INTERNATIONAL FOOD POLICY RESEARCH INSTITUTE

Financial Statements; Audit of Federal Awards Performed in Accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and Schedule of Indirect Costs

December 31, 2019 and 2018
(With Independent Auditors' Report Thereon)

INTERNATIONAL FOOD POLICY RESEARCH INSTITUTE

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Independent Auditor's Report

Audit Committee of the Board of Directors
International Food Policy Research Institute

Report on the Financial Statements
We have audited the accompanying financial statements of International Food Policy Research Institute (IFPRI), which comprise the statements of financial position as of December 31, 2019 and 2018, the related statements of activities, functional expenses, changes in net assets and cash flows for the years then ended and the related notes to the financial statements (collectively, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. 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 IFPRI as of December 31, 2019 and 2018, and the changes in its net assets, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as of and for the years ended December 31, 2019 and 2018 taken as a whole. The supplementary information in the columns for Unrestricted, Restricted Portfolio, Restricted Non-Portfolio, Total Portfolio and Total Non-Portfolio on the statements of activities is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming an opinion on financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. The accompanying schedule of indirect costs is also presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2020 on consideration of IFPRI's internal control over financial reporting and on tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering IFPRI's internal control over financial reporting and compliance.

RSM US LLP

Washington, D.C.
April 15, 2020

International Food Policy Research Institute
Statements of Financial Position
Years Ended December 31, 2019 and 2018
(In U.S. Dollar Thousands)

	2019	2018
Assets		
Current assets		
Cash and cash equivalents (Note 2(d))	$ 12,653	$ 19,385
Investments (Note 3)	20,258	19,594
Advances, prepaids and other assets, net (Note 4)	6,848	8,762
Accounts receivable, net (Note 4)	24,257	19,525
Total current assets	64,016	67,266
Investments (Note 3)	72,448	69,383
Property and equipment, net (Note 5)	8,090	9,207
Total assets	$ 144,554	$ 145,856
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued expenses	$ 8,942	$ 6,347
Accrued vacation	4,118	3,915
Advance payment of CGIAR grant funds	11,067	14,094
Unexpended project funds	49,585	41,379
Amount held for HarvestPlus program (Note 2(h))	18,099	32,931
Total current liabilities	91,811	98,666
Deferred rent	14,147	12,635
Accrued postretirement benefits (Note 8)	5,966	5,743
Total liabilities	111,924	117,044
Net assets without donor restrictions (Note 2(b))		
Board designated	545	748
Undesignated	27,512	26,574
Other net assets	4,573	1,490
Total net assets without donor restrictions	32,630	28,812
Commitments and contingencies (Notes 6 and 10)		
Total liabilities and net assets	$ 144,554	$ 145,856

The accompanying notes are an integral part of the financial statements.

International Food Policy Research Institute
Statements of Activities
Years Ended December 31, 2019 and 2018
(In U.S. Dollar Thousands)

	2019 (Note 2(c))						2018 (Note 2(c))					
	Unrestricted	Restricted		Total		Grand Total	Unrestricted	Restricted		Total		Grand Total
	Non-Portfolio	Portfolio	Non-Portfolio	Portfolio	Non-Portfolio		Non-Portfolio	Portfolio	Non-Portfolio	Portfolio	Non-Portfolio	
Revenues and gains *												
Grant revenue												
Window 1 & 2	$ -	$ 39,653	$ -	$ 39,653	$ -	**$ 39,653**	$ -	$ 39,382	$ -	$ 39,382	$ -	**$ 39,382**
Window 3	325	42,529	2,493	42,529	2,818	**45,347**	419	44,255	1,994	44,255	2,413	**46,668**
Bilateral	-	42,666	12,416	42,666	12,416	**55,082**	-	45,580	12,372	45,580	12,372	**57,952**
Total grant revenues	**325**	**124,848**	**14,909**	**124,848**	**15,234**	**140,082**	**419**	**129,217**	**14,366**	**129,217**	**14,785**	**144,002**
Expenses and losses												
Research expenses	468	49,900	7,789	49,900	8,257	**58,157**	398	57,240	8,544	57,240	8,942	**66,182**
CGIAR collaborator expenses	-	27,156	2,357	27,156	2,357	**29,513**	-	26,632	1,930	26,632	1,930	**28,562**
Non CGIAR collaborator expenses	84	34,374	2,847	34,374	2,931	**37,305**	104	32,209	1,993	32,209	2,097	**34,306**
General and administration expenses	99	13,418	1,916	13,418	2,015	**15,433**	144	13,136	1,899	13,136	2,043	**15,179**
Other expenses and losses	229	-	-	-	229	**229**	67	-	-	-	67	**67**
Total expenses and losses	**880**	**124,848**	**14,909**	**124,848**	**15,789**	**140,637**	**713**	**129,217**	**14,366**	**129,217**	**15,079**	**144,296**
Operating surplus (deficit)	**(555)**	-	-	-	**(555)**	**(555)**	**(294)**	-	-	-	**(294)**	**(294)**
Financial income	1,601	-	-	-	1,601	**1,601**	1,312	-	-	-	1,312	**1,312**
Financial expenses	(311)	-	-	-	(311)	**(311)**	(290)	-	-	-	(290)	**(290)**
Surplus for the year	**735**	-	-	-	**735**	**735**	**728**	-	-	-	**728**	**728**
Other changes in net assets												
Unrealized gain (loss) on investment	2,906	-	-	-	2,906	**2,906**	(1,719)	-	-	-	(1,719)	**(1,719)**
Postretirement related changes	177	-	-	-	177	**177**	466	-	-	-	466	**466**
	3,083				3,083	**3,083**	**(1,253)**				(1,253)	**(1,253)**
Change in net assets without donor restrictions	**$ 3,818**	**$ -**	**$ -**	**$ -**	**$ 3,818**	**$ 3,818**	**$ (525)**	**$ -**	**$ -**	**$ -**	**$ (525)**	**$ (525)**

* This is a CGIAR revenue classifications. Under ASC Topic 958, all activities of IFPRI are unrestricted. Please refer to Note 2(c) for more detail.

The accompanying notes are an integral part of the financial statements.

