 2020, 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.

Report on Summarized Comparative Information

We have previously audited WFP USA's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financials in our report dated February 11, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

RSM US LLP

Washington, D.C.
January 15, 2021

World Food Program, USA

**Statement of Financial Position
September 30, 2020
(With Comparative Totals for 2019)**

	2020	2019
Assets		
Cash	\$ 5,988,547	\$ 2,401,994
Custodial funds investments	404,067	457,920
Contributions receivable, net	1,233,325	2,074,562
Prepaid expenses and other assets	331,877	282,662
Investments	8,453,052	7,822,550
Property and equipment, net	514,578	488,822
	<u>16,925,446</u>	<u>13,528,510</u>
Total assets	\$ 16,925,446	\$ 13,528,510
Liabilities and Net Assets		
Liabilities:		
Accounts payable, accrued expenses and other	\$ 543,567	\$ 791,108
Grants payable to World Food Programme (WFP)	4,576,074	3,221,544
Custodial funds	404,067	457,920
Deferred rent	302,630	389,209
	<u>5,826,338</u>	<u>4,859,781</u>
Total liabilities	5,826,338	4,859,781
Commitments and contingencies (Note 9 and 11)		
Net assets:		
Without donor restrictions:		
Undesignated (deficit)	(134,970)	(1,520,396)
Designated by the Board	10,964,910	9,981,625
	<u>10,829,940</u>	<u>8,461,229</u>
With donor restrictions:		
Time restrictions	269,168	207,500
	<u>269,168</u>	<u>207,500</u>
Total net assets	11,099,108	8,668,729
	<u>11,099,108</u>	<u>8,668,729</u>
Total liabilities and net assets	\$ 16,925,446	\$ 13,528,510
	<u>\$ 16,925,446</u>	<u>\$ 13,528,510</u>

See notes to financial statements.

World Food Program, USA

Statement of Activities

Year Ended September 30, 2020

(With Comparative Totals for 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	
Support and revenue:				
Donations	\$ 27,336,619	\$ 356,474	\$ 27,693,093	\$ 18,930,554
In-kind contributions	2,155,118	-	2,155,118	707,394
Investment income, net	414,081	-	414,081	276,826
Net assets released from restrictions	294,806	(294,806)	-	-
Total support and revenue	30,200,624	61,668	30,262,292	19,914,774
Expenses:				
Program expenses:				
Grants to WFP and others	14,048,708	-	14,048,708	10,346,040
Other program expenses	10,209,343	-	10,209,343	5,800,572
Total program expenses	24,258,051	-	24,258,051	16,146,612
Fundraising	2,959,413	-	2,959,413	2,450,718
General and administrative	614,449	-	614,449	1,501,891
Total expenses	27,831,913	-	27,831,913	20,099,221
Change in net assets	2,368,711	61,668	2,430,379	(184,447)
Net assets:				
Beginning	8,461,229	207,500	8,668,729	8,853,176
Ending	\$ 10,829,940	\$ 269,168	\$ 11,099,108	\$ 8,668,729

See notes to financial statements.

World Food Program, USA

Statement of Functional Expenses Year Ended September 30, 2020 (With Comparative Totals for 2019)

	2020				2019
	Program Expenses	Fundraising	General and Administrative	Total	
Grants to WFP	\$ 13,493,136	\$ -	\$ -	\$ 13,493,136	\$ 10,206,540
Professional fees	5,487,103	739,503	67,692	6,294,298	3,159,717
Compensation	2,416,348	1,401,831	223,438	4,041,617	3,711,543
Website development and administration	721,799	150,816	64,036	936,651	532,392
Grants to others	555,572	-	-	555,572	139,500
Employee benefits	257,133	199,729	38,032	494,894	457,059
Occupancy	222,875	123,710	109,121	455,706	452,558
Bank charges and filing fees	393,200	2,385	1,639	397,224	259,337
Payroll taxes	198,713	110,299	18,796	327,808	239,945
Depreciation and amortization	133,580	52,113	17,577	203,270	188,251
Travel	106,308	62,565	9,779	178,652	180,061
Conferences and meetings	102,359	12,053	5,531	119,943	59,744
Accounting and legal	57,071	31,678	27,942	116,691	111,925
Telephone	29,440	16,341	14,414	60,195	35,913
Dues and memberships	39,648	12,166	540	52,354	50,293
Office supplies and expenses	16,538	10,691	4,441	31,670	43,915
Staff development	6,477	17,900	2,690	27,067	30,909
Business insurance	11,722	6,506	5,739	23,967	23,160
Printing and publications	3,371	5,492	483	9,346	99,421
Equipment rental and maintenance	3,828	2,125	1,874	7,827	8,911
Postage	1,830	1,510	685	4,025	106,433
Interest	-	-	-	-	1,694
Total expenses	\$ 24,258,051	\$ 2,959,413	\$ 614,449	\$ 27,831,913	\$ 20,099,221

