

World Food Program, USA

Financial Report
September 30, 2024

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Independent Auditor's Report

Board of Directors
World Food Program, USA

Opinion

We have audited the financial statements of World Food Program, USA (WFP USA), which comprise the statement of financial position as of September 30, 2024, 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 WFP USA as of September 30, 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). 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 WFP USA 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 WFP USA's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 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 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, 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 WFP USA'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 WFP USA's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited WFP USA's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 26, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

RSM US LLP

Washington, D.C.
February 18, 2025

World Food Program, USA

Statement of Financial Position

September 30, 2024

(With Summarized Comparative Information as of September 30, 2023)

	2024	2023
Assets		
Cash	\$ 24,109,973	\$ 31,878,078
Custodial funds investments	269,108	228,141
Accounts receivable	1,718	330,018
Contributions receivable, net	6,172,581	8,540,833
Prepaid expenses and other assets	1,206,793	939,767
Advances to subrecipients	38,569,500	19,187,666
Investments	19,170,208	15,143,058
Property and equipment, net	2,423,271	2,648,438
Finance lease, right-of-use assets, net	6,727	14,800
Operating lease right-of-use assets	4,521,932	4,822,991
Total assets	\$ 96,451,811	\$ 83,733,790
Liabilities and Net Assets		
Liabilities:		
Accounts payable, accrued expenses and other	\$ 1,541,538	\$ 2,046,010
Grants payable to World Food Programme (WFP)	20,658,127	14,401,556
Custodial funds	269,108	228,141
Refundable advances	38,779,793	31,424,071
Finance lease liabilities, net	7,072	15,225
Operating lease liabilities, net	7,468,680	7,399,252
Total liabilities	68,724,318	55,514,255
Commitments (Note 12)		
Net assets:		
Without donor restrictions:		
Undesignated	7,181,156	10,251,633
Designated by the Board	20,000,000	17,000,000
	27,181,156	27,251,633
With donor restrictions	546,337	967,902
Total net assets	27,727,493	28,219,535
Total liabilities and net assets	\$ 96,451,811	\$ 83,733,790

See notes to financial statements.

World Food Program, USA

Statement of Activities

Year Ended September 30, 2024

(With Summarized Comparative Information for the Year Ended September 30, 2023)

	2024			
	Without Donor Restrictions	With Donor Restrictions	Total	2023
Support and revenue:				
Contributions	\$ 120,090,803	\$ 644,357	\$ 120,735,160	\$ 136,580,759
Contributions of nonfinancial assets	1,593,689	-	1,593,689	1,189,826
Investment income, net	2,919,641	-	2,919,641	1,329,772
Net assets released from restrictions	1,065,922	(1,065,922)	-	-
Total support and revenue	125,670,055	(421,565)	125,248,490	139,100,357
Expenses:				
Program expenses:				
Grants to WFP and others	93,090,726	-	93,090,726	110,025,728
Other program expenses	20,593,783	-	20,593,783	20,251,455
Total program expenses	113,684,509	-	113,684,509	130,277,183
General and administrative	1,154,682	-	1,154,682	1,117,069
Fundraising	10,901,341	-	10,901,341	9,883,445
Total expenses	125,740,532	-	125,740,532	141,277,697
Change in net assets	(70,477)	(421,565)	(492,042)	(2,177,340)
Net assets:				
Beginning	27,251,633	967,902	28,219,535	30,396,875
Ending	<u>\$ 27,181,156</u>	<u>\$ 546,337</u>	<u>\$ 27,727,493</u>	<u>\$ 28,219,535</u>

See notes to financial statements.