International Food Policy Research Institute
Statements of Functional Expenses
Years Ended December 31, 2019 and 2018
(In U.S. Dollar Thousands)

	2019				2018			
	Program Services	Management & General	Fund -raising	Total	Program Services	Management & General	Fund-raising	Total
Salaries and wages	$ 30,202	$ 5,013	$ 203	**$ 35,418**	$ 31,029	$ 4,593	$ 191	**$ 35,813**
Employee Benefits	15,754	2,958	123	**18,835**	16,550	2,780	113	**19,443**
Professional services	671	550	-	**1,221**	913	634	-	**1,547**
Accounting fees	91	288	-	**379**	58	311	-	**369**
Legal fees	59	147	-	**206**	90	179	-	**269**
Office expenses	199	31	-	**230**	393	33	-	**426**
Information technology	757	79	-	**836**	842	69	-	**911**
Occupancy	4,860	1,641	-	**6,501**	4,793	1,656	-	**6,449**
Travel	5,027	122	142	**5,291**	5,946	129	273	**6,348**
Conferences, conventions, meetings	986	207	-	**1,193**	1,495	229	-	**1,724**
Insurance	25	231	-	**256**	21	164	-	**185**
Training and development	73	129	-	**202**	46	68	-	**114**
Depreciation	1,152	392	-	**1,544**	1,259	407	-	**1,666**
Bad debt expense	-	245	-	**245**	-	21	-	**21**
CGIAR Pass-thru collaboration	13,065	-	-	**13,065**	12,578	-	-	**12,578**
Other collaborators & subcontractors	49,549	256	-	**49,805**	50,543	276	-	**50,819**
CSP	-	1,944	-	**1,944**	-	2,050	-	**2,050**
Printing & Publication	589	149	-	**738**	522	124	-	**646**
Equipment Rental & maintenance	680	230	-	**910**	698	261	-	**959**
All other expenses	1,236	582	-	**1,818**	1,274	685	-	**1,959**
Total	$ 124,975	$ 15,194	$ 468	**$ 140,637**	$ 129,050	$ 14,669	$ 577	**$ 144,296**

The accompanying notes are an integral part of the financial statements.

International Food Policy Research Institute
Statements of Changes in Net Assets
Years Ended December 31, 2019 and 2018
(In U.S. Dollar Thousands)

	Board Designated	Undesignated	Other Net Assets	Total
Balance at December 31, 2018	$ 748	$ 26,574	$ 1,490	$ 28,812
Net change in investment in property and equipment (Note 5(a))	(1,117)	1,117	-	-
Landlord-financed property and equipment (Note 5(b))	(120)	120	-	-
Amortization of landlord-financed property and equipment (Note 5(b))	1,034	(1,034)	-	-
Change in unrestricted net assets before other comprehensive income	-	735	-	736
Post-retirement related changes	-	-	177	177
Unrealized gain on investment	-	-	2,906	2,906
Balance at December 31, 2019	$ 545	$ 27,512	$ 4,573	$ 32,630

	Board Designated	Undesignated	Other Net Assets	Total
Balance at December 31, 2017	$ 778	$ 25,816	$ 2,743	$ 29,337
Net change in investment in property and equipment (Note 5(a))	2,883	(2,883)	-	-
Landlord-financed property and equipment (Note 5(b))	(3,894)	3,894	-	-
Amortization of landlord-financed property and equipment (Note 5(b))	981	(981)	-	-
Change in unrestricted net assets before other comprehensive income	-	728	-	728
Post-retirement related changes	-	-	466	466
Unrealized loss on investment	-	-	(1,719)	(1,719)
Balance at December 31, 2018	$ 748	$ 26,574	$ 1,490	$ 28,812

The accompanying notes are an integral part of the financial statements.

International Food Policy Research Institute
Statements of Cash Flows
Years Ended December 31, 2019 and 2018
(In U.S. Dollar Thousands)

	2019	2018
Cash flows from operating activities		
Change in unrestricted net assets	$ 3,818	$ (525)
Adjustments to reconcile change in unrestricted net assets to net cash (used in) provided by operating activities:		
Net realized and unrealized (gains) losses on investments	(2,983)	1,648
Depreciation and amortization	1,544	1,666
Gain on disposal of equipment	-	(224)
Provisions for uncollectible receivables	(222)	(505)
Changes in assets and liabilities		
(Increase) decrease in assets:		
Accounts receivable	(4,510)	6,681
Advances, prepaids and other assets	1,914	4,183
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	2,595	(917)
Accrued vacation	203	332
Advance payment of CGIAR grant funds	(3,027)	(2,048)
Unexpended project funds	8,206	4,664
Amount held for Harvest Plus Challenge Program	(14,832)	(3,012)
Deferred rent	1,392	2,955
Accrued postretirement benefits	223	128
Net cash (used in) provided by operating activities	(5,679)	15,026
Cash flows from investing activities		
Acquisition of property and equipment	(307)	(431)
Purchases of investments	(37,112)	(52,933)
Proceeds from sales of investments	36,366	40,205
Net cash used in investing activities	(1,053)	(13,159)
Net (decrease) increase in cash and cash equivalents	(6,732)	1,867
Cash and cash equivalents, beginning of year	19,385	17,518
Cash and cash equivalents, end of year	$ 12,653	$ 19,385
Non-Cash investing activities		
Landlord financed furniture and leasehold improvements	$ 120	$ 3,894

The accompanying notes are an integral part of the financial statements.

1. Nature of Activities

By Executive Order 12359, the International Food Policy Research Institute (IFPRI) is a public international organization entitled to certain privileges, exemptions and immunities conferred by the International Organizations Immunities Act, including exemption from federal income tax under Section 501(c)(3), except on unrelated business activities.

IFPRI was established to identify and analyze alternative national and international strategies and policies for meeting food needs in the world, with particular emphasis on low-income countries and on the poorer groups in those countries. While the research effort is geared to the precise objective of contributing to the reduction of hunger and malnutrition, the factors involved are many and wide-ranging, requiring analysis of underlying processes and extending beyond a narrowly defined food sector.

IFPRI's direct research program reflects worldwide interaction with policymakers, administrators and others concerned with increasing food production and with improving the equity of its distribution. Research results are published and distributed to officials and others concerned with national and international food and agricultural policy. As a constituent of the CGIAR, IFPRI receives the majority of its support for the integrated program of research from governments, international and regional organizations and foundations. As a constituent of CGIAR, 50% of IFPRI's Trustees are appointed by CGIAR.

Created in 1971, CGIAR is an association of public and private members supporting a system of 15 research centers (Centers), including IFPRI, which work in more than 100 countries to utilize cutting-edge science to reduce hunger and poverty, improve human nutrition and health, and protect the environment.

