

# **World Food Program, USA**

Financial Report  
September 30, 2021

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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, 2021, 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, 2021, 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 2020 financial statements, and we expressed an unmodified audit opinion on those audited financials in our report dated January 15, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*RSM US LLP*

Washington, D.C.  
December 17, 2021

**World Food Program, USA**

**Statement of Financial Position  
September 30, 2021  
(With Comparative Totals for 2020)**

	2021	2020
<b>Assets</b>		
Cash	\$ 12,828,481	\$ 5,988,547
Custodial funds investments	406,496	404,067
Contributions receivable, net	653,332	1,233,325
Prepaid expenses and other assets	489,323	331,877
Investments	10,571,241	8,453,052
Property and equipment, net	394,881	514,578
	<u>394,881</u>	<u>514,578</u>
<b>Total assets</b>	<b>\$ 25,343,754</b>	<b>\$ 16,925,446</b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable, accrued expenses and other	\$ 898,217	\$ 543,567
Grants payable to World Food Programme (WFP)	4,432,699	4,576,074
Custodial funds	406,496	404,067
Refundable advance	17,782	-
Deferred rent	204,228	302,630
	<u>204,228</u>	<u>302,630</u>
<b>Total liabilities</b>	<b>5,959,422</b>	<b>5,826,338</b>
Commitment and contingency (Notes 9 and 11)		
Net assets:		
Without donor restrictions:		
Undesignated (deficit)	10,305,997	(134,970)
Designated by the Board	9,000,000	10,964,910
	<u>19,305,997</u>	<u>10,829,940</u>
With donor restrictions	78,335	269,168
<b>Total net assets</b>	<b>19,384,332</b>	<b>11,099,108</b>
	<u>19,384,332</u>	<u>11,099,108</u>
<b>Total liabilities and net assets</b>	<b>\$ 25,343,754</b>	<b>\$ 16,925,446</b>
	<u>\$ 25,343,754</u>	<u>\$ 16,925,446</u>

See notes to financial statements.

**World Food Program, USA**

**Statement of Activities  
Year Ended September 30, 2021  
(With Comparative Totals for 2020)**

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	
Support and revenue:				
Contributions	\$ 58,269,546	\$ 1,147,287	\$ 59,416,833	\$ 27,693,093
In-kind contributions	1,011,273	-	1,011,273	2,155,118
Investment income, net	1,002,293	-	1,002,293	414,081
Net assets released from restrictions	1,338,120	(1,338,120)	-	-
<b>Total support and revenue</b>	<b>61,621,232</b>	<b>(190,833)</b>	<b>61,430,399</b>	<b>30,262,292</b>
Expenses:				
Program expenses:				
Grants to WFP and others	37,870,531	-	37,870,531	14,048,708
Other program expenses	10,865,109	-	10,865,109	10,209,343
<b>Total program expenses</b>	<b>48,735,640</b>	<b>-</b>	<b>48,735,640</b>	<b>24,258,051</b>
Fundraising	3,765,787	-	3,765,787	2,959,413
General and administrative	643,748	-	643,748	614,449
<b>Total expenses</b>	<b>53,145,175</b>	<b>-</b>	<b>53,145,175</b>	<b>27,831,913</b>
<b>Change in net assets</b>	<b>8,476,057</b>	<b>(190,833)</b>	<b>8,285,224</b>	<b>2,430,379</b>
Net assets:				
Beginning	10,829,940	269,168	11,099,108	8,668,729
Ending	<b>\$ 19,305,997</b>	<b>\$ 78,335</b>	<b>\$ 19,384,332</b>	<b>\$ 11,099,108</b>

See notes to financial statements.

## World Food Program, USA

### Statement of Functional Expenses Year Ended September 30, 2021 (With Comparative Totals for 2020)

	2021				2020
	Program Expenses	Fundraising	General and Administrative	Total	
Grants to WFP	\$ 37,733,031	\$ -	\$ -	\$ 37,733,031	\$ 13,493,136
Professional fees	4,966,870	1,039,273	44,089	6,050,232	6,294,298
Compensation	3,268,204	1,820,152	272,663	5,361,019	4,041,617
Website development and administration	583,196	165,565	49,014	797,775	936,651
Employee benefits	416,389	229,571	36,114	682,074	494,894
Bank charges and filing fees	623,071	3,666	2,985	629,722	397,224
Occupancy	228,423	127,215	103,559	459,197	455,706
Payroll taxes	251,594	141,144	21,234	413,972	327,808
Depreciation and amortization	159,847	73,246	22,346	255,439	203,270
Grants to others	137,500	-	-	137,500	555,572
Accounting and legal	72,642	40,456	32,933	146,031	116,691
Conferences and meetings	119,167	23,453	2,558	145,178	119,943
Telephone	51,095	28,456	23,165	102,716	60,195
Travel	39,555	15,536	7,925	63,016	178,652
Office supplies and expenses	19,786	15,652	7,924	43,362	31,670
Staff development	15,721	10,825	3,702	30,248	27,067
Dues and memberships	19,300	9,393	925	29,618	52,354
Business insurance	13,827	7,701	6,269	27,797	23,967
Equipment rental and maintenance	11,016	5,042	4,105	20,163	7,827
Postage	5,090	5,014	2,095	12,199	4,025
Printing and publications	316	4,427	143	4,886	9,346
<b>Total expenses</b>	<b>\$ 48,735,640</b>	<b>\$ 3,765,787</b>	<b>\$ 643,748</b>	<b>\$ 53,145,175</b>	<b>\$ 27,831,913</b>

See notes to financial statements.