World Food Program, USA

Statement of Functional Expenses

Year Ended September 30, 2024

(With Summarized Comparative Information for the Year Ended September 30, 2023)

	2024				2023
	Program Expenses	General and Administrative	Fundraising	Total	
Grants to WFP	\$ 93,060,726	\$ -	\$ -	\$ 93,060,726	\$ 109,850,728
Grants to others	30,000	-	-	30,000	175,000
Total grants	93,090,726	-	-	93,090,726	110,025,728
Professional fees	10,817,206	134,568	3,777,643	14,729,417	14,633,487
Compensation	5,281,517	446,805	4,554,610	10,282,932	9,366,340
Employee benefits	825,154	73,605	704,944	1,603,703	1,393,736
Website development and administration	694,468	130,836	473,803	1,299,107	1,450,687
Bank charges and filing fees	1,160,770	6,270	11,278	1,178,318	1,114,432
Payroll taxes	396,320	33,691	341,285	771,296	671,791
Occupancy	251,812	123,499	217,154	592,465	511,540
Conferences and meetings	376,417	16,117	39,413	431,947	529,162
Travel	351,351	51,126	342,596	745,073	642,582
Accounting and legal	58,819	28,847	50,724	138,390	107,510
Depreciation and amortization	134,583	58,722	103,254	296,559	294,750
Telephone	83,663	11,151	71,974	166,788	163,506
Office supplies and expenses	31,298	12,348	53,361	97,007	88,077
Dues and memberships	73,617	7,260	25,724	106,601	75,611
Business insurance	29,098	14,271	25,093	68,462	70,015
Staff development	20,369	3,684	45,302	69,355	61,908
Postage	2,514	584	34,564	37,662	39,378
Equipment rental and maintenance	2,443	819	1,440	4,702	1,026
Printing and publications	2,364	479	27,179	30,022	36,431
Total expenses	\$ 113,684,509	\$ 1,154,682	\$ 10,901,341	\$ 125,740,532	\$ 141,277,697

See notes to financial statements.

World Food Program, USA

Statement of Cash Flows

Year Ended September 30, 2024

(With Summarized Comparative Information for the Year Ended September 30, 2023)

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ (492,042)	\$ (2,177,340)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Realized and unrealized gain on investments, net	(1,639,467)	(482,465)
Depreciation and amortization	288,486	286,522
Amortization of finance lease right-of-use asset	8,073	8,228
Amortization of operating lease right-of-use asset	301,059	128,088
Discount on contributions receivable	(372,898)	400,834
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	328,300	(330,018)
Contributions receivable	2,741,150	(7,320,186)
Prepaid expenses and other assets	(267,026)	(79,716)
Advances to subrecipients	(19,381,834)	28,042,648
Increase (decrease) in:		
Accounts payable and accrued expenses	(504,472)	884,144
Grants payable to WFP	6,256,571	(6,164,284)
Custodial funds	40,967	(42,337)
Refundable advances	7,355,722	(16,480,917)
Operating lease liabilities	69,428	883,041
Net cash used in operating activities	(5,267,983)	(2,443,758)
Cash flows from investing activities:		
Purchase of property and equipment	(63,319)	(1,034,362)
Purchases and reinvestments of investments	(2,582,483)	(4,521,979)
Proceeds from sales of investments	153,833	506,526
Net cash used in investing activities	(2,491,969)	(5,049,815)
Cash flows from financing activities:		
Repayments of finance lease liabilities	(8,153)	(7,803)
Net cash used in financing activities	(8,153)	(7,803)
Net decrease in cash	(7,768,105)	(7,501,376)
Cash:		
Beginning	31,878,078	39,379,454
Ending	<u><u>\$ 24,109,973</u></u>	<u><u>\$ 31,878,078</u></u>
Supplemental disclosure of cash flow information:		
Right-of-use asset obtained in exchange for new finance lease obligation	\$ -	\$ 23,028
Right-of-use asset obtained in exchange for new operating lease obligation	\$ -	\$ 4,591,080
Supplemental disclosure of noncash investing activities:		
Property and equipment acquired under tenant allowance and paid directly by landlord	\$ -	\$ 1,493,442

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, nonprofits 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 (ASC or 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 are not subject to donor restrictions. The Board may designate net assets without donor restrictions at its discretion. Board-designated net assets include funds designated by the Board for specific programs. The balance of board designated net assets at September 30, 2024, was \$20,000,000, 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, 2024, was \$269,108, which is included in the investments described in Notes 5 and 11. 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, 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.