See notes to financial statements.

World Food Program, USA

Statement of Cash Flows Year Ended September 30, 2020 (With Comparative Totals for 2019)

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 2,430,379	\$ (184,447)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized and unrealized gain on investments, net	(283,621)	(119,973)
Depreciation and amortization	203,270	188,251
Deferred rent	(86,579)	(111,240)
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	-	38,656
Contributions receivable	841,237	(1,200,374)
Prepaid expenses and other assets	(49,215)	99,966
Increase (decrease) in:		
Accounts payable and accrued expenses	(247,541)	617,795
Grants payable to WFP	1,354,530	962,130
Custodial funds	(53,853)	(55,198)
Net cash provided by operating activities	4,108,607	235,566
Cash flows from investing activities:		
Purchase of property and equipment	(229,026)	(258,265)
Net purchases, reinvestments and sales of investments	(293,028)	(234,498)
Net cash used in investing activities	(522,054)	(492,763)
Net increase (decrease) in cash	3,586,553	(257,197)
Cash:		
Beginning	2,401,994	2,659,191
Ending	\$ 5,988,547	\$ 2,401,994

See notes to financial statements.

World Food Program, USA

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: World Food Program, USA (WFP USA) is a nonprofit organization that proudly supports the mission of the World Food Programme (WFP). WFP USA mobilizes individuals, policymakers and businesses in the United States (U.S.) to end global hunger. With supporters, WFP USA bolsters an enduring American legacy of feeding families in need around the world.

WFP USA educates members of Congress, the administration and other government officials about international hunger issues and specific policies that could improve U.S. government efforts to address global hunger. WFP USA also advocates for sufficient funding to ensure that programs are reaching as many people as possible who are in need around the world.

To build support for strong U.S. leadership in addressing global hunger, WFP USA collaborates with and mobilizes opinion leaders, businesses, grassroots networks, nonprofits, coalitions and others. In coordination with WFP, WFP USA cultivates U.S. corporate and individual donations of cash, products or expertise. In turn, corporations engage their employees, customers and other stakeholders. Donations from individuals, foundations and corporations have included: frontline support for global disasters, expertise to enhance WFP's operational capabilities and critical cash for development initiatives and capacity building, which is not covered by government contributions.

A summary of WFP USA's significant accounting policies follows:

Basis of accounting: The financial statements are presented in accordance with the accrual basis of accounting, whereby unconditional support is recognized when received, revenue is recognized when earned and expenses are recognized when incurred.

Basis of presentation: WFP USA follows the Not-for-Profit Entities Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (the Codification). Under this topic, WFP USA is required to report information regarding its financial position and activities within two classes of net assets, as follows:

Net assets without donor restrictions: Undesignated net assets represent funds that are available for the support of WFP USA's operations and not subject to donor restrictions. The Board may designate unrestricted net assets at its discretion. Board-designated net assets include funds designated by the Board for specific programs. The balance at September 30, 2020, was \$10,964,910, which is based on a 12-month operating reserve.

Net assets with donor restrictions: Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the restriction was restricted has been fulfilled, or both.

Custodial funds: WFP USA agreed in November 2003 to administer a fund established by a former director of the WFP to be used for girls' education and women's literacy. The balance of the account at September 30, 2020, was \$404,067, which is included in the investments described in Notes 5 and 10. Under the terms of the agreement, the funds must be segregated from other funds administered by WFP USA. This custodian fund is also shown as a liability.

Financial risk: WFP USA maintains its cash in bank deposit accounts which, at times, may exceed federally-insured limits. WFP USA has not experienced any losses in such accounts. WFP USA believes it is not exposed to any significant financial risk on cash.

