



**WORLD VISION INTERNATIONAL  
AND CONSOLIDATED AFFILIATES**

Consolidated Financial Statements

September 30, 2019 and 2018

(With Independent Auditors' Report Thereon)



KPMG LLP  
Suite 2900  
1918 Eighth Avenue  
Seattle, WA 98101

## Independent Auditors' Report

The Board of Directors  
World Vision International:

### *Report on the Financial Statements*

We have audited the accompanying consolidated financial statements of World Vision International and consolidated affiliates, which comprise the consolidated statements of financial position as of September 30, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of World Vision International and consolidated affiliates as of September 30, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.



*Emphasis of Matter*

As discussed in note 2(p) to the consolidated financial statements, on October 1, 2018, World Vision International and consolidated affiliates adopted Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*, requiring a change in the presentation of net assets and enhanced financial statement disclosures. Our opinion is not modified with respect to this matter.

KPMG LLP

Seattle, Washington  
April 7, 2020

**WORLD VISION INTERNATIONAL  
AND CONSOLIDATED AFFILIATES**

Consolidated Statements of Financial Position

September 30, 2019 and 2018

(Amounts in thousands)

<b>Assets</b>	<b>2019</b>	<b>2018</b>
Cash and cash equivalents	\$ 467,404	494,257
Investments (note 5)	73,616	97,044
Due from unconsolidated affiliates (note 6)	28,572	10,019
Accounts receivable	23,590	30,998
Microfinance loans receivable, net (note 7)	409,132	367,727
Inventories	56,176	56,724
Prepaid expenses	38,223	36,088
Foreign exchange contracts (notes 5 and 9)	28,017	21,788
Other assets	24,653	24,719
Land, buildings and equipment, net (note 8)	73,051	71,526
Total assets	<u>\$ 1,222,434</u>	<u>1,210,890</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable	\$ 116,490	123,896
Accrued expenses	87,282	83,513
Deposits from microfinance institution clients	54,375	43,354
Due to unconsolidated affiliates (note 6)	346	12,072
Notes payable (note 10)	222,439	264,196
Foreign exchange contracts (notes 5 and 9)	3,708	8,402
Other liabilities	24,056	20,474
Total liabilities	<u>508,696</u>	<u>555,907</u>
Net assets (note 11):		
Net assets without donor restrictions	434,898	388,513
Net assets with donor restrictions	278,840	266,470
Total net assets	<u>713,738</u>	<u>654,983</u>
Total liabilities and net assets	<u>\$ 1,222,434</u>	<u>1,210,890</u>

See accompanying notes to consolidated financial statements.

**WORLD VISION INTERNATIONAL  
AND CONSOLIDATED AFFILIATES**

Consolidated Statements of Activities

Year ended September 30, 2019

(Amounts in thousands)

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Revenues, gains, and other support from donors (note 13):			
Contributions	\$ 143,606	1,433,065	1,576,671
Gifts-in-kind	—	415,642	415,642
Net assets released from restrictions	1,836,337	(1,836,337)	—
Total revenues from donors	1,979,943	12,370	1,992,313
Other revenue and gains	196,925	—	196,925
Change in cumulative unrealized gain on foreign exchange contracts (note 9)	10,923	—	10,923
Total revenues, gains, and other support	2,187,791	12,370	2,200,161
Expenses:			
Program services:			
International relief and community development	1,890,882	—	1,890,882
Microenterprise development	162,019	—	162,019
Total program services	2,052,901	—	2,052,901
Supporting activities:			
Management and general activities	56,407	—	56,407
Fundraising	30,219	—	30,219
Total supporting activities	86,626	—	86,626
Total expenses	2,139,527	—	2,139,527
Change in net assets before other gains and losses	48,264	12,370	60,634
Other gains and losses:			
Pension actuarial loss (note 14)	(1,879)	—	(1,879)
Change in net assets	46,385	12,370	58,755
Net assets at beginning of year	388,513	266,470	654,983
Net assets at end of year	\$ 434,898	278,840	713,738

See accompanying notes to consolidated financial statements.

**WORLD VISION INTERNATIONAL  
AND CONSOLIDATED AFFILIATES**

Consolidated Statements of Activities

Year ended September 30, 2018

(Amounts in thousands)

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Revenues, gains, and other support from donors (note 13):			
Contributions	\$ 144,244	1,409,659	1,553,903
Gifts-in-kind	—	389,755	389,755
Net assets released from restrictions	<u>1,786,273</u>	<u>(1,786,273)</u>	<u>—</u>
Total revenues from donors	1,930,517	13,141	1,943,658
Other revenue and gains	193,839	—	193,839
Change in cumulative unrealized gain on foreign exchange contracts (note 9)	<u>22,435</u>	<u>—</u>	<u>22,435</u>
Total revenues, gains, and other support	<u>2,146,791</u>	<u>13,141</u>	<u>2,159,932</u>
Expenses:			
Program services:			
International relief and community development	1,841,327	—	1,841,327
Microenterprise development	<u>166,763</u>	<u>—</u>	<u>166,763</u>
Total program services	<u>2,008,090</u>	<u>—</u>	<u>2,008,090</u>
Supporting activities:			
Management and general activities	65,221	—	65,221
Fundraising	<u>23,444</u>	<u>—</u>	<u>23,444</u>
Total supporting activities	<u>88,665</u>	<u>—</u>	<u>88,665</u>
Total expenses	<u>2,096,755</u>	<u>—</u>	<u>2,096,755</u>
Change in net assets before other gains and losses	50,036	13,141	63,177
Other gains and losses:			
Pension actuarial gain (note 14)	3,083	—	3,083
Loss on deconsolidation (note 16 and 17)	(18,310)	—	(18,310)
Gains on sale of subsidiary (note 15)	<u>38,696</u>	<u>—</u>	<u>38,696</u>
Change in net assets before discontinued operations	73,505	13,141	86,646
Net income from discontinued operations (note 16)	<u>2,095</u>	<u>—</u>	<u>2,095</u>
Change in net assets	75,600	13,141	88,741
Net assets at beginning of year	<u>312,913</u>	<u>253,329</u>	<u>566,242</u>
Net assets at end of year	<u>\$ 388,513</u>	<u>266,470</u>	<u>654,983</u>

See accompanying notes to consolidated financial statements.