Accounts receivables and allowance for credit losses: Accounts receivables are carried at original invoice amount, less an estimate made for credit losses, based on a review of all outstanding amounts on a monthly basis. The allowance for credit losses is WFP USA's best estimate of the amount of probable credit losses in WFP USA's existing accounts receivable and is based upon historical loss patterns, the number of days that billings are past due, and an evaluation of the potential risk of loss associated with specific accounts. Account balances are charged against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. Provisions for allowances for credit losses are recorded in management and general expense. Based on management's evaluation of the collection of receivables, there was no allowance for credit losses at September 30, 2024.

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 uncollectible contributions receivable by evaluating each receivable individually. Management considers various factors, including historical experiences with the individual donors. Contributions receivable are written off when deemed uncollectible. Based on management's evaluation of the collection of the receivables, there was no provision for doubtful accounts of contributions receivable at September 30, 2024.

Advances to subrecipients: Advances to subrecipients represent funds expended on donor agreements for conditional grant purposes that are not yet recognized as expenses. These amounts will be recognized when the conditions on which they depend are substantially met.

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 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 three to 11 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.

World Food Program, USA

Notes to Financial Statements

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

Leases: WFP USA determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. WFP USA also considers whether its service arrangements include the right to control the use of an asset.

WFP USA recognizes most leases on its statement of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition in the statement of activities.

WFP USA made an accounting policy election available not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or October 1, 2022, for existing leases upon the adoption of ASC Topic 842, Leases). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives received. To determine the present value of lease payments, WFP USA made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Future lease payments may include fixed-rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

WFP USA has made an accounting policy election to account for lease and nonlease components in its contracts as a single lease component for its real estate, vehicle and equipment asset classes. The nonlease components typically represent additional services transferred to WFP USA, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

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.

Unconditional contributions receivable that are expected to be collected within one year are recorded at their net realizable value. Unconditional contributions receivable 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 receivables are recorded. Amortization of the discounts is included in contribution revenue.

World Food Program, USA

Notes to Financial Statements

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

Conditional contributions are not included as support until the conditions are met. Conditional contributions that are restricted by the donor are reported as net assets without donor restrictions if the restrictions have been satisfied by the time conditions have been met.

Refundable advances are only recognized as support and revenue when the conditions on which they depend are substantially met.

Contributions of non-financial assets: WFP USA receives contributions of services (which includes 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.

Volunteers contribute significant amounts of professional services; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by accounting principles generally accepted in the United States of America (U.S. GAAP). WFP USA records in-kind contributions at the respective fair values of the services received (see Note 7).

Donor restrictions and use—None of the contributed services are restricted in use. All of the contributed services are used for programmatic activities.

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. Joint costs of informational materials or activities that included a fundraising appeal have been allocated among fundraising and the appropriate program or general and administrative functions.

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, 2024. 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 U.S. GAAP requires management to make estimates and assumptions that affect the reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Adopted accounting pronouncement: WFP USA adopted ASC 326, Financial Instruments--Credit Losses, as of October 1, 2023, with the cumulative-effect transition method with the required prospective approach. The measurement of expected credit losses under the current expected credit loss ("CECL") methodology is applicable to financial assets measured at amortized cost, which include trade receivables, contract assets and non-current receivables. The adoption of ASC 326 was not material to the financial statements.

World Food Program, USA

Notes to Financial Statements

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

Subsequent events: WFP USA has evaluated subsequent events through February 18, 2025, the date on which 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	\$ 24,109,973
Accounts receivable	1,718
Contributions receivable, net	6,172,581
Investments, including custodial and deferred compensation assets	19,439,316
Total financial assets available	<u>49,723,588</u>
Less those unavailable for general expenditure within one year due to:	
Contractual or other restrictions:	
Custodial assets held	(269,108)
Deferred compensation assets held	(192,220)
Amounts designated by the board	(20,000,000)
Donor-imposed time restrictions	<u>(546,337)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 28,715,923</u>

The board-designated reserve of \$20,000,000 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.

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, 2024, consist of the following:

Due in less than one year	\$ 5,792,517
One to two years	408,000
	<u>6,200,517</u>
Less discount to net present value, ranging from 3.61% to 5.12%	<u>(27,936)</u>
	<u>\$ 6,172,581</u>

At September 30, 2024, one donor accounted for 45% of total contributions receivable. Three donors accounted for approximately 86% of total contribution revenue for the year ended September 30, 2024.