World Food Program, USA

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

WFP USA invests in a professionally managed portfolio that contains U.S. government securities and corporate bonds, mutual funds and equities. Such investments are exposed to various risks, such as interest rate, 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 risks in the near-term could materially affect investment balances and the amounts reported in the financial statements.

Contributions receivable: Unconditional contributions receivable are recognized as support in the year in which it is received from the donor. Conditional contributions are only recognized when the conditions on which they depend are substantially met. Unconditional contributions receivable are carried at estimated fair value at the date of the contribution, less an estimate made for doubtful accounts based on a review of all outstanding receivables on an annual basis. Management determines the allowance for doubtful accounts by using the historical experience applied to an aging of receivables. Contributions receivable are written off when deemed uncollectible. Based on management's evaluation of the collection of promises, there was no provision for doubtful accounts at September 30, 2020.

Investments: Investments in debt securities and equity securities with readily determinable fair values are reflected at fair value. To adjust the carrying values of these securities, the change in fair market value is included within investment income or loss in the statement of activities.

Property and equipment: WFP USA capitalizes all property and equipment with a cost of \$1,000 or more. Property and equipment is stated at cost and depreciated on a straight-line basis over the estimated useful lives of the assets, ranging from 3 to 10 years, following the mid-month convention for WFP USA placing property and equipment into service. Leasehold improvements are amortized over the lesser of the lease term or the estimated useful lives of the assets.

Grants payable: WFP USA recognizes unconditional grant expense and the related liability in the year the grant is awarded.

Deferred rent: Payments under lease agreements are expensed on a straight-line basis over the term of the related lease. The difference between the rent expense recognized and the cash payments made is recognized as a deferred rent liability on the accompanying statement of financial position.

Support and revenue: Unconditional contributions received are recorded as an increase in net assets with or without donor restriction depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor time and/or purpose restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions are reported as net assets without donor restriction if the restrictions are met in the same period received.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts are computed using interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

WFP USA receives contributions of services (in-kind contributions) towards the fulfillment of program objectives and general operations. Those services which meet the accounting criteria for recognition have been included in revenue and expense categories at their fair value.

World Food Program, USA

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Functional allocation of expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Personnel related expenses are allocated on the basis of time incurred within each department. Other expenses are either directly charged to program services as incurred or proportionally allocated to functional categories based on expenses incurred within each department.

Income taxes: WFP USA is generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, WFP USA qualifies for charitable contribution deductions and has been classified as an organization that is not a private foundation. Income which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. There was no tax liability for unrelated business income for the year ended September 30, 2020. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

WFP USA would be liable for income taxes in the U.S. federal jurisdiction. The returns are subject to examination by federal and state taxing authorities generally three and four years, respectively, after they are filed.

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Adopted accounting pronouncement: In June 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The purpose of the ASU is to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in the ASU should assist entities in: (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The ASU was adopted by WFP USA in 2020. As a result of adopting this standard, this guidance is applied on a modified prospective basis, meaning there is no cumulative-effect adjustment reflected in the opening balance of net assets. There was no material impact to the financial statements as a result of this adoption.

Pending accounting pronouncements: In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating with classification affecting the pattern of expense recognition in the statement of activities. During November 2019, the FASB issued ASU 2019-10, *Leases (Topic 842) Effective Dates*, which delayed the effective date of ASU 2016-02 one year. In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, further delaying the effective date an additional year, making it effective for annual reporting periods beginning after December 15, 2021. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. WFP USA is currently evaluating the impact of its pending adoption of the new standard on its financial statements.

World Food Program, USA

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 will replace most existing revenue recognition guidance in accounting principles generally accepted in the United States of America (U.S. GAAP) when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative-effect transition method. In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, which deferred the effective date of ASU 2014-09 one year. In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, further delaying the effective date an additional year, making it effective for annual reporting periods beginning after December 15, 2019. WFP USA is currently evaluating the impact of its pending adoption of the new standard on its financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The Amendments in this ASU make improvements to the information provided in financial statements and accompanying notes for not-for-profit entities with contributed nonfinancial assets, or gifts-in-kind. The amendments in this ASU should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. WFP USA has not yet evaluated the impact of this ASU on its financial statements.

Subsequent events: WFP USA evaluated subsequent events through January 15, 2021, which is the date the financial statements were available to be issued.