**WORLD VISION INTERNATIONAL  
AND CONSOLIDATED AFFILIATES**

Consolidated Statement of Functional Expenses

Year ended September 30, 2019

(Amount in thousands)

	Program services			Supporting activities			Total
	International relief and community development	Microenterprise development	Total Program services	Management and general activities	Fundraising	Total Supporting activities	
Funding of World Vision International programs:							
Relief and rehabilitation, community development	\$ 1,168,960	—	1,168,960	25	13	38	1,168,998
Microenterprise development	—	1,155	1,155	—	—	—	1,155
Gifts-in-Kind	418,813	—	418,813	—	—	—	418,813
Salaries and benefits	208,474	70,744	279,218	39,295	14,358	53,653	332,871
Travel	29,192	8,341	37,533	4,633	1,532	6,165	43,698
Professional fees	7,103	5,344	12,447	1,960	7,269	9,229	21,676
Interest expense (note 10)	—	26,754	26,754	—	—	—	26,754
Occupancy	16,733	7,373	24,106	2,310	799	3,109	27,215
Fees and taxes	16,035	2,919	18,954	186	1,080	1,266	20,220
Provision for loan losses (note 7)	—	14,914	14,914	—	—	—	14,914
Utilities	5,788	2,625	8,413	550	652	1,202	9,615
Depreciation and amortization (note 8)	4,685	4,345	9,030	5,349	602	5,951	14,981
Equipment, repairs, and maintenance	6,468	—	6,468	436	246	682	7,150
Advertising	1,199	—	1,199	35	3,155	3,190	4,389
Foreign currency losses	—	6,813	6,813	—	—	—	6,813
Other	7,432	10,692	18,124	1,628	513	2,141	20,265
<b>Total</b>	<b>\$ 1,890,882</b>	<b>162,019</b>	<b>2,052,901</b>	<b>56,407</b>	<b>30,219</b>	<b>86,626</b>	<b>2,139,527</b>

See accompanying notes to consolidated financial statements.

**WORLD VISION INTERNATIONAL  
AND CONSOLIDATED AFFILIATES**

Consolidated Statement of Functional Expenses

Year ended September 30, 2018

(Amount in thousands)

	Program services			Supporting activities			Total
	International relief and community development	Microenterprise development	Total Program services	Management and general activities	Fundraising	Total Supporting activities	
Funding of World Vision International programs:							
Relief and rehabilitation, community development	\$ 1,133,561	—	1,133,561	13	62	75	1,133,636
Microenterprise development	—	1,275	1,275	—	—	—	1,275
Gifts-in-Kind	397,987	—	397,987	—	—	—	397,987
Salaries and benefits	200,373	66,126	266,499	44,862	18,660	63,522	330,021
Travel	30,230	8,072	38,302	6,960	773	7,733	46,035
Professional fees	11,119	5,175	16,294	6,179	2,185	8,364	24,658
Interest expense (note 10)	—	26,615	26,615	—	—	—	26,615
Occupancy	16,571	7,002	23,573	2,322	322	2,644	26,217
Fees and taxes	18,139	2,329	20,468	730	1	731	21,199
Provision for loan losses (note 7)	—	11,125	11,125	—	—	—	11,125
Utilities	8,360	2,584	10,944	1,084	129	1,213	12,157
Depreciation and amortization (note 8)	8,709	4,037	12,746	—	82	82	12,828
Equipment, repairs, and maintenance	6,995	—	6,995	608	65	673	7,668
Advertising	4,821	—	4,821	81	901	982	5,803
Foreign currency losses	—	13,501	13,501	—	—	—	13,501
Other	4,462	18,922	23,384	2,382	264	2,646	26,030
<b>Total</b>	<b>\$ 1,841,327</b>	<b>166,763</b>	<b>2,008,090</b>	<b>65,221</b>	<b>23,444</b>	<b>88,665</b>	<b>2,096,755</b>

See accompanying notes to consolidated financial statements.



**WORLD VISION INTERNATIONAL  
AND CONSOLIDATED AFFILIATES**

Consolidated Statements of Cash Flows

Years ended September 30, 2019 and 2018

(Amounts in thousands)

	<b>2019</b>	<b>2018</b>
Cash flows from operating activities:		
Change in net assets	\$ 58,755	88,741
Change in net assets from discontinued operations	—	(2,095)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Gain on sale of subsidiary	—	(38,696)
Noncash changes in net assets from deconsolidation of subsidiary	—	323
Pension actuarial (gain)/loss	1,879	(3,083)
Gifts-in-kind, net	548	(4,218)
Unrealized and realized (gain)/loss on investments	51	(8)
Change in cumulative unrealized gain on foreign exchange contracts	(10,923)	(22,435)
Depreciation and amortization	14,981	12,828
Provision for loan losses	14,914	11,125
Foreign currency revaluation	(3,393)	22,613
Loss on disposal of equipment	54	177
Changes in assets and liabilities:		
Accounts receivable	7,408	(11,725)
Due from/to unconsolidated affiliates	(30,279)	2,650
Prepaid expenses	(2,135)	(6,678)
Other assets	66	(5,070)
Accounts payable and accrued expenses	(5,516)	10,346
Other liabilities	3,582	(4,381)
Net cash provided by operating activities - continuing operations	49,992	50,414
Net cash provided by operating activities - discontinued operations	—	4,843
Net cash provided by operating activities	49,992	55,257
Cash flows from investing activities:		
Purchases of investments	(33,496)	(60,464)
Proceeds from sales and maturities of investments	56,873	54,989
Proceeds from repayment of microfinance loans	634,735	564,628
Issuance of microfinance loans	(687,661)	(638,739)
Purchase of land, buildings, and equipment	(16,790)	(8,924)
Proceeds from sale of equipment	230	234
Proceeds from sale of subsidiary, net of cash at subsidiary	—	53,803
Taxes and settlement costs from sale of subsidiary	—	(2,650)
Net cash used in investing activities - continuing operations	(46,109)	(37,123)
Net cash used in investing activities - discontinued operations	—	(12,400)
Net cash used in investing activities	(46,109)	(49,523)
Cash flows from financing activities:		
Payments on notes payable	(121,440)	(74,489)
Proceeds received on notes payable	79,683	121,647
Deposits from microfinance institution clients	11,021	10,462
Net cash provided by/(used in) financing activities - continuing operations	(30,736)	57,620
Net cash provided by financing activities - discontinued operations	—	8,518
Net cash provided by/(used in) financing activities	(30,736)	66,138
Net (decrease)/increase in cash and cash equivalents	(26,853)	71,872
Cash and cash equivalents, beginning of year	494,257	422,385
Cash and cash equivalents, end of year	\$ 467,404	494,257
Supplemental cash flow disclosures:		
Cash paid during the year for interest	\$ 25,719	27,642
Cash paid during the year for taxes	2,654	1,890

See accompanying notes to consolidated financial statements.

**WORLD VISION INTERNATIONAL  
AND CONSOLIDATED AFFILIATES**

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

(Amounts in thousands)

**(1) Organization**

World Vision International (WVI) and its consolidated affiliates (collectively, the Organization) is a network of international not-for-profit organizations organized exclusively for purposes which are both religious and charitable, namely to witness to Jesus Christ by life, deed, word and sign by rendering holistic Christian service throughout the world among the poor without regard to race, color, creed or sex.