In 2011, the CGIAR introduced a new programmatic based approach to doing business. The Donors to the CGIAR, represented by a new Fund Council, approved the creation of 15 CGIAR Research Programs (CRPs), each to be led by a designated Center. IFPRI was designated to lead two of these CRPs, with a commencement date of January 1, 2012. The CRPs led by IFPRI were the Policies, Institutions and Markets and the Agriculture for Nutrition and Health. The Lead Center is responsible, through a Program Implementation Agreement (PIA), for overseeing the implementation of the CRP by Program Participants and for all payments to and reporting from Program Participants. Program participants include other CGIAR supported Centers and Partners who are subcontracted by the Lead Center via Program Participant Agreement (PPA) or other suitable contracting arrangement. The Lead Center includes in its Statement of Activities expenses incurred by subcontracted Centers and the corresponding revenue.

During 2016, CGIAR transitioned to a new operating structure, which established the CGIAR System Organization, governed by a System Management Board. A System Council replaced the Fund Council.

A second phase of the transition to a new operating structure commenced on January 1, 2017, which resulted in the continuing operation of 11 CRPs and 3 Platforms. The CRP on Policies, Institutions, and Markets and on Agriculture for Nutrition and Health (A4NH) were among the CRPs approved for the second phase and will continue to be led by IFPRI.

Donors to the CGIAR may channel funds through a special CGIAR Fund and designate the funds to Funding "Windows". Funds through Window 1 are allocated and disbursed by the Fund Council to CRPs. Funds through Window 2 are designated by the Donors to specific CRPs. Funds through Window 3 are allocated by Donors to specific CGIAR Centers to finance CRPs or other activities. Funds through

Bilateral agreements are provided directly to specific CGIAR Centers from the Donor, rather than passing through a CGIAR Fund.

IFPRI presents revenue and expenses flowing through these "Windows" and "Bilateral" funding (i.e., CRP structure) separately as "restricted" instead of "unrestricted" on its statement of activities (SOA) to comply with CGIAR financial guidelines. These classifications do not correlate to the terms used within the Financial Accounting Standards Board (FASB) Codification (the Codification or ASC). Refer to Note 2(c) for definition of these terms per CGIAR guidelines.

2. Summary of Significant Accounting Policies

a) Basis of Accounting

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

b) Basis of Presentation

IFPRI prepares its financial statements in accordance with accounting principles generally accepted in the United States of America and the accounting policies of CGIAR Financial Guidelines Series Number 2 – Accounting Policies and Reporting Practices Manual.

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Updated (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The ASU also clarifies the guidance used by entities other than not-for-profits to identify and account for contributions made.

Where IFPRI is the resource recipient, the ASU is applicable to contributions received for interim periods within annual periods beginning after December 15, 2018. IFPRI adopted the new standard effective for the year ended December 31, 2019 using a modified prospective transition method. Donors' funding of IFPRI's activities through Window 1, 2 and 3 as well as Bilateral grants and contacts are affected by this standard. Based on IFPRI's review of its contracts and agreements with the donors, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under this new standard. The adoption of this standard had no impact on the statements of financial position and the statements of activities and changes in net assets but resulted in additional disclosures. See the Revenue section of this footnote for enhanced disclosures.

Where IFPRI is a resource provider, the ASU is effective for annual periods beginning after December 15, 2019. IFPRI is currently evaluating the impact of the adoption of this guidance as a resource provider on its financial statements.

Net Assets

Net assets represent resources classified for accounting and reporting purposes based on the existence or absence of donor-imposed restrictions. A description of the two classes is as follows:

Net assets without donor restrictions: Net assets without donor restrictions represent funds that are available for the support of IFPRI's operations. Net assets without donor restrictions are available for the overall operations of IFPRI and include both designated and undesignated net asset portions, as follows:

Board Designated:

Net Investment in Property and Equipment – A portion of net assets without donor restrictions has been designated by the Board to reflect net investment in property and equipment. See Note 5 for additional disclosure.

Undesignated:

IFPRI considers its undesignated net assets to be operating reserves. Under the guidelines of CGIAR, operating reserves should be equivalent to 75 to 90 days of operating expenses; however, IFPRI's Board encourages a minimum 90-day reserve. The operating reserves are composed of cash and cash equivalents and certain receivables, less certain liabilities, prepaid grant funds, and contract funds received in advance. These net assets represent approximately 92 and 86 days of total net assets expenses for 2019 and 2018, respectively. The balances of $27,512 and $26,574 are presented as undesignated net assets at December 31, 2019 and 2018, respectively.

Unrecognized Actuarial Gain:

IFPRI provides health care and life insurance benefits to certain retired employees and their dependents. This portion of unrestricted net assets represents the accumulated changes in net assets related to the postretirement benefit changes that have not yet been recognized in net periodic postretirement benefit cost. See Note 8 for additional disclosure.

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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. IFPRI did not have any net assets with donor restrictions at December 31, 2019 or 2018.

c) Revenue

IFPRI's revenue is primarily derived from cost-reimbursement-type grants and contracts, which are accounted for as are conditional contributions and are consistent with CGIAR's accounting policies. Revenue is recognized when the conditions of the grants are met, generally over the grant period as related allowable expenses are incurred.

CGIAR revenue classifications – The CGIAR Financial Guidelines require that IFPRI report certain revenue as unrestricted and restricted in accordance with terms used by CGIAR. According to the CGIAR Financial Guidelines, unrestricted revenue is defined as grants received for the general support of IFPRI's agreed upon research and development and administrative agenda. Amounts reported on the statements of activities in the unrestricted column correspond to this classification. According to the CGIAR Financial Guidelines, restricted revenue is defined as grants received in support of specified projects or activities agreed upon by IFPRI and the donors. Amounts reported on the statements of activities as the columns related to CRPs, including CGIAR Fund Windows 1, 2 and 3 and Bilateral funding related to both the CRPs and other activities of IFPRI are considered restricted under the definition in the CGIAR Financial Guidelines. These classifications do not correlate to the terms used in accordance with the FASB ASC Topic 958. Under ASC Topic 958, all activities of IFPRI are unrestricted.

CRPs are the instruments by which CGIAR system level outcomes and outputs are expected to be achieved. Research activity that falls outside the scope of the CRP objectives is deemed to be Non-CRP revenue and expenditures.

IFPRI's receivables represent amounts which have been earned, but for which funds have not yet been received. Unexpended project funds primarily represent amounts received by IFPRI and related to specific projects funded by donors, but for which the related costs have not yet been incurred. Advance payment of CGIAR's grant funds in the accompanying statements of financial position relates to amounts received by IFPRI prior to the research conducted on the respective grant and include disbursements from the CGIAR to CRPs via the Funding Windows referred to in Note 1.

Concentrations of credit risk with respect to accounts receivable are limited due to the majority of receivables being from CGIAR-member countries and international organizations. Management does not believe a significant risk exists in connection with IFPRI's concentrations of credit at December 31, 2019.

d) Cash and Cash Equivalents

Cash and cash equivalents are carried at cost, which approximates fair value and is comprised of interest-bearing deposits in money market accounts and commercial paper with original maturities of three months or less.