World Food Program, USA

Notes to Financial Statements

Note 4. Property and Equipment

Property and equipment consist of the following at September 30, 2024:

Leasehold improvements	\$ 2,503,172
Equipment	525,762
Furniture	39,142
Website development	570,097
Computer software	262,169
	<u>3,900,342</u>
Less accumulated depreciation and amortization	<u>(1,477,071)</u>
	<u><u>\$ 2,423,271</u></u>

Note 5. Investments

Investments at September 30, 2024, consist of the following:

Mutual funds	\$ 9,677,921
Bonds	4,267,092
Exchange-traded funds	288,359
Stocks	1,978,828
Money market deposit accounts	854,232
Investment held at net asset value (NAV)	2,372,884
	<u><u>\$ 19,439,316</u></u>

Investments above include \$269,108 of custodial funds at September 30, 2024, shown separately on the accompanying statement of financial position.

Investment income for the year ended September 30, 2024, consists of the following:

Interest and dividends	\$ 1,350,129
Realized and unrealized gain on investments, net	1,639,467
Investment expenses	<u>(69,955)</u>
	<u><u>\$ 2,919,641</u></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, 2024:

Strategy Category	Fair Value	Unfunded Commitments	Frequency (If Currently Eligible)	Redemption Notice Period
Multi-strategy equity (a)	<u>\$ 2,372,884</u>	<u>\$ -</u>	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.

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, 2024, WFP USA obligated \$93,060,726 to WFP. Of that obligated amount, \$20,658,127 will be paid in future years.

Note 7. Contribution of Nonfinancial Assets

WFP USA received donated professional services, a form of a nonfinancial assets, as follows during the year ended September 30, 2024:

	Program Services	General and Administrative	Fundraising	Total
Professional services	\$ 1,593,689	\$ -	\$ -	\$ 1,593,689
	<u>\$ 1,593,689</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,593,689</u>

Fair value techniques—Professional services are valued based on market rates for the service providers.

Note 8. 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 6% of compensation. For the year ended September 30, 2024, WFP USA contributed \$532,248 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, 2024, were \$39,000. The cumulative deferred compensation liability and investments of the Plan at September 30, 2024, were \$192,220, and are reported as investments and as accounts payable, accrued expenses and other in the accompanying statement of financial position.

The Plan is valued at the quoted market value of the deferred compensation assets that are observable inputs, but the liability is not publicly traded. Therefore, the asset is classified as Level 1, and liability is classified as a Level 2 item.

Note 9. 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, 2024, due to the administrative element being collected and the time restriction being met.

World Food Program, USA

Notes to Financial Statements

Note 9. Net Assets with Donor Restrictions (Continued)

Changes in net assets with donor restrictions during the year ended September 30, 2024, were as follows:

	Balance September 30, 2023	Additions	Releases	Balance September 30, 2024
Time restricted:				
Administrative	\$ 967,902	\$ 644,357	\$ (1,065,922)	\$ 546,337
	<u>\$ 967,902</u>	<u>\$ 644,357</u>	<u>\$ (1,065,922)</u>	<u>\$ 546,337</u>

Note 10. Leases

WFP USA leases real estate under an operating lease agreement that has an initial term of 12 years. The lease includes one option to renew, at the WFP USA's sole discretion, with renewal terms that can extend the lease term up to five years. In addition, the lease contains a termination option, where the rights to terminate are held by either WFP USA, the lessor or both parties. These options to extend or terminate a lease are included in the lease terms when it is reasonably certain that WFP USA will exercise that option. WFP USA's operating lease does not contain any material restrictive covenants or residual value guarantees.

WFP USA also leases equipment under a finance lease agreement with a term of three years, and an interest rate of 3.14%. WFP USA's finance lease does not contain any material restrictive covenants or residual value guarantees.

Operating lease cost is recognized on a straight-line basis over the lease term. Finance lease cost is recognized as a combination of the amortization expense for the ROU assets and interest expense for the outstanding lease liabilities, and results in a front-loaded expense pattern over the lease term.