WVI follows the vision statement below:

“Our vision for every child, life in all its fullness;

Our prayer for every heart, the will to make it so.”

WVI is the lead organization in a network of worldwide affiliated organizations which use the World Vision trademark (except for the microfinance entities) and which are referred to as “the Partnership.” (The word Partnership is used in a broad, informal sense, rather than in a technical legal sense).

Offices in this Partnership can be viewed in two ways, by function and type. Function refers to the roles the offices play in the operation of the Partnership. Type describes an entity’s legal and accounting relationship within the Partnership.

Major functions in the Partnership include:

**WVI** – Provides the formal international structure for the Partnership. WVI establishes global governance and standards, and consolidates donations, the majority of which are received from Support Offices. WVI uses donations received for relief aid and community development work in Field Offices. WVI is also the operating entity in many Field Office countries, and some Support Office countries.

**Field Offices** – Primarily carry out the relief aid and community development work in their respective countries. Some Field Offices also raise local funds for relief aid and community development.

**Regional and International Offices** – Carry out the regional and global functions of WVI.

**Support Offices** – Raise funds to support the Partnership’s programs outside of their home countries, provide technical and other forms of support, and in many cases assume contractual liability for the programs they fund. Some also perform relief or development programs within their own countries. Most of the Support Offices are not consolidated into these financial statements. Refer to note 1 for affiliates WVI elects to consolidate or is required to consolidate.

**VisionFund International (VFI)** – VFI is a not-for-profit corporation that was established for the purpose of developing and administering the Partnership’s microfinance network. The activities of VFI involve ownership of certain microfinance institutions (MFIs), and lending of funds and providing oversight to all MFIs affiliated with World Vision.

**WORLD VISION INTERNATIONAL  
AND CONSOLIDATED AFFILIATES**

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

(Amounts in thousands)

**Microfinance Institutions (MFIs)** – The MFIs' primary purpose is making small loans to individuals who lack access to normal banking facilities. These loans are used to set up small businesses from which individuals can earn a living for themselves and their families.

There are four types of entities in the Partnership:

**WVI** – The legal entity of WVI (i.e., including its branch offices around the world, all consolidated into these financial statements):

Field offices:

Afghanistan	Lebanon
Angola	Lesotho
Armenia	Mali
Bangladesh	Mauritania
Bosnia-Herzegovina	Mongolia
Burundi	Mozambique
Cambodia	Myanmar
Central African Republic	Nepal
Chad	Nicaragua
Chile	Niger
China	North Korea
Colombia	Rwanda
Congo – Democratic Republic of	Senegal
East Timor	Sierra Leone
Ethiopia	Somalia
Georgia	South Sudan
Haiti	Sudan
Iraq	Vietnam
Jordan	Zimbabwe
Kosovo	
Laos	

Regional offices:

East Africa	South Asia & Pacific
East Asia	Southern Africa
Latin America	West Africa
Middle East & East Europe	

**WORLD VISION INTERNATIONAL  
AND CONSOLIDATED AFFILIATES**

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

(Amounts in thousands)

International offices:

Americas Shared Service Center	London
Dubai	Los Angeles
Geneva	Manila
Gibraltar	New York
Kuala Lumpur	

Support offices:

Singapore

Microfinance program:

Name	Country
World Vision Vietnam Micro Enterprise Development Program	Vietnam

**Subsidiaries of WVI** – Separate legal entities, which WVI owns or controls, or which are owned or controlled by an entity which is consolidated into these financial statements. These entities are consolidated with WVI as required by U.S. Generally Accepted Accounting Principles (U.S. GAAP):

Field offices:

Bolivia	Jerusalem West Bank Gaza
Costa Rica	Malawi
Dominican Republic	Papua New Guinea
Ecuador	Solomon Islands
Ghana	Vanuatu

International offices:

Geneva

Support offices:

Spain

VisionFund International

**WORLD VISION INTERNATIONAL  
AND CONSOLIDATED AFFILIATES**

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

(Amounts in thousands)

Microfinance Institutions (consolidated by VFI):

<b>Name</b>	<b>Country</b>
SEF International Universal Credit Organization LLC	Armenia
VisionFund Azercredit LLC (VF Azercredit) (note 16)	Azerbaijan
VisionFund Cambodia Ltd. (VF Cambodia) (note 15)	Cambodia
VisionFund DRC S.A.	Congo – Democratic Republic of
VisionFund Republica Dominicana SAS	Dominican Republic
Banco VisionFund Ecuador S.A.	Ecuador
VisionFund Ghana Money Lending Ltd.	Ghana
VisionFund Guatemala, S.A.	Guatemala
FUNED VisionFud OPDF	Honduras
VisionFund Kenya Ltd.	Kenya
VisionFund Malawi Ltd.	Malawi
Vision F Mexico, S.A. de C.V., SOFOM, E.N.R.	Mexico
VisionFund NBFi LLC	Mongolia
MFI Monte Credit LLC	Montenegro
VisionFund AgrolInvest LLC	Montenegro
VisionFund Myanmar Company Limited	Myanmar
EDPYME Credivision S.A.	Peru
VisionFund Rwanda Ltd.	Rwanda
VisionFund Sénégal Microfinance SA	Senegal
AgrolInvest Fond LLC	Serbia
AgrolInvest Foundation Serbia	Serbia
VisionFund Holdings (Private) Ltd.	Sri Lanka
VisionFund Lanka Ltd.	Sri Lanka
VisionFund Tanzania Microfinance Bank Limited	Tanzania
VisionFund Uganda Ltd.	Uganda
VisionFund Zambia Ltd.	Zambia

**WORLD VISION INTERNATIONAL  
AND CONSOLIDATED AFFILIATES**

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

(Amounts in thousands)

Microfinance Institutions (not consolidated by VFI):

<b>Name</b>	<b>Country</b>
Fundación Boliviana para el Desarrollo Institución Financiera de Desarrollo	Bolivia
Agencia Nacional de Desenvolvimento Microempresarial	Brazil
Fondo de Inversiones para el Desarrollo de la Microempresa	Dominican Republic
Fundación Salvadoreña para El Desarrollo	El Salvador
VisionFund Microfinance Institution (S.C.)	Ethiopia
Association of Productive Entrepreneurship Development	Ghana
Asociación Gutemalteca para del Desarrollo	Guatemala
Fundación para el Desarrollo de Honduras OPD	Honduras
Innovative Microfinance for Poverty Alleviation and Community Transformation	India
Mitra Masyarakat Sejahtera Foundation	Indonesia
PT. VisionFund Indonesia	Indonesia
KosInvest	Kosovo
Reseau de Micro Institutions de Croissance de Revenue	Mali
Fundación Realidad, A.C.	Mexico
AgroInvest NVO Podgorica	Montenegro
Entidad de Desarrollo de la Pequeña y Micro Empresa Credivison	Peru
Community Economic Ventures, Inc.	Philippines
World Vision International Serbia I Crane Gora Beograd	Serbia
VisionFund Lanka (Gte.) Ltd.	Sri Lanka
VisionFund Tanzania, Trust	Tanzania
World Vision Foundation of Thailand	Thailand