IFPRI maintains its cash equivalents at two financial institutions in the United States. The balances, at times, may exceed levels fully insured under federal law. At December 31, 2019 and 2018, IFPRI held $11,403 and $18,135, respectively in five accounts, in balances in excess of amounts covered by the Federal Deposit Insurance Company.

e) Investments

Investments consist of U.S. government and agency obligations, equity and fixed income mutual and exchange traded funds, and corporate obligations. Equity mutual funds consist of index funds and exchange traded funds. Investments are recorded at fair value, which is based on quoted market prices or dealer quotes. Gains and losses arising from the sale, maturity or other disposition of investments are accounted for on a specific identification basis, calculated as of the trade date. Realized gains and losses are reported as financial income in the statements of activities. Unrealized gains and losses are reported as other changes in net assets on the statement of activities. Investment income is reported as unrestricted (CGIAR financial guidelines) revenue, unless stipulated for a specific purpose by a donor. Investments with original maturities of less than one year from the date of purchase are classified as current assets.

IFPRI's investments are exposed to various risks, such as market and credit. 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.

f) Fair Value of Financial Statements

ASC 820, *Fair Value Measurement*s, establishes among other things, a hierarchical disclosure framework, which prioritizes and ranks the level of market price observability used in measuring financial instruments at fair value. The hierarchy gives highest priority to unadjusted quoted market prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3 measurements).

Under ASC 820, financial instruments are classified and 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, IFPRI performs a detailed analysis of the assets and liabilities that are measured at fair value, on a recurring basis. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs that are not corroborated are classified as Level 3. There were no Level 3 inputs for any assets held by IFPRI at December 31, 2019 and 2018.

g) Property and Equipment

Furnishings and equipment, software, computer equipment and vehicles owned by IFPRI are recorded at cost and depreciated over their estimated useful lives of three to six years using the straight-line method, with one-half year convention in the first year. Leasehold improvements are recorded at cost and are amortized over the term of the lease.

Expenditures for long lived-lived additions greater than $1 are capitalized. Expenditures for less costly items and maintenance and repairs are charged to operations as incurred.

Valuation of Long Lived Assets:

IFPRI accounts for the subsequent measurement of certain long-lived assets in accordance with subsection of the FASB ASC Topic *Property, Plant, and Equipment* that addresses impairment or disposal of long-lived assets. The accounting standard requires that property, plant and equipment be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the estimated fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell. There was no impairment of long lived assets as of December 31, 2019 or 2018.

h) Amount held for HarvestPlus Program

Amount held for HarvestPlus Program relates to funds received for the benefit of participating organizations in the HarvestPlus Program. In January 2012, the HarvestPlus Program activities became a component of the IFPRI led CRP "Agriculture for Nutrition and Health (A4NH)". Prior to January 2013, the net balance of funds received and disbursed for the benefit of participating organizations in the HarvestPlus Program were captured under the Amount held for HarvestPlus Program in the statements of financial position.

During 2012, IFPRI continued to disburse funds received for HarvestPlus under the prior funding mechanism and only reflected revenues and expenses for HarvestPlus Program activities undertaken directly by IFPRI in the statement of activities. Starting January 2013, IFPRI determined that all amounts held for the HarvestPlus Program were received under the A4NH CRP and, therefore, were under the control of IFPRI. Revenues are recognized by IFPRI for all expenditures by IFPRI and the participating organizations to the extent expenses have been incurred. All amounts received from funding agencies but not yet expended by IFPRI or other participating organizations are reported as Amount held for HarvestPlus Program on the statements of financial position. All amounts disbursed by IFPRI to participating organizations where the participating organization has not yet expended the funds are included in Advances, prepaids, and other assets on the statements of financial position (see note 4(b)).

i) Expenses

Costs are presented as research expenses, collaborator expenses and general and administration expenses. Research expenses include personnel, travel, supplies and services and depreciation. Collaborator expenses are distinguished between CGIAR collaboration and other partner collaborations.

j) Allocation of Expenses

Direct costs are charged specifically to the programs benefited. Benefit costs are allocated to the programs based upon the proportion of fringe benefit costs to total salaries. Research support and general and administration costs are collectively referred to as indirect costs.

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

k) Use of Estimates

Preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

l) Accounts Receivable

Accounts receivables are carried at original invoice amount, less an estimate made for doubtful receivables based on a review of all outstanding amounts. Management determines the allowance for doubtful accounts by regularly evaluating individual account receivable balances for conditions that may impair collection. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

m) Income Taxes

IFPRI is generally exempt from federal income tax under Internal Revenue Code Section 501(c) (3). In addition, IFPRI has been classified as an organization that is not a private foundation within the meaning of Section 170 (b) (1) (A) (vi) of the Code. Income that is not related to its exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes.

In December 2017, the Tax Cuts and Jobs Act (TCJA) was passed, which resulted in revisions to the tax code related to tax-exempt organizations including excise tax payments for executive compensation over $1 million, changes in unrelated business income tax offsetting activities and related taxes, and taxes due on select employee transportation plans. In December 2019, the taxes due on select employee transportation plans was repealed. Due to the TCJA, IFPRI incurred $0 and $23 in taxes due on select employee transportation plans for the year ending December 31, 2019 and December 31, 2018, respectively.

IFPRI has adopted the standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this policy, IFPRI may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position would be sustained on examination by taxing authorities, based on the technical merits of the position.

Management evaluated IFPRI’s tax positions and concluded that IFPRI has taken no uncertain tax positions that require recognition or disclosure in the financial statements. Generally, IFPRI is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2016.

n) Subsequent Events

IFPRI has evaluated subsequent events through April 15, 2020, which is the date the financial statements were available to be issued.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which IFPRI operates. While it is unknown how long these conditions will last and what the complete financial effect will be to IFPRI, to date, IFPRI has projected some of the planned field survey works, conference and workshops could be delayed or postponed to next year. It is not feasible at this time to quantify the complete effects in 2020 but IFPRI expects to reevaluate this situation and its impact on overall operations later during the year ending December 31, 2020.

o) Recently Issued Accounting Guidance

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which changes the accounting for leases. While both lessees and lessors are affected by the new guidance, the effects on lessors is largely unchanged. Under the new guidance, lessees will be required to recognize the following for all long terms leases: (1) a lease liability, which is the lessee’s obligation to make lease payments measured on a discounted basis and (2) a right-of-use asset, which represents the lessee’s right to use (or control use of) a specified asset for the lease term. The standard will be effective for the IFPRI’s fiscal year ending December 31, 2021. IFPRI is currently evaluating the impact of the adoption of this guidance on the financial statements.