**World Food Program, USA**

**Statement of Cash Flows**  
**Year Ended September 30, 2021**  
**(With Comparative Totals for 2020)**

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 8,285,224	\$ 2,430,379
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized and unrealized gain on investments, net	(636,611)	(283,621)
Depreciation and amortization	255,439	203,270
Deferred rent	(98,402)	(86,579)
Changes in assets and liabilities:		
(Increase) decrease in:		
Contributions receivable	579,993	841,237
Prepaid expenses and other assets	(157,446)	(49,215)
Increase (decrease) in:		
Accounts payable and accrued expenses	354,650	(247,541)
Grants payable to WFP	(143,375)	1,354,530
Custodial funds	2,429	(53,853)
Refundable advance	17,782	-
<b>Net cash provided by operating activities</b>	<b>8,459,683</b>	<b>4,108,607</b>
Cash flows from investing activities:		
Purchase of property and equipment	(135,742)	(229,026)
Purchases and reinvestments of investments	(10,935,632)	(293,028)
Sales of investments	9,451,625	-
<b>Net cash used in investing activities</b>	<b>(1,619,749)</b>	<b>(522,054)</b>
<b>Net increase in cash</b>	<b>6,839,934</b>	<b>3,586,553</b>
Cash:		
Beginning	5,988,547	2,401,994
Ending	<b>\$ 12,828,481</b>	<b>\$ 5,988,547</b>

See notes to financial statements.

## World Food Program, USA

### Notes to Financial Statements

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#### 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, 2021, was \$9,000,000, which is based on a 12-month core operating expense 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, 2021, was \$406,496, 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

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#### 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, equities and an alternative investment. 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, 2021.

**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 value is included within investment income or loss in the statement of activities. The alternative investment is reported at estimated fair values based on a practical expedient, the net asset value per share, provided by the investment manager. WFP USA believes the carrying amount of these financial instruments is a reasonable estimate of fair value. Because these investments are not readily marketable, their estimated value is subject to additional uncertainty and, therefore, values realized upon disposition may vary significantly from currently reported values.

**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 restrictions 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 restrictions if the restrictions are met in the same period received.

## World Food Program, USA

### Notes to Financial Statements

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

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 that meet the accounting criteria for recognition have been included in revenue and expense categories at their fair value.

**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, 2021. 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:** As of October 1, 2020, WFP USA adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)* and all subsequent ASUs that modified ASC 606. WFP USA elected to apply the modified retrospective method to adopt the new standard. There were no material changes to the timing of recognition of revenue, and therefore no material impact to the financial statements as a result of this adoption.

## World Food Program, USA

### Notes to Financial Statements

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

**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 balance sheet 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 by 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 the pending adoption of the new standard on the 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 December 17, 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	\$ 12,828,481
Contributions receivable, net	653,924
Investments, including custodial assets	10,977,737
Total financial assets available	<u>24,460,142</u>
Less those unavailable for general expenditure within one year due to:	
Contractual or other restrictions:	
Contributions receivable due after one year	(198,924)
Custodial assets held	(406,496)
Deferred compensation assets held	(74,593)
Amounts designated by the board	(9,000,000)
Donor-imposed time restrictions	<u>(78,335)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 14,701,794</u></u>

The board-designated reserve of \$9,000,000 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.

## World Food Program, USA

### Notes to Financial Statements

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

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.

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, 2021, consist of unconditional promises to give as follows:

Due in less than one year	\$ 455,000
One to two years	198,924
	<u>\$ 653,924</u>

#### Note 4. Property and Equipment

Property and equipment consist of the following at September 30, 2021:

Leasehold improvements	\$ 427,034
Equipment	349,984
Furniture	36,316
Website development	525,547
Computer software	262,169
	<u>1,601,050</u>
Less accumulated depreciation and amortization	<u>(1,206,169)</u>
	<u>\$ 394,881</u>

Depreciation and amortization expense was \$255,439 for the year ended September 30, 2021.