**WORLD VISION INTERNATIONAL  
AND CONSOLIDATED AFFILIATES**

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

(Amounts in thousands)

**Affiliates WVI elects to consolidate** – Separate affiliated entities, which under the relevant accounting standards are not owned or controlled by WVI. WVI has elected to include these affiliated entities as a permissive discretionary consolidation allowed under U.S. GAAP where WVI has a level of control and economic interest in these entities and consolidation is considered meaningful to WVI's financial statements:

Field offices:

Albania	Peru
Brazil	Philippines
El Salvador	Romania
Eswatini	South Africa
Guatemala	Sri Lanka
Honduras	Tanzania
India	Thailand
Indonesia	Uganda
Kenya	Zambia
Mexico	

**Affiliates which are not consolidated** – Separate affiliated entities, which under the relevant accounting standards are not owned or controlled by WVI, and which WVI is not required to consolidate:

Support offices:

Australia	Japan
Austria	Korea
Brussels & European Union Representation	Malaysia
Canada	Netherlands
Finland	New Zealand
France	Switzerland
Germany	Taiwan
Hong Kong	United Kingdom
Ireland	United States
Italy	

**(2) Significant Accounting Policies**

**(a) Basis of Presentation**

The consolidated financial statements of the Organization are prepared on the accrual basis of accounting in accordance with U.S. GAAP.

**WORLD VISION INTERNATIONAL  
AND CONSOLIDATED AFFILIATES**

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

(Amounts in thousands)

**(b) Consolidation**

All significant intercompany accounts and transactions among the consolidated entities have been eliminated in the accompanying consolidated financial statements.

**(c) Cash and Cash Equivalents**

Cash and cash equivalents consist of demand deposit accounts, certificates of deposit, and money market accounts with original maturities of 90 days or less at the date of acquisition.

**(d) Investments**

Investments are recorded at fair value and consist of time deposits with financial institutions as well as debt and equity securities. Current investment policy for domestically held securities is to purchase investments with a credit rating of A or better. Other investments are held locally at Field Offices around the world. Field Offices have similar credit quality policies and these investments are designed to preserve capital. Gains and losses on investments are recorded to other revenue and gains in the consolidated statements of activities.

**(e) Accounts and Microfinance Loans Receivable**

Accounts receivable are carried at the outstanding receivable amount, less an estimate made for uncollectible receivables

Microfinance loans receivable primarily consist of amounts loaned to the entrepreneurial poor who lack access to normal banking facilities. For loans to MFI clients, the management of the respective MFI determines the adequacy of the allowance for loan losses each month. The adequacy is determined by evaluating the aged outstanding balances of loans receivable and recording a provision for loan loss as necessary. The provisions are based on the MFI's past experience and historical performance of the portfolio. Loans deemed uncollectible (write-offs) are removed from the outstanding loan portfolio and deducted from the allowance. The ultimate recovery of all loans is susceptible to future market factors often beyond the Organization's control. These factors may result in losses or recoveries differing significantly from those provided in the accompanying consolidated financial statements.

The Organization evaluates the credit quality of its loan portfolio based on qualitative and environmental factors as well as on the aging of loans. Loans over 30 days past due are considered to be nonperforming. Loans aged over 91 days are considered to be impaired and are placed on nonaccrual status. Loans on nonaccrual status are not restored to accrual status unless they become current and full payment is expected. The Organization evaluates its loans receivable collectively for impairment.



**WORLD VISION INTERNATIONAL  
AND CONSOLIDATED AFFILIATES**

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

(Amounts in thousands)

**(f) Inventories**

The Organization's inventories consist of emergency relief supplies for disaster response, donated goods (i.e., clothing, books, pharmaceuticals, etc.), food commodities held for monetization and distribution, and other materials for humanitarian programs. Purchased inventory is stated at the lower of cost or net realizable value. Cost is principally determined by an average-cost method applied to a physical inventory. Donated inventory is recorded at the estimated fair value at the time of donation.

**(g) Land, Buildings and Equipment, Net**

Land, buildings and equipment are recorded at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets. Buildings and improvements are depreciated over 3 to 25 years, furniture and equipment 3 to 10 years, computers and software 2 to 10 years and vehicles 5 years. Due to the conditions associated with the Organization operating across the world, equipment purchased for projects at the Field Offices is expensed in the year of acquisition. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred. When assets are disposed of or sold, the related costs and accumulated depreciation are removed from the accounts and any gain or loss upon disposition is included in the consolidated statements of activities.

Land, buildings and equipment are reviewed for impairment whenever events or changes in business circumstances indicate that the carrying value of the assets may not be recoverable. Impairment losses are recognized if expected future cash flows from the assets are less than the carrying value.

**(h) Self-Insurance**

The Organization is self-insured for certain losses and liabilities related primarily to employee health and welfare claims. Provisions for expenses expected under this program are accrued based upon the Organization's estimate of the aggregate liability for claims incurred. Actual results could differ from those estimates.

**(i) Contribution Revenue Recognition**

WVI receives unconditional promises to give funds from unconsolidated Support Offices. Unconditional promises to give are recorded as revenue in the year the promises are made. All unconditional promises to give that were not yet fulfilled as of September 30, 2019 and 2018 are recorded in due from unconsolidated affiliates and detailed in note 6. WVI also receives cash donations from affiliated entities and unaffiliated donors. Revenue is recognized on these donations at the time of the donation.

Conditional promises to give are not included as revenue or pledges receivable until such time as the conditions are substantially met. As of September 30, 2019, the Organization had outstanding \$5,180 in conditional promises to give, excluding public grants, which are conditioned upon the completion of specific programmatic performance milestones. The Organization also had outstanding \$21,847 in conditional promises to give directly related to public grants as of September 30, 2019. Of the outstanding conditional promises to give related to public grants, \$4,635 was awarded by government donors and \$17,212 was awarded by multilateral agencies or other donors.

**WORLD VISION INTERNATIONAL  
AND CONSOLIDATED AFFILIATES**

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

(Amounts in thousands)

**(j) Gifts-in-Kind**

Gifts-in-kind (GIK) received through private donations are recorded in accordance with U.S. GAAP and industry standards, referred to as the Interagency GIK Standards, as developed by an interagency task force appointed by Accord Network. Accord Network is an industry network which collaborates to eliminate poverty and establish common reporting and operating principles. GIK are valued and recorded as revenue at their estimated fair value based upon the Organization's estimate of the wholesale values that, would be received for selling the goods in their principal exit markets considering the goods condition and utility for use at the time of contribution. The Organization does not sell donated GIK and only distributes the goods for program use.