Note 2. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash	\$ 5,988,547
Contributions receivable, net	1,233,325
Investments, including custodial assets	8,857,119
Total financial assets available	<u>16,078,991</u>
Less those unavailable for general expenditure within one year due to:	
Contractual or other restrictions:	
Custodial assets held	(404,067)
Deferred compensation assets held	(14,904)
Amounts designated by the Board	(10,964,910)
Donor-imposed time restrictions	<u>(269,168)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,425,942</u>

The board-designated reserve of \$10,964,910 is not subject to an annual spending rate. Although WFP USA does not intend to spend from this board-designated reserve (other than amounts appropriated for general expenditure as part of WFP USA's annual budget approval and appropriation), these amounts could be made available through board approval if necessary.

The majority of the donor-imposed restrictions relate to time-restricted administrative elements of grants and contributions recognized during the year, but for which collection had not occurred.

World Food Program, USA

Notes to Financial Statements

Note 2. Liquidity and Availability of Financial Assets (Continued)

As part of liquidity management, WFP USA invests cash in excess of daily requirements in short-term investments. WFP USA receives the majority of its cash contributions and special events revenue during November and December, which results in additional liquidity management challenges for the remainder of the fiscal year. WFP USA assesses its operating budget and cash flow projections monthly to monitor the availability of resources to support operations.

Note 3. Contributions Receivable

Contributions receivable at September 30, 2020, were \$1,233,325, and all are due within one year.

Note 4. Property and Equipment

Property and equipment consist of the following at September 30, 2020:

Leasehold improvements	\$ 427,034
Equipment	303,751
Furniture	36,316
Website development	525,547
Computer software	172,660
	<u>1,465,308</u>
Less accumulated depreciation and amortization	<u>(950,730)</u>
	<u>\$ 514,578</u>

Depreciation and amortization expense was \$203,270 for the year ended September 30, 2020.

Note 5. Investments

Investments at September 30, 2020, consist of the following:

Fixed income	\$ 2,307,637
Mutual funds	4,266,773
Common stock	1,443,434
Money market deposit accounts	839,275
	<u>\$ 8,857,119</u>

Investments above include \$404,067 of custodial funds at September 30, 2020, shown separately on the accompanying statement of financial position.

Investment income for the year ended September 30, 2020, consists of the following:

Interest and dividends	\$ 190,838
Realized and unrealized gain on investments, net	283,621
Investment expenses	<u>(60,378)</u>
	<u>\$ 414,081</u>

World Food Program, USA

Notes to Financial Statements

Note 6. Grants to World Food Programme

WFP is the largest international food aid organization in the world. Grants from WFP USA help WFP provide food to people suffering from hunger in the world's poorest countries, including thousands of children in school feeding programs, as well as those affected by famine, natural disaster and conflict. For the year ended September 30, 2020, WFP USA obligated \$13,493,136 to WFP. Of that obligated amount, \$4,576,074 will be paid in future years.

Note 7. Retirement Plans

WFP USA has a defined contribution 401(k) retirement plan (the Plan) for its employees. Participation by employees is voluntary. Contributions by WFP USA are made for participating employees up to a maximum of 5% of compensation. For the year ended September 30, 2020, WFP USA contributed \$111,131 to the Plan.

WFP USA also has a 457(b) deferred compensation plan (457(b) plan) for eligible participants. Contributions to the 457(b) plan for the year ended September 30, 2020, were \$14,413. The investment account of the 457(b) plan is included within investments on the accompanying balance sheet.

Note 8. Net Assets With Time Restrictions

Net assets with time restrictions include the time restricted administrative elements of grants and contributions recognized during the year, but for which collection had not occurred. Net assets with time restrictions were released from restrictions during the year ended September 30, 2020, due to the administrative element being collected and the time restriction being met.