#### Note 5. Investments

Investments at September 30, 2021, consist of the following:

Mutual funds	\$ 2,096,517
Bonds	3,289,696
Exchange-traded funds	414,472
Stocks	1,198,998
Money market deposit accounts	1,751,244
Investment held at net asset value (NAV)	2,226,810
	<u>\$ 10,977,737</u>

Investments above include \$406,496 of custodial funds at September 30, 2021, shown separately on the accompanying statement of financial position.

## World Food Program, USA

### Notes to Financial Statements

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#### Note 5. Investments (Continued)

Investment income for the year ended September 30, 2021, consists of the following:

Interest and dividends	\$ 411,855
Realized and unrealized gain on investments, net	636,611
Investment expenses	(46,173)
	<u>\$ 1,002,293</u>

The following table sets forth additional disclosures of WFP USA's investment whose fair value is estimated using NAV per share (or its equivalent) at September 30, 2021:

Strategy Category	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Multi-strategy equity (a)	\$ 2,226,810	-	Monthly	90 days

- a) **Impact World Equity Fund:** This fund is an open-end fund incorporated in the U.S., seeking to provide a multi-strategy diversification to help smooth returns, reduce volatility, and decrease asset-class and single-strategy risks. The fund invests in a portfolio of equity investments including exchange-traded funds and investments in partnerships.

#### 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, 2021, WFP USA obligated \$37,733,031 to WFP. Of that obligated amount, \$4,432,699 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, 2021, WFP USA contributed \$169,798 to the Plan.

WFP USA also has a 457(b) deferred compensation plan (457(b) plan) for eligible participants. WFP USA's contributions to the 457(b) plan for the year ended September 30, 2021, were \$19,712. The investment account of the 457(b) plan is included within investments on the accompanying balance sheet.

#### Note 8. Net Assets with Donor Restrictions

Net assets with donor 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 donor restrictions were released from restrictions during the year ended September 30, 2021, due to the administrative element being collected and the time restriction being met.

## World Food Program, USA

### Notes to Financial Statements

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#### Note 8. Net Assets With Time Restrictions (Continued)

Changes in net assets with donor restrictions during the year ended September 30, 2021, were as follows:

	Balance September 30, 2020	Additions	Releases	Balance September 30, 2021
Time restricted:				
Administrative	\$ 269,168	\$ 1,147,287	\$ (1,338,120)	\$ 78,335
	<u>\$ 269,168</u>	<u>\$ 1,147,287</u>	<u>\$ (1,338,120)</u>	<u>\$ 78,335</u>

#### Note 9. Lease Commitment

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, 2021. 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.

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

Years ending September 30:	
2022	\$ 549,484
2023	466,442
	<u>\$ 1,015,926</u>

Rent expense for the year ended September 30, 2021, was \$439,002.

#### 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. Fair value standards also allow for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determined fair value using the net asset value (NAV) per share or its equivalent. There were no Level 3 assets or liabilities at September 30, 2021.

## 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
Mutual funds:				
Bond funds	\$ 1,276,698	\$ 1,276,698	\$ -	\$ -
Stock funds	810,121	810,121	-	-
Money market	9,698	9,698	-	-
	<u>2,096,517</u>	<u>2,096,517</u>	<u>-</u>	<u>-</u>
Bonds:				
Corporate bonds	2,959,636	-	2,959,636	-
Municipal bonds	330,060	-	330,060	-
	<u>3,289,696</u>	<u>-</u>	<u>3,289,696</u>	<u>-</u>
Exchange-traded funds:				
Equity	382,532	382,532	-	-
Other	31,940	31,940	-	-
	<u>414,472</u>	<u>414,472</u>	<u>-</u>	<u>-</u>
Stocks:				
Other	7,262	7,262	-	-
Common stock	1,191,736	1,191,736	-	-
	<u>1,198,998</u>	<u>1,198,998</u>	<u>-</u>	<u>-</u>
	<u>6,999,683</u>	<u>3,709,987</u>	<u>3,289,696</u>	<u>-</u>
Investment held at NAV (a)	2,226,810	-	-	-
	<u>\$ 9,226,493</u>	<u>\$ 3,709,987</u>	<u>\$ 3,289,696</u>	<u>\$ -</u>

- a) In accordance with Accounting Standards Codification (ASC) Topic 820-10, the alternative investment is measured at fair value using the NAV per share (or its equivalent) as a practical expedient has not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit the reconciliation of fair value hierarchy to the amounts presented in the statement of financial position.

The table below reconciles total investments to the statement of financial position at September 30, 2021:

Investments held at fair value	\$ 6,999,683
Investments held at cost	1,751,244
Investments held at net asset value (NAV)	2,226,810
	<u>\$ 10,977,737</u>

Cash held in the investment accounts totaling \$1,751,244 is not included in the fair value table because cash is recorded at cost. The fair value of mutual funds, exchange traded funds and 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 corporate and municipal 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 during the year ended September 30, 2021.

## **World Food Program, USA**

### **Notes to Financial Statements**

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#### **Note 11. Contingency**

The continued global pandemic in 2021 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.