Pharmaceutical contributions legally permissible for sale in the United States are valued using a hierarchy of pricing inputs that approximates wholesale prices in the United States. Pharmaceutical contributions not legally permissible for sale in the United States are valued based upon wholesale market price data, obtained from reliable third-party sources, representing principal exit markets where such products are approved for sale.

Non-pharmaceutical contributions received by the Organization have been valued at their estimated wholesale value as provided by the donor, as well as "like-kind" methodology that references wholesale market pricing data for similar products.

GIK expense is recorded when the goods are distributed for program use. While it is the Organization's policy to distribute GIK as promptly as possible, undistributed GIK is recorded as inventory.

**(k) Other Revenue and Gains**

Other revenue and gains consists primarily of interest on microfinance loans and investment income.

**(l) Functional expenses**

The Organization categorizes its activities into the following categories for the fiscal years ended September 30, 2019 and 2018:

*International Relief and Community Development* – The Organization employs effective development, relief and advocacy practices to empower families and communities to overcome poverty and injustice by addressing issues such as preventable diseases, malnutrition, clean water, education, food security, child protection and emergency relief. This category represents the costs incurred by the Organization in delivering these programs in country and the associated technical expertise regionally and globally to ensure programs are implemented consistently and to a high standard.

*Microenterprise Development* – The Organization implements microfinance and microenterprise programs to promote financial inclusion in rural areas and vulnerable communities so that families are empowered to generate their own income and break free from the cycle of poverty. This category represents the costs incurred by the Organization in delivering these programs in country

**WORLD VISION INTERNATIONAL  
AND CONSOLIDATED AFFILIATES**

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

(Amounts in thousands)

and the associated technical expertise regionally and globally to ensure programs are implemented consistently and to a high standard.

*Management and General Activities* – The Organization invests to provide executive direction, financial management, audit and accountability, human resource services, planning and coordination of the Organization's activities.

*Fundraising* – The Organization works to secure vital financial support from private donors to fund the life-changing programs of the Organization.

**(m) Allocation methodology**

The Organization allocates expenses on a functional basis among its various programs and supporting services. Expenses, such as employee related costs, are identified as related to a specific program or supporting service and are directly classified accordingly. Centralized costs are allocated to the specific program or supporting service for services performed, the basis of which may be head count, square footage, number of licenses or other appropriate drivers. Costs that cannot be practically allocated to a specific functional category are categorized as Management and General Activities.

**(n) Foreign Currency Translation Adjustments**

The assets and liabilities of non-U.S. WVI branch offices and consolidated affiliates, whose functional currencies are the respective country's local currency, are translated into U.S. dollars at year-end exchange rates and revenue and expenses are translated at weighted average rates during the year. The resulting translation adjustment is included in program services expense in the consolidated statements of activities.

**(o) Use of Estimates**

In preparing the Organization's consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates relate primarily to the determination of the allowance for loan losses and the valuation of GIK.

**(p) Recent Accounting Pronouncements**

During the fiscal year, the Organization adopted the provisions of ASU 2016-14, *Not-for-Profit Entities* (Topic 958), *Presentation of Financial Statements of Not-for-Profit-Entities*. A summary of the changes by financial statement area are as follows:

**(i) Statement of Financial Position**

The statement of financial position distinguishes between two new classes of net assets – those with donor-imposed restrictions and those without. This is a change from the previously required three classes of net assets –unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. See note 4.

**WORLD VISION INTERNATIONAL  
AND CONSOLIDATED AFFILIATES**

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

(Amounts in thousands)

*(ii) Statement of Activities*

The standard requires the Organization to report expenses by both nature and function, either in the statement of activities, as a separate statement or within the notes. The Organization has now included consolidated statements of functional expenses in the consolidated financial statements.

*(iii) Notes to the Financial Statements*

The standard requires enhanced quantitative and qualitative disclosure to provide additional information useful in assessing liquidity and cash flows, including a description of the time horizon used to manage its liquidity and near-term availability and demands for cash as of the reporting date. See note 3.

**(q) Reclassifications**

Certain reclassifications have been made to 2018 amounts to conform to the 2019 presentation.

**(3) Liquidity and Availability**

The following reflects the Organization's financial assets at September 30, 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the date of the consolidated statement of financial position. The Organization manages its fiscal resources primarily to ensure the preservation of capital and adequate liquidity in order to meet the funding requirements of ongoing field commitments. The Organization is substantially supported by contributions with donor restrictions. These restrictions include requirements for resources to be used for a particular purpose or in a future period. The Organization must manage its financial assets in such a way that it meets these donor restrictions and have sufficient funds available as its general expenditures, liabilities, and other obligations come due.

The following table presents the financial assets available to meet cash needs for general expenditures within one year at September 30, 2019 and 2018:

<b>Assets</b>	<b>2019</b>	<b>2018</b>
Cash and cash equivalents	\$ 467,404	494,257
Investments	73,616	97,044
Due from unconsolidated affiliates	28,572	10,019
Accounts receivable	23,590	30,998
Microfinance loans receivable, net	409,132	367,727
Financial assets at year-end	1,002,314	1,000,045

**WORLD VISION INTERNATIONAL  
AND CONSOLIDATED AFFILIATES**

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

(Amounts in thousands)

<b>Assets</b>	<u><b>2019</b></u>	<u><b>2018</b></u>
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor imposed restrictions:		
Restricted cash due to loan restrictions	\$ (2,499)	(4,596)
Microfinance loans receivable	(409,132)	(367,727)
Cash and investments held for pensions	<u>(64,924)</u>	<u>(62,005)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 525,759</u>	<u>565,717</u>

While microfinance loans receivable are programmatic in nature, the Organization designates these for future programming activity, not for operational or general expenditures. The principal use of funds for MFIs are for net operating cash flows, loans to clients, debt repayments, repayments of demand deposits and capital expenditures. Each MFI adheres to VFI's liquidity policy, however each MFI also must adhere to their respective in country regulatory environment, and operating model requirements which vary by context. Every month, each MFI prepares a rolling six-month cash flow forecast with disbursement plan by branch to calculate how much cash is needed on hand. The maturity dates of the MFI loans to clients are generally managed to match or precede the maturity dates of notes payable to various lenders. If an MFI needs additional liquidity, management and VFI will work together to find a suitable solution, which can include providing a loan or liquidity from VFI to the MFI or other strategic solution.

**(4) Other Disclosures**

**(a) Concentration of Credit Risk**

The Organization maintains certain cash accounts at various financial institutions in the United States and foreign countries. The total deposits at institutions in the United States at times exceed the amount covered by bank deposit insurance. Many of the deposits held at institutions outside of the United States are not covered by local depository insurance. In the event of non-performance by the other parties to investment transactions, the Organization is exposed to loss for the amount of cash in excess of the insurance coverage. To date, the Organization has not sustained a loss due to nonperformance of a financial institution.