In March 2017, the FASB issued ASU 2017-07, *Compensation — Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. ASU 2017-07 requires that an entity report the service cost component of net periodic pension and postretirement cost in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The remaining components of net benefit costs are required to be presented in the statement of activities separately from the service component and outside a subtotal of income from operations, if one is presented. The amendment further allows only the service cost component of net periodic pension and postretirement costs to be eligible for capitalization. IFPRI adopted this standard for the year ended December 31, 2019. This standard did not have a material impact on the financial statements.

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820): *Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. The ASU results in the removal, modification and addition of certain disclosure requirements related to transfers between levels within the fair value hierarchy, valuation processes and unrealized gains/losses presentation for Level 3 measurements, and liquidation timing for investments held at net asset value. The changes in this ASU should generally be applied on a retrospective basis in the year that the ASU is first applied except for the changes related to Level 3 measurements which should be applied prospectively. ASU 2018-13 is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. IFPRI is currently evaluating the impact of the adoption of this guidance on the financial statements.

(In U.S. Dollar Thousands)

In August 2018, the FASB issued ASU 2018-14, *Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20)*. ASU 2018-14 modifies the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans by removing disclosures that no longer are considered cost beneficial, clarify the specific requirements of disclosures, and add disclosure requirements identified as relevant. ASU 2018-14 will be effective for fiscal years ending after December 15, 2021. Early adoption is permitted. IFPRI should apply the amendments in this ASU on a retrospective basis to all periods presented. IFPRI is currently evaluating the impact of the adoption of this guidance on the financial reports.

3. Investments and Fair Value Measurements

Investments are comprised of the following at December 31:

	2019	2018
U.S. government and agency obligations	$ 20,057	$ 22,565
Corporate obligations	15,512	15,078
Mutual and exchange traded funds – equity	9,132	5,257
Mutual and exchange traded funds - fixed income	48,005	46,077
Investments	92,706	88,977
Less current portion of investments	(20,258)	(19,594)
Investments, noncurrent	$ 72,448	$ 69,383

Financial income is comprised of the following for the years ended December 31:

	2019	2018
Realized gains	$ 77	$ 71
Interest and dividends	1,524	1,241
Financial income	$ 1,601	$ 1,312

Interest and dividend, realized gains (losses) and foreign exchange gains are included in financial income on the statements of activities. Financial expenses on the statements of activities includes investment fees and foreign exchange losses.

(In U.S. Dollar Thousands)

The table below presents the balances of assets measured at fair value on a recurring basis by level within the hierarchy as defined in ASC 820 (see Note 2(f)) as of December 31:

	2019	**Level 1**	**Level 2**
U.S. Government and agency obligations	$ 20,057	$ -	$ 19,057
Corporate obligations	15,512	-	15,512
Mutual and exchange traded funds - equity	9,132	9,132	-
Mutual and exchange traded funds - fixed income	48,005	48,005	-
	$ 92,706	$ 57,137	$ 34,569

	2018	**Level 1**	**Level 2**
U.S. Government and agency obligations	$ 22,565	$ -	$ 22,565
Corporate obligations	15,078	-	15,078
Mutual and exchange traded funds - equity	5,257	5,257	-
Mutual and exchange traded funds - fixed income	46,077	46,077	-
	$ 88,977	$ 51,334	$ 37,643

IFPRI's U.S. government and agency obligations and corporate obligations are priced based on their stated interest rates and quality ratings. The interest and quality ratings are observable at commonly quoted intervals for the full term of the instruments and are, therefore, considered Level 2 items.

The fair value of IFPRI's mutual and exchange traded fund investments is based on quoted market prices and is considered Level 1 in the fair value hierarchy.

4. Accounts Receivable, Net and Advances, Prepaids and Other Assets, Net

a) Accounts receivable, net consist of the following at December 31:

	2019	**2018**
Unrestricted	$ 50	$ 130
Restricted projects	25,899	20,865
	25,949	20,995
Less allowance for doubtful accounts	(1,692)	(1,470)
Accounts receivable, net	$ 24,257	$ 19,525

Billed accounts receivable and unbilled accounts receivable on restricted projects totaled $8,236 and $17,663 at December 31, 2019, respectively, compared to $5,364 and $15,501 at December 31, 2018, respectively.

(In U.S. Dollar Thousands)

The current disclosure distinguishing between unrestricted and restricted projects is an internal management accounting presentation and is consistent with CGIAR financial guidelines, and is not intended to present receivables by net asset classification as defined by the Codification. See Note 2(c) for further discussion of these terms.

b) Advances, prepaids and other assets, net consist of the following at December 31:

	2019	2018
Advance to HarvestPlus partners	$ 1,656	$ 5,638
Advance to CGIAR CRP partners	1,677	266
Other advances, prepaids and deposits	3,759	3,102
	7,092	9,006
Less allowance for doubtful accounts	(244)	(244)
Advances, prepaids and deposits, net	$ 6,848	$ 8,762

Advances, prepaids and other assets are primarily comprised of funding advanced to research partners that will be liquidated and recorded as revenue and expenses upon submission of expenditure reports by partners. Employee and miscellaneous receivables are also included.

5. Property and Equipment

a) Property and equipment, net

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

	2018	Additions	Disposals	2019
Acquisition cost:				
Furnishing, computer and equipment	$ 4,362	$ 307	$ -	$ 4,669
Leasehold improvements	8,203	120	-	8,323
Vehicles	518	-	-	518
Software	953	-	-	953
Total	14,036	427	-	14,463
Accumulated depreciation:	4,829	1,544	-	6,373
Net book value	$ 9,207	$ (1,117)	$ -	$ 8,090

(In U.S. Dollar Thousands)

	2017	Additions	Disposals	2018
Acquisition cost:				
Furnishing, computer and equipment	$ 9,211	$ 1,753	$ (6,602)	$ 4,362
Leasehold improvements	9,623	2,506	(3,926)	8,203
Vehicles	452	66	-	518
Software	953	-	-	953
Total	20,239	4,325	(10,528)	14,036
Accumulated depreciation:	13,915	1,666	(10,752)	4,829
Net book value	$ 6,324	$ 2,659	$ 224	$ 9,207

b) Leasehold improvements

IFPRI's lease agreement for a new headquarters office, effective May 2017, includes a $10,703 allowance for renovation cost. Landlord-financed costs are included in property and equipment, with a corresponding entry to deferred rent. Since the amounts arise from the overall lease transaction and there is no net impact on cash and expenses, the net book value of landlord-financed assets is deducted in arriving at the adjusted net book value. The lease agreement for the previous headquarters office, which included an allowance for renovation costs of $2,422, expired in April 2018.