The components of lease expense are as follows for the year ended September 30, 2024:

Operating lease cost	\$ 592,464
Finance lease cost—amortization of right-of-use assets	8,073
Finance lease cost—interest on lease liabilities	339
Total lease cost	<u>\$ 600,876</u>

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Notes to Financial Statements

Note 10. Leases (Continued)

Future undiscounted cash flows for each of the next five years and thereafter, and a reconciliation to the lease liabilities recognized on the statement of financial position, as follows as of September 30, 2024:

	Operating Lease	Finance Lease
Years ending September 30:		
2025	\$ 670,948	\$ 7,155
2026	704,712	-
2027	830,692	-
2028	851,459	-
2029	872,746	-
Thereafter	5,286,438	-
Total lease payments	9,216,995	7,155
Less imputed interest	(1,748,315)	(83)
Total present value of lease liabilities	<u>\$ 7,468,680</u>	<u>\$ 7,072</u>

Supplemental cash flow information related to leases is as follows for the year ended September 30, 2024:

Cash paid for amounts included in measurement of lease liabilities:

Operating cash outflows—payments on operating lease	\$ 221,974
Operating cash outflows—payments on finance lease	339
Financing cash outflows—payments on finance lease	8,153

Supplemental statement of financial position information related to leases is as follows as of September 30, 2024:

Finance lease:

Equipment	\$ 24,890
Accumulated depreciation	(18,163)
Finance lease, right-of-use assets, net	<u>\$ 6,727</u>

Weighted-average remaining lease term:

Operating lease	10.58 years
Finance lease	0.92 years

Weighted-average discount rate:

Operating lease	3.89%
Finance lease	3.14%

Note 11. 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.

World Food Program, USA

Notes to Financial Statements

Note 11. Fair value Measurements (Continued)

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 NAV per share or its equivalent. There were no Level 3 assets or liabilities at September 30, 2024.

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	\$ 614,339	\$ 614,339	\$ -	\$ -
Stock funds	1,375,836	1,375,836	-	-
Money market	242,554	242,554	-	-
Short-term funds	6,755,101	6,755,101	-	-
Fixed Income ETPs	690,091	690,091	-	-
	9,677,921	9,677,921	-	-
Bonds:				
Corporate bonds	4,077,032	-	4,077,032	-
Municipal bonds	190,060	-	190,060	-
	4,267,092	-	4,267,092	-
Exchange-traded funds:				
Equity	288,359	288,359	-	-
	288,359	288,359	-	-
Stocks:				
Common stock	1,944,049	1,944,049	-	-
Other	34,779	34,779	-	-
	1,978,828	1,978,828	-	-
	16,212,200	11,945,108	4,267,092	-
Investment held at NAV (a)	2,372,884	-	-	-
	\$ 18,585,084	\$ 11,945,108	\$ 4,267,092	\$ -

(a) In accordance with 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.

World Food Program, USA

Notes to Financial Statements

Note 11. Fair value Measurements (Continued)

The table below reconciles total investments, consisting of Custodial funds and investments, to the statement of financial position at September 30, 2024:

Investments held at fair value	\$ 16,212,200
Investments held at cost	854,232
Investments held at NAV	2,372,884
	<u>\$ 19,439,316</u>

Cash held in the investment accounts totaling \$854,232 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, 2024.

Note 12. Commitments

Employment agreements: WFP USA has employment agreements with members of management. Under the terms of the agreement, should WFP USA terminate the employment of these individuals without cause, WFP USA would be obligated to pay severance.

Note 13. Conditional Contributions

At September 30, 2024, WFP USA has \$38,779,793 of conditional contributions awarded but not yet recognized as revenue. The amount is comprised of refundable advances on the statement of financial position. Future recognized is contingent WFP USA carrying out certain activities and incurring allowable expenditures stipulated by the agreements.

Note 14. Allocation of Joint Costs

WFP USA incurred joint costs of \$2,032,099 in the year ended September 30, 2024, for informational materials used in direct mail and other campaigns that included fundraising appears. For the year ended September 30, 2024, \$587,978 was allocated to fundraising, \$1,234,932 was allocated to programs and \$209,099 was allocated to management and general.