**(b) Net Assets**

Net assets of the Organization are reported within the following categories:

*Net Assets without Donor Restrictions* – Net assets without donor restrictions represent those resources of the Organization that are not subject to donor-imposed restrictions or law. The only limits on net assets without donor restrictions are broad limits resulting from the nature of the Organization and the purposes specified in its articles of incorporation or bylaws, and limitations resulting from contractual agreements, if any.

**WORLD VISION INTERNATIONAL  
AND CONSOLIDATED AFFILIATES**

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

(Amounts in thousands)

*Net Assets with Donor Restrictions* – Net assets with donor restrictions represent contributions and other inflows of assets that are subject to donor-imposed restrictions or law, which can be fulfilled by actions of the Organization pursuant to those stipulations or by the passage of time.

Expenses are reported as decreases in net assets without donor restrictions. Expiration of donor-imposed restrictions that simultaneously increase one class of net assets and decrease another is reported as reclassifications between the applicable classes of net assets. Contributions with donor restrictions are recorded in net assets with donor restrictions when received and when the restriction expires, the net assets are shown as released from restriction on the consolidated statements of activities.

**(c) Tax Status**

WVI is a not-for-profit organization exempt from federal income and California state franchise taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Section 23701d of the California Revenue and Taxation Code. However, WVI remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the consolidated financial statements as a whole. Accounting Standards Codification (ASC) Topic 740 (ASC 740), *Income Taxes*, prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and provides guidance on derecognition, classification, interest and penalties, disclosure, and transition. Management believes there are no such uncertain tax positions for the Organization for the years ended September 30, 2019 or 2018.

The foreign World Vision offices that are not part of the entity of WVI (as defined in note 1) are separate not-for-profit organizations organized within their respective countries. They are subject to the respective local tax laws. Taxes recorded in program services expense and supporting services expense in the accompanying consolidated statements of activities consist entirely of non-U.S. taxes related to the operations of the foreign consolidated entities.

MFIs are subject to their respective local tax laws, pursuant to which some are taxable and some are not taxable (or tax-exempt). Taxes totaling \$2,919 and \$2,329 for the years ended September 30, 2019 and 2018, respectively, are recorded in program services expense in the accompanying consolidated statements of activities and consist entirely of non-U.S. taxes related to the operations of the foreign consolidated entities.

**(5) Fair Value**

Fair value is defined as the price that the Organization would receive upon selling an asset in an orderly transaction to an independent buyer in the principal or most advantageous market of the asset. A three-tier hierarchy was established by the Financial Accounting Standards Board (FASB) to classify measurement inputs for determining fair value for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market

**WORLD VISION INTERNATIONAL  
AND CONSOLIDATED AFFILIATES**

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

(Amounts in thousands)

participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 – Inputs that are unobservable, including the Organization's own assumptions in determining the fair value of assets or liabilities.

In some cases, the inputs used to measure fair value might fall in different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the asset in its entirety falls is determined based on the lowest level input that is significant to the asset in its entirety. Assessing the significance of a particular input to the asset in its entirety requires judgment and considers factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Organization's perceived risk of liquidity for that asset.

The following table presents assets that are measured at fair value on a recurring basis at September 30, 2019:

	<u>Total</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>
Assets:			
Investments:			
Certificates of deposit	\$ 50,779	—	50,779
Domestic government securities	1,022	—	1,022
Foreign government securities	5,724	—	5,724
Mutual funds and other	5,465	5,465	—
Domestic corporate debt	10,626	—	10,626
Total investments	<u>\$ 73,616</u>	<u>5,465</u>	<u>68,151</u>
Foreign exchange currency contracts	\$ 28,017	—	28,017

**WORLD VISION INTERNATIONAL  
AND CONSOLIDATED AFFILIATES**

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

(Amounts in thousands)

		<u>Total</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>
Liabilities:				
Foreign exchange currency contracts	\$	3,708	—	3,708

The following table presents assets that are measured at fair value on a recurring basis at September 30, 2018:

		<u>Total</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>
Assets:				
Investments:				
Certificates of deposit	\$	63,683	—	63,683
Domestic government securities		2,999	—	2,999
Foreign government securities		5,148	—	5,148
Mutual funds and other		14,856	14,856	—
Domestic corporate debt		10,358	—	10,358
Total investments	\$	<u>97,044</u>	<u>14,856</u>	<u>82,188</u>
Foreign exchange currency contracts	\$	21,788	—	21,788
Liabilities:				
Foreign exchange currency contracts	\$	8,402	—	8,402

Level 2 investments primarily consist of certificates of deposit held at the Field Offices' local banks. Level 2 investments also include time deposits held with the Field Offices' local government and debt securities held at the Global Center. The fair value of these investments is determined through the use of other significant observable inputs (including quoted prices for similar investments, interest rates, etc.).



**WORLD VISION INTERNATIONAL  
AND CONSOLIDATED AFFILIATES**

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

(Amounts in thousands)

**(6) Due from/to Unconsolidated Affiliates**

Amounts due from/to unconsolidated affiliates arise from short-term transactions relating to project commitments and investments held for unconsolidated affiliates. Amounts due from/to unconsolidated affiliates at September 30, 2019 and 2018 are as follows:

	<b>2019</b>	<b>2018</b>
Due from unconsolidated affiliates:		
World Vision United States	\$ 5,279	—
World Vision Korea	8,557	7,162
World Vision Taiwan	4,775	646
World Vision Germany	3,491	—
World Vision United Kingdom	2,467	—
World Vision Ireland	2,090	329
World Vision Canada	855	1,646
World Vision Netherlands	553	—
World Vision Austria	207	63
World Vision Hong Kong	127	—
World Vision Australia	95	95
World Vision Italy	76	63
World Vision Switzerland	—	15
Total due from unconsolidated affiliates	\$ 28,572	10,019
	<b>2019</b>	<b>2018</b>
Due to unconsolidated affiliates:		
World Vision United States	\$ —	12,072
World Vision Switzerland	346	—
Total due to unconsolidated affiliates	\$ 346	12,072

**(7) Microfinance Loans Receivable**

The Organization operates microenterprise development activities in many countries primarily through MFIs. These community-based loan programs are designed to assist individuals without access to normal banking resources with loans for the development of small business enterprises. These loans consist of funds lent to entrepreneurial individuals, solidarity groups, and community banks for the purpose of furthering economic development in the communities served. Amounts in microfinance loans receivable represent funds lent to the entrepreneurial poor in the respective areas of operation.