The 2019 net investment in properties and equipment's is computed as follows:

Total net book value of property and equipment at December 31, 2019		$ 8,090
Less landlord-financed assets:		
Cost of assets	9,780	
Accumulated amortization at December 31, 2019	(2,235)	
Total net book value of landlord financed		7,545
Net investment in property and equipment at December 31, 2019		$ 545

The 2018 balance is computed as follows:

Total net book value of property and equipment at December 31, 2018		$ 9,207
Less landlord-financed assets:		
Cost of assets	9,660	
Accumulated amortization at December 31, 2018	(1,201)	
Total net book value of landlord financed		8,459
Net investment in property and equipment at December 31, 2018		$ 748

(In U.S. Dollar Thousands)

6. Leases

IFPRI leases office space at its headquarters. The current headquarters lease ends in 2029. In addition, IFPRI has other office lease arrangements at several international locations.

Future minimum lease payments for office and certain office equipment leases are as follows:

Years Ending December 31:		
2020	$	6,360
2021		6,185
2021		6,237
2023		6,263
2024		6,419
Thereafter		29,558
	$	61,022

Total operating lease expense for the years ended December 31, 2019 and 2018, amounted to approximately $6,251 and $6,294 respectively.

7. Retirement Plan

IFPRI maintains a defined contribution retirement plan for all full-time employees, under which IFPRI contributes 15% of an employee's base compensation. Contributions for U.S. employees and resident aliens are made to the Teachers Insurance and Annuity Association and the College Retirement Equities Fund. Contributions for the nonresident staff are made to the International Agricultural Research Centers Retirement Plan. Total contributions were $5,506 and $5,567 for the years ended December 31, 2019 and 2018, respectively. All plan participants are immediately vested in their contributions.

8. Postretirement Benefits

IFPRI provides health care and life insurance benefits to certain retired employees and their dependents. Employees become eligible for benefits after meeting certain age and service requirements. The plan is contributory with retiree contributions adjusted annually and contains other cost-sharing features, such as deductibles and coinsurance.

The postretirement benefit plan's funded status recognized in the financial statements at December 31:

		2019		**2018**
Components of net periodic benefit cost:				
Service cost	$	563	$	674
Interest cost		251		206
Amortization of unrecognized net gain		(352)		(237)
Net periodic cost	$	462	$	643

(In U.S. Dollar Thousands)

The postretirement benefit plan's funded status recognized in the financial statements at December 31:

	2019	2018
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 5,743	$ 5,615
Service cost	563	674
Interest cost	251	206
Participant Contribution	64	49
Actuarial (gain)/loss	(529)	(702)
Benefits paid	(126)	(99)
Benefit obligation at year-end	5,966	5,743
Funded Status	5,966	5,743
Accrued benefit cost	$ 5,966	$ 5,743

The net gain that has not been recognized as a component of net periodic postretirement benefit cost as of December 31:

	2019	2018
Unrecognized gain	$ 2,910	$ 2,733

The net gain that is amortized into net periodic benefit cost over the next fiscal year:

	2020	2019
Amortization of gain during the year		
Unrecognized net gain	$ 386	$ 352

The accumulated postretirement benefits obligation was determined using a discount rate of 3.4% and 4.4% at December 31, 2019 and 2018, respectively. For the years ended December 31, 2019 and 2018, the health care cost trend rate was 6.5% and 7.0%, respectively, grading down by 0.25% each year until 5.0% is reached for 2026 and thereafter.

In October 2019, the Society of Actuaries released new data regarding observed mortality rate improvements. Fiscal year 2019 mortality gain reflects the changes in mortality base table and mortality improvement projection assumptions. The base table was updated from the RP-2006 tables to the Pri-2020 tables, including the application of contingent survivor mortality. The mortality improvement projection assumption was updated from Scale MP-2018 to Scale MP-2019, applied on a generational basis beginning with the Pri-2012 mortality tables' base year of 2012.

IFPRI's policy is to fund the aforementioned benefits as claims and premiums are paid.

(In U.S. Dollar Thousands)

The health care trend rate assumption has a significant effect on the amounts reported. Increasing the assumed health care cost trend rate by one percentage point would increase the accumulated postretirement benefits obligation by $960 as of December 31, 2019 and would increase the aggregate of the service and interest cost components of the net periodic postretirement benefits expense by $171 for the year ended December 31, 2019. Decreasing the assumed health care cost trend rate by one percentage point would decrease the accumulated postretirement benefits obligation by $784 as of December 31, 2019 and would decrease the aggregate of the service and interest cost components of the net periodic postretirement benefits expense by $136 for the year ended December 31, 2019.

Employer contributions expected to be made for the next fiscal year are $105. Postretirement benefits expected to be paid for each of the next five years, and the aggregate for the succeeding five years, are as follows:

2020	$ 197
2021	263
2022	317
2023	366
2024	418
2025 – 2029	2,961

9. Liquidity and Availability

IFPRI regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2019	2018
Cash and cash equivalents	$ 12,653	$ 19,385
Accounts receivable	24,257	19,525
Operating investments	92,706	88,977
	129,616	127,887
Less:		
Advance payment of CGIAR grant funds	(11,067)	(14,094)
Unexpended project funds	(49,585)	(41,379)
Amount held for HarvestPlus program (Note 2(h))	(18,099)	(32,931)
	$ 50,865	$ 39,483

As part of IFPRI’s liquidity management, operating investments have been structured to be available as general expenditures, liabilities, and other obligations come due.

(In U.S. Dollar Thousands)

10. Contingency

A substantial portion of revenue is subject to audit by grantors. These audits may result in a liability payable to the grantor. The amount, if any, of expenditures, which may be potentially disallowed, cannot be determined at this time, although management expects such amounts to be immaterial to the statements of financial position, activities and cash flows.