Changes in net assets during the year ended September 30, 2020, were as follows:

	Balance September 30, 2019	Additions	Releases	Balance September 30, 2020
Time restricted:				
Administrative	\$ 207,500	\$ 356,474	\$ (294,806)	\$ 269,168
	<u>\$ 207,500</u>	<u>\$ 356,474</u>	<u>\$ (294,806)</u>	<u>\$ 269,168</u>

Note 9. Lease Commitments

WFP USA entered into a noncancelable long-term lease agreement for office space in Washington, D.C., which expires in July 2023. The annual base rent of \$438,498 in year one is escalated by 2.25% per year for the remainder of the lease term. Per the terms of the lease, the landlord will contribute up to \$515,880 to be used for remodeling the lease space, of which, \$171,960 can be used as rent abatement. WFP USA has used \$427,034 of this allowance as of September 30, 2020. The deferred rent liability on the accompanying statement of financial position represents the unamortized portion of the landlord allowance, as well as the cumulative difference between the monthly rent expense (recognized on a straight-line basis over the term of the lease) and rent paid.

World Food Program, USA

Notes to Financial Statements

Note 9. Lease Commitments (Continued)

The minimum future lease payments under the office lease are as follows:

Years ending September 30:	
2021	\$ 537,404
2022	549,484
2023	466,442
	<u>\$ 1,553,330</u>

Rent expense for the year ended September 30, 2020, was \$435,675.

Note 10. Fair Value Measurements

The Fair Value Measurement Topic of the Codification establishes a framework for measuring fair value in accordance with U.S. GAAP and expands disclosure about fair market value measurements. This enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking quality and reliability of the information used to determine fair value. The provision applies to all assets and liabilities that are being measured and reported on a fair value basis and are disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities

Level 2: Observable market-based inputs or unobservable inputs corroborated by market data

Level 3: Unobservable inputs that are not corroborated by market data

In determining the appropriate levels, WFP USA performs a detailed analysis of the assets and liabilities that are subject to the Codification. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. There were no Level 3 assets or liabilities at September 30, 2020.

World Food Program, USA

Notes to Financial Statements

Note 10. Fair Value Measurements (Continued)

The table below presents the balances of assets measured at fair value on a recurring basis by level within the hierarchy:

	Total	Level 1	Level 2	Level 3
Fixed income:				
Corporate bonds	\$ 1,180,628	\$ -	\$ 1,180,628	\$ -
Government securities	1,127,009	-	1,127,009	-
	<u>2,307,637</u>	<u>-</u>	<u>2,307,637</u>	<u>-</u>
Publicly traded mutual funds:				
Equity	2,640,166	2,640,166	-	-
Fixed income	1,626,607	1,626,607	-	-
	<u>4,266,773</u>	<u>4,266,773</u>	<u>-</u>	<u>-</u>
Common stock and equities:				
Consumer discretionary	200,124	200,124	-	-
Consumer staples	62,846	62,846	-	-
Energy	6,686	6,686	-	-
Exchange traded	23,950	23,950	-	-
Financials	94,566	94,566	-	-
Healthcare	187,647	187,647	-	-
Industrials	72,317	72,317	-	-
Information technology	523,241	523,241	-	-
International	114,480	114,480	-	-
Materials	11,481	11,481	-	-
Real estate	137,754	137,754	-	-
Telecommunication services	8,342	8,342	-	-
	<u>1,443,434</u>	<u>1,443,434</u>	<u>-</u>	<u>-</u>
	<u>\$ 8,017,844</u>	<u>\$ 4,275,115</u>	<u>\$ 2,307,637</u>	<u>\$ -</u>

The table below reconciles total investments to the statement of financial position at September 30, 2020:

Investments held at fair value	\$ 8,017,844
Investments held at cost	839,275
	<u>\$ 8,857,119</u>

Cash included in investments totaling \$839,275 is not included in the fair value table because cash is recorded at cost. The fair value of mutual funds and common stocks is determined based on quoted market prices, when available, or market prices provided by recognized broker dealers; thus, they are categorized as Level 1. The fair value of government securities and corporate bonds is determined based on inputs other than quoted prices. This includes the use of models or other valuation methodologies, which are corroborated by other market data, in order to determine their fair value. Thus, they are categorized as Level 2.

WFP USA did not have any transfers between investment levels for the year ended September 30, 2020.

World Food Program, USA

Notes to Financial Statements

Note 11. Pandemic Contingency

The continued global pandemic in 2020 has created substantial volatility in financial markets and the economy, including geographical areas in which WFP USA operates. While WFP USA has mitigated the financial impact to its business, it is unknown how long these conditions will last and what the complete financial effect will be to WFP USA. Accordingly, there could be further negative impact to operations, the extent to which will depend on future developments, which are highly uncertain and cannot be predicted, and as such cannot be determined.