**WORLD VISION INTERNATIONAL  
AND CONSOLIDATED AFFILIATES**

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

(Amounts in thousands)

Microfinance loans receivable, net at September 30, 2019 and 2018, consist of the following:

	<u>2019</u>	<u>2018</u>
Microfinance loans receivable, gross	\$ 425,837	380,946
Less loan loss allowance	<u>(16,705)</u>	<u>(13,219)</u>
Microfinance loans receivable, net	<u>\$ 409,132</u>	<u>367,727</u>

The average loan amount varies by country from less than one hundred fifty dollars to three thousand dollars. The average loan terms commonly range from 4 to 60 months with a weighted average maturity of approximately 17 months.

Interest rates on the outstanding loans vary by country due to varying inflation rates and operating environments. For the years ending September 2019 and 2018, the weighted average annual interest rates charged was 30%. In 2019, the average loan portfolio for the Organization's consolidated MFIs was \$15,772, with the largest consolidated MFI loan portfolio being \$73,550.

Microfinance loans receivable were concentrated in the following regions as of September 30, 2019 and 2018:

<u>Region of operations</u>	<u>2019</u>	<u>2018</u>
Latin America/Caribbean	\$ 185,646	162,188
Africa	113,484	105,545
Asia/Pacific	87,393	78,293
Middle East/Eastern Europe	<u>39,314</u>	<u>34,920</u>
Total	<u>\$ 425,837</u>	<u>380,946</u>

The Organization has identified the Africa region as having an elevated repayment risk as compared to the other regions due to increased delinquency rates and external market risks. An aging analysis of microfinance loans receivable at September 30, 2019 and 2018, is as follows:

	<u>2019</u>	<u>2018</u>
Current or less than 30 days past due	\$ 410,666	366,240
31–60 days past due	2,255	2,625
61–90 days past due	1,670	2,022
91 days or more past due	<u>11,246</u>	<u>10,059</u>
	<u>\$ 425,837</u>	<u>380,946</u>

**WORLD VISION INTERNATIONAL  
AND CONSOLIDATED AFFILIATES**

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

(Amounts in thousands)

As of September 30, 2019 and 2018, loans 91 days or more past due totaling \$11,246 and \$10,059, respectively, were not accruing interest.

The Organization generally evaluates credit quality based on the aging of loans and considers loans over 91 days as impaired. Loans are evaluated collectively for impairment.

Changes in the allowance for loan losses for the years ended September 30, 2019 and 2018 are as follows:

<u>Allowance for loan loss</u>	<u>2019</u>	<u>2018</u>
Beginning of year	\$ 13,219	11,759
Loans written off	(12,149)	(8,811)
Provision for loan loss	14,914	11,125
Currency valuation change	721	(854)
End of year	<u>\$ 16,705</u>	<u>13,219</u>

As of September 30, 2019, the Organization had loans written off of \$7,479 related to a loan outstanding with Micro Credit Organization 'EKI' Sarajevo (Bosnia). Formal written notification was provided to EKI indicating default of their obligations under the loan agreement. EKI external auditors were also notified. WVI chose to deconsolidate EKI in FY2018 due to the inability to influence or control the mission and operations of the entity despite extensive effort and discussions to retain such powers. No payment has been received to date and the Organization continues to actively pursue collection of this loan in full through various legal and regulatory channels.

In the years ended September 30, 2019 and 2018, funds recovered from loans written off totaled \$2,677 and \$2,451, respectively. These amounts are included within other revenue and gains on the accompanying consolidated statements of activities. As of September 30, 2019, based on historical loan performance and aging analysis, the risks related to losses on the loan portfolio are limited and are sufficiently covered by the allowance for loan losses.

**WORLD VISION INTERNATIONAL  
AND CONSOLIDATED AFFILIATES**

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

(Amounts in thousands)

**(8) Land, Buildings and Equipment, Net**

Land, buildings and equipment, net at September 30, 2019 and 2018, consist of the following:

	<u>2019</u>	<u>2018</u>
Land	\$ 18,413	17,547
Buildings and improvements	52,798	46,561
Computers and software	58,270	60,918
Vehicles	8,088	7,682
Furniture and other equipment	<u>9,829</u>	<u>9,112</u>
Total land, buildings and equipment	147,398	141,820
Less accumulated depreciation	<u>(74,347)</u>	<u>(70,294)</u>
Total land, buildings and equipment, net	<u>\$ 73,051</u>	<u>71,526</u>

Assets are located in countries the Organization's operations are located, which includes developed and developing countries and fragile contexts.

Depreciation and amortization expense for the years ended September 30, 2019 and 2018 was \$14,981 and \$12,828, respectively.

**(9) Foreign Exchange Contracts**

The Organization receives most of its funds from unconsolidated Support Offices throughout the world (as discussed in note 13, Contributions and Gift-in-Kind revenues). Planned fundings are made annually by the Organization to Field Offices and MFIs in the local currency of the respective countries. In order to protect against adverse fluctuations in such currencies, the Organization may enter into foreign currency forward (FOREX) contracts, which provide for the future exchange of funds at agreed-upon rates. These agreements are recorded at fair value at September 30, 2019 and 2018. Any realized gains or losses as of September 30, 2019 and 2018 are recognized in contributions revenue in the consolidated statements of activities. It is the Organization's general policy and practice to hold such contracts until maturity.

For the years ended September 30, 2019 and 2018, the Organization recorded a change in cumulative unrealized gains of \$10,923 and \$22,435, respectively, on FOREX contracts held.

At September 30, 2019 and 2018, the Organization had in place foreign currency contracts for purchases of U.S. dollars with notional amounts totaling \$647,727 and \$717,352, respectively, and sales of U.S. dollars for foreign currencies with notional amounts totaling \$199,887 and \$239,930, respectively. At September 30, 2019 and 2018, the fair values of FOREX contracts held recognized in the consolidated statements of financial position are assets of \$28,017 and \$21,788 and liabilities of \$3,708 and \$8,402, respectively.

**WORLD VISION INTERNATIONAL  
AND CONSOLIDATED AFFILIATES**

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

(Amounts in thousands)

**(10) Notes Payable**

Notes payable represent amounts received from various foundations, individuals, unconsolidated Support Offices, and banking organizations, which extended loans to the Organization to provide funding for its activities. At September 30, 2019 and 2018, a total of \$222,439 and \$264,196, respectively, in loans was outstanding. All of these loans were issued in relation to World Vision's microfinance activities except for \$1,000 issued in 2019 in relation to a purchase of a capital asset. Interest rates generally range from 0% to over 15%. These loans are scheduled for repayment as follows:

Fiscal year:			
2020		\$	94,932
2021			58,023
2022			35,753
2023			24,650
2024			7,536
2025 and thereafter			<u>1,545</u>
Total		\$	<u><u>222,439</u></u>

Notes payable are unsecured with the exception of aggregate loans of \$32,034 and \$26,210 at September 30, 2019 and 2018, respectively, in loans that have been collateralized by the assets of individual MFIs and VFI. Each of these collateral agreements represents a first priority guarantee on the assets of a particular MFI. Interest expense totaling \$26,754 and \$26,615 for the years ended September 30, 2019 and 2018, respectively, is recorded in the consolidated statements of activities as microenterprise development program services expense.