11. Conditional Grants

Conditional grants are recognized as earned in the year in which IFPRI incurs qualified expenses which also meet the conditions. Conditional grant funds received in excess of costs incurred are recorded as deferred revenue until earned. Grant costs incurred in excess of funds received are recorded as accounts receivable. As of December 31, 2019, the following are conditional grants by funder:

Funder	Total Conditional Grant	Amount Earned Through 2019	Amount of Conditional Grant Left to Earn
Cash grants from U.S. Government	$ 92,879	$ 80,485	$ 12,394
Cash grants from Other Donors	997,875	758,130	239,745
	$ 1,090,754	$ 838,615	$ 252,139

INTERNATIONAL FOOD POLICY RESEARCH INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2019
(In U.S. Dollar Thousands)

Federal Grantor (Pass-Through Entity) / Grant Title	IFPRI Special Project No.	CFDA No.	Grant No.	Begin Date	End Date	Passed Through to Subrecipients	Total Expenditures
Major Research and Development Federal Award Program							
Food Policy Research Program							
United States Agency for International Development							
Biosafety Systems Program, Phase III	600123	98.UNK	AID-BFS-IO-14-00001	10/01/2013	12/31/2019	$ 165	$ 1,456
Comprehensive Africa Agriculture Development Programme	699012	98.UNK	AID-BFS-IO 17-00001	03/27/2017	12/31/2021	1,021	5,755
Impact Evaluation of Feed the Future Programs in Ethiopia	602086	98.UNK	AID-663-IO-13-00001	01/04/2013	06/30/2020	-	1,469
Feed the Future Impact Evaluation	601061	98.UNK	AID-BFS-IO-14-000	11/07/2013	12/31/2020	-	418
Evaluating Impact and Building Capacity: An Egypt Strategy Support Program	602114	98.UNK	AlD-263-IO-l 5-00001	07/01/2015	06/30/2020	-	760
Feed The Future Uganda Biosafety Activity	600251	98.UNK	7206-1719-IO-00001	03/06/2019	03/06/2023	53	263
Impact Evaluation - Endline Data Collection and Analysis of the Feed The Future Business Literacy Program	603145	98.UNK	7203-6719-IO-00001	03/13/2019	03/12/2020	88	282
Passthrough Funds Received from Tufts University							
Global Hunger and Food Security Research Strategy	600119	98.001	06-S131627	08/12/2013	03/31/2020	-	308
Relationship Between Sustainably Intensified Production System and Farm Family Nutrition	600165	98.001	06-S160676	10/01/2015	09/15/2019	-	44
Passthrough Funds Received from KPMG East Africa Limited							
Global Resilience Partnership	600163	98.011	USAIDRF/STG3/2015/09	04/07/2016	12/31/2019	-	289
Passthrough Funds Received from Mercy Corps							
South Kivu Food Security Program	606006	98.UNK	IFPRI FSP 32953S002	11/01/2016	09/30/2020	141	162
Passthrough Funds Received from Michigan State University							
Climate Resilience, Nutrition, and Policy	602102	98.UNK	RC102750	07/13/2013	11/30/2019	-	845
Feed the Future Nigeria Agricultural Policy Project (NAPP)	602115	98.UNK	RC105214	07/01/2015	06/30/2020	-	2,091
Food Security Policy Project	602116	98.UNK	RC104236	07/01/2015	12/31/2019	-	82
Feed the Future Senegal Agricultural Policy Project	614010	98.UNK	RC105142	07/27/2015	03/31/2019	-	237
Feed the Future Innovation Lab for Food Security Policy Research, Capacity and Influence	602207	98.001	7200-AA19-LE-00001	05/15/2019	05/14/2020	-	32
Passthrough Funds Received from University of Florida							
Improve Evidence Ethiopia	602140	98.UNK	UFDSP00011426	10/17/2016	04/16/2020	27	146
Passthrough Funds Received from World Vision							
DFAP Ethiopia	601103	98.UNK	AID-FFP-A-16-00008	10/01/2016	07/31/2021	-	1,151
Passthrough Funds Received from Digital Green							
Feed the Future Developing Local Extension Capacity	600167	98.UNK	DG-CNTR-2016-17-42	09/15/2016	03/31/2021	-	409
Passthrough Funds Received from John Snow, Inc.							
Studying Animal Food Markets in Rural Areas (SAFIRA) Project	602182	98.UNK	7200AA18CA00045-03	09/30/2018	07/30/2020	-	30
Passthrough Funds Received from Cornell University							
Innovations in Feed the Future Monitoring and Evaluation	603159	98.001	7200AA18CA00014	09/30/2018	08/16/2021	-	14
Total United States Agency for International Development						1,495	16,243

(Continued)

INTERNATIONAL FOOD POLICY RESEARCH INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2019
(In U.S. Dollar Thousands)

Federal Grantor (Pass-Through Entity) / Grant Title	IFPRI Special Project No.	CFDA No.	Grant No.	Begin Date	End Date	Passed through to Subrecipients	Total Expenditures
Millennium Challenge Corporation							
Support to MCC in Program Due Diligence, Development and Implementation and Providing Statistical Capacity and Survey Support and Gender and Social Analysis	614018	85.UNK	MCC-17-GRA-0004	09/30/2017	09/29/2020	$ -	$ 551
Advisory Services – Program Management for Development and Implementation within the Agricultural Sector	603140	85.UNK	95332418T0015	08/16/2019	10/12/2021	-	391
To provide support to MCC in program due diligence, development and implementation by providing statistical capacity and survey support and gender and social analysis	614026	85.002	95332419T0011	08/16/2019	08/15/2024	-	204
Passthrough Funds Received from Mathematica Policy Research							
Environment & Natural Resources	600185	85.UNK	50337S05243	10/10/2016	01/31/2020	-	50
Total Millennium Challenge Corporation						-	1,196
United States Department of Agriculture:							
Global Diets and the Impact on Land and Water Resources	600174	10.250	58-6000-6-0043	08/15/2016	12/31/2019	-	25
Agricultural Research Basic and Applied Research	600240	10.001	58-8040-8-017	09/01/2018	08/31/2021	-	121
Advocacy of Sci-Based DM in Ag Biotech	600187	10.UNK	TA-JV-16-047	10/01/2016	09/30/2021	-	10
Passthrough Funds Received from University of Florida							
Climate Adaptation and Mitigation in Fruit and Vegetable Supply Chains	600214	10.UNK	UFDSP00011816	07/01/2017	06/30/2021	-	38
Passthrough Funds Received from Texas State University							
Global AgLeader: Development of Leadership and Global Competency to Enhance Recruitment of Minority Students in Agriculture	600259	10.UNK	2018-700001-27829	02/26/2019	04/14/2020	-	13
Passthrough Funds Received from Regents of the University of Minnesota							
Global Database on Nominal Rate of Protection in Agriculture: 1955-2015	603164	10.UNK	TA-CR-15-059	01/18/2019	08/31/2019	-	21
Total United States Department of Agriculture						-	228
National Science Foundation							
Passthrough Funds Received from University of Connecticut							
Taming Water in Ethiopia: An Interdisciplinary Approach to Improve Human Security in a Water-Dependent Emerging Region	600169	47.083	117151	04/01/2016	03/31/2021	-	4
Total National Science Foundation						-	4
NASA							
Passthrough Funds Received from George Mason University							
LUCLUC Agriculture in Ganges Basin	600210	43.001	E2041741	03/08/2017	09/07/2020	-	72
Passthrough Funds Received from University of Maryland							
NASA Food Security and Agriculture Consortium (FSAC)	600220	43.001	54550-Z6059202	11/01/2017	10/31/2019	-	40
Total NASA						-	112
General Services Administration, OGP							
Assignment of Jessica Leight	601133	39.UNK		09/01/2019	08/31/2020	-	22
Total, General Services Administration, OGP						-	22
Total research and development program and total expenditures of federal awards						**$ 1,495**	**$ 17,805**

INTERNATIONAL FOOD POLICY RESEARCH INSTITUTE
SCHEDULE OF INDIRECT COSTS
YEAR ENDED DECEMBER 31, 2019
(In U.S. Dollar Thousands)

Type of Expenses	Total	Direct Project Costs	Administrative Costs of Overall Management	Sub-contractor Handling Costs	Sub-contractor and Subrecipients	CGIAR PPA Partners	Other Unallowable Indirect Costs
Salaries and wages	$ 35,418	$ 30,202	$ 5,132	$ 84	$ -	$ -	$ -
Employee benefits	18,835	15,754	3,030	51	-	-	-
Professional services	1,221	671	550	-	-	-	-
Accounting fees	379	91	288	-	-	-	-
Legal fees	206	59	147	-	-	-	-
Office expenses	230	199	31	-	-	-	-
Information technology	836	757	79	-	-	-	-
Occupancy	6,501	4,860	1,641	-	-	-	-
Travel	5,291	5,027	264	-	-	-	-
Conferences, conventions, meetings	1,193	986	207	-	-	-	-
Insurance	256	25	231	-	-	-	-
Training and development	202	73	129	-	-	-	-
Depreciation	1,543	1,152	391	-	-	-	-
Bad debt expense	245	-	-	-	-	-	245
CGIAR Pass-thru collaboration	13,065	-	-	-	-	13,065	-
Direct subcontractors and subgrantees	30,240	-		-	30,240	-	-
Other collaborators and subcontractors	19,565	19,309	256	-	-	-	-
CSP	1,944	-	1,360	584	-	-	-
Printing and publication	738	589	149	-	-	-	-
Equipment rental and maintenance	910	680	230	-	-	-	-
All other expenses	1,819	1,236	592	7	-	-	(16)
Total expenses	$ 140,637	$ 81,670	$ 14,707	$ 726	$ 30,240	$ 13,065	$ 229

Allocation Rates	Overall	G&A Exclusions	Final Rate	Sub Handling Final Rate
Direct project costs	81,670	49	81,719	30,240
Subcontractor handling costs	726		726	-
Total expenses	82,396	49	82,445	30,240
Indirect costs rates:				
Pool Costs	14,707	(49)	14,658	727
Allocation rate	17.85%		17.78%	2.40%

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the International Food Policy Research Institute (IFPRI) under programs of the federal government for the year ended December 31, 2019. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administration Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a select portion of the operations of IFPRI, it is not intended to and does not present the financial position, changes in net assets or cash flows of IFPRI.

The schedule of indirect costs presents the actual indirect cost rates and the detail of expenses included in the calculation of the indirect cost rates.

(2) Summary of Significant Accounting Policies

The accompanying schedules were prepared using the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenses are not allowable or are limited as to reimbursement. Moreover, expenses include a portion of costs associated with general activities (indirect costs), which are allocated to federal awards under negotiated formulas referred to as indirect costs rates.

(3) Indirect Cost Rate

Grants and contracts allow for a provisional general and administrative rate to be used in applying for advance draw-downs of federal funds and billings to federal agencies during the year. The provisional general and administrative rate and subcontractor administration rate for the year ended December 31, 2019, was 17.00% and 2.25%, respectively. IFPRI has a Negotiated Indirect Cost Rate Agreement (NICRA) and did not elect the 10% de minimis indirect cost rate.

General and administrative expenses are allocated to grants during the year and are included in the basic financial statements and accompanying schedules at year-end, based on the actual rate in addition to direct costs less certain specific exclusions based on grant terms and provisions. The actual general and administrative rate and subcontractor administration rate for the year ended December 31, 2019, was 17.78% and 2.40%, respectively.

The provisional rates are subject to adjustment, based on final rates and as agreed upon by the federal oversight agency.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

Audit Committee of the Board of Directors
International Food Policy Research Institute

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of International Food Policy Research Institute (IFPRI), which comprise the statement of financial position as of December 31, 2019, the related statements of activities, functional expenses, changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 15, 2020.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered IFPRI's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of IFPRI's internal control. Accordingly, we do not express an opinion on the effectiveness of IFPRI's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether IFPRI's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of IFPRI's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering IFPRI's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Washington, D.C.
April 15, 2020

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditor's Report

Audit Committee of the Board of Directors
International Food Policy Research Institute

Report on Compliance for Each Major Federal Program
We have audited International Food Policy Research Institute's (IFPRI) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of IFPRI's major federal programs for the year ended December 31, 2019. IFPRI's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility
Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility
Our responsibility is to express an opinion on compliance for each of IFPRI's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about IFPRI's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of IFPRI's compliance.

Opinion on Each Major Federal Program
In our opinion, IFPRI complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Report on Internal Control Over Compliance

Management of IFPRI is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered IFPRI's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of IFPRI's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

RSM US LLP

Washington, D.C.
April 15, 2020

INTERNATIONAL FOOD POLICY RESEARCH INSTITUTE

Schedule of Findings and Questioned Costs

Year Ended December 31, 2019

Section I. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
▪ Material weakness(es) identified?	____Yes X No
▪ Significant deficiency(ies) identified?	____Yes X None Reported
Noncompliance material to financial statements noted?	____Yes X No

Federal Awards

Internal control over major programs:	
▪ Material weakness(es) identified?	____Yes X No
▪ Significant deficiency(ies) identified?	____Yes X None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____Yes X No

Identification of major programs:

CFDA Number(s) or Other Identifying Number	Name of Federal Program or Cluster
Various	Research and Development Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	X Yes ____No

Section II. Financial Statement Findings

None Reported.

Section III. Findings and Questioned Costs for Federal Awards

None Reported.

INTERNATIONAL FOOD POLICY RESEARCH INSTITUTE

Summary Schedule of Prior Audit Findings

Year Ended December 31, 2019

There were no findings reporting for the year ended December 31, 2018.