As of September 2019 and 2018, VFI also had two available unused lines of credit totaling \$20,000 in both years. One \$10,000 line of credit is available for use in on-lending funds to affiliated MFIs, with a quarterly drawdown limit of \$5,000. Another \$10,000 line of credit is limited for use in responding to specific climate events or natural disasters in certain countries where the Organization works.

**WORLD VISION INTERNATIONAL  
AND CONSOLIDATED AFFILIATES**

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

(Amounts in thousands)

**(11) Net Assets**

Consolidated net assets at September 30, 2019 are restricted or designated for the following purposes:

	<b>Net Assets without donor restrictions</b>	<b>Net assets with donor restrictions</b>	<b>Total</b>
Contributions received restricted for international relief and community development	\$ —	222,664	222,664
Contributions of gifts-in-kind restricted for international programs	—	56,176	56,176
Other revenue received for international relief and community development	132,320	—	132,320
Other revenue received for microenterprise development	189,939	—	189,939
Other designated amounts:			
Christian endowment	14,589	—	14,589
Net unrealized gain on foreign exchange contracts	24,309	—	24,309
Represented by fixed assets and investments:			
Land, buildings, and equipment, net	73,051	—	73,051
Investment in captive insurance company	690	—	690
	<u>\$ 434,898</u>	<u>278,840</u>	<u>713,738</u>

**WORLD VISION INTERNATIONAL  
AND CONSOLIDATED AFFILIATES**

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

(Amounts in thousands)

Consolidated net assets at September 30, 2018 are restricted or designated for the following purposes:

	<u>Net assets without donor restrictions</u>	<u>Net assets with donor restrictions</u>	<u>Total</u>
Contributions received restricted for international relief and community development	\$ —	209,746	209,746
Contributions of gifts-in-kind restricted for international programs	—	56,724	56,724
Other revenue received for international relief and community development	102,364	—	102,364
Other revenue received for microenterprise development	186,313	—	186,313
Other designated amounts:			
Christian endowment	14,234	—	14,234
Net unrealized gain on foreign exchange contracts	13,386	—	13,386
Represented by fixed assets and investments:			
Land, buildings, and equipment, net	71,526	—	71,526
Investment in captive insurance company	690	—	690
	<u>\$ 388,513</u>	<u>266,470</u>	<u>654,983</u>

**WORLD VISION INTERNATIONAL  
AND CONSOLIDATED AFFILIATES**

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

(Amounts in thousands)

**(12) Endowments**

Most states (including California) have adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA governs the appropriation of expenditures from donor-designated endowments, subject to the intent of the donor as expressed in the gift instrument. UPMIFA is not applicable to board-designated endowments. The Organization has one board-designated endowment and does not have any donor-restricted endowments. The Organization has a policy for the board-designated endowment allowing that, annually, the board may appropriate and expend all or part of the accumulated income. The following table provides the endowment activity for 2018 and 2019:

Balance, September 30, 2017	\$	14,045
Net investment return		560
Appropriated expenditures		<u>(371)</u>
Balance, September 30, 2018		14,234
Net investment return		577
Appropriated expenditures		<u>(222)</u>
Balance, September 30, 2019	\$	<u><u>14,589</u></u>

**(13) Contributions and Gift-in-Kind Revenue**

Contributions and gift-in-kind revenues for the year ended September 30, 2019 are from the following:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Contributions:			
World Vision United States	\$ 51,159	538,948	590,107
World Vision Australia	17,840	139,606	157,446
World Vision Canada	19,404	124,412	143,816
World Vision Germany	711	101,338	102,049
World Vision Korea	10,718	90,954	101,672
World Vision Hong Kong	7,448	89,985	97,433
World Vision Taiwan	5,260	55,367	60,627
World Vision United Kingdom	6,573	45,580	52,153
World Vision Japan	2,477	33,326	35,803
World Vision New Zealand	2,548	27,914	30,462
World Vision Switzerland	2,344	14,189	16,533
World Vision Netherlands	478	14,558	15,036
World Vision Austria	232	11,119	11,351
World Vision Malaysia	430	10,800	11,230
World Vision France	228	8,930	9,158



**WORLD VISION INTERNATIONAL  
AND CONSOLIDATED AFFILIATES**

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

(Amounts in thousands)

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
World Vision Finland	\$ 216	7,730	7,946
World Vision Ireland	193	7,732	7,925
World Vision Italy	5	438	443
Contributions received from nonaffiliated sources through:			
World Vision Singapore	—	12,788	12,788
World Vision Spain	—	5,777	5,777
Other subsidiaries	15,342	91,574	106,916
Subtotal	<u>143,606</u>	<u>1,433,065</u>	<u>1,576,671</u>
Gift-in-kind:			
World Vision United States	—	173,713	173,713
World Vision Canada	—	87,231	87,231
World Vision Australia	—	43,190	43,190
World Vision Taiwan	—	17,097	17,097
World Vision Korea	—	13,504	13,504
World Vision Germany	—	12,723	12,723
World Vision Hong Kong	—	11,131	11,131
World Vision Japan	—	6,815	6,815
World Vision New Zealand	—	6,783	6,783
World Vision United Kingdom	—	4,314	4,314
World Vision Austria	—	2,688	2,688
World Vision Switzerland	—	1,325	1,325
World Vision Italy	—	153	153
World Vision Netherlands	—	103	103
Gift-in-kind received from nonaffiliated sources through:			
World Vision Singapore	—	7	7
Other subsidiaries	—	34,865	34,865
Subtotal	<u>—</u>	<u>415,642</u>	<u>415,642</u>
Total	<u>\$ 143,606</u>	<u>1,848,707</u>	<u>1,992,313</u>

**WORLD VISION INTERNATIONAL  
AND CONSOLIDATED AFFILIATES**

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

(Amounts in thousands)

Contributions and gift-in-kind revenues for the year ended September 30, 2018 are from the following:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Contributions:			
World Vision United States	\$ 52,248	484,760	537,008
World Vision Canada	20,991	151,321	172,312
World Vision Australia	19,124	135,098	154,222
World Vision Korea	9,998	92,991	102,989
World Vision Hong Kong	6,719	89,682	96,401
World Vision Germany	822	87,334	88,156
World Vision United Kingdom	6,792	52,411	59,203
World Vision Taiwan	4,824	54,103	58,927
World Vision Japan	2,745	31,422	34,167
World Vision New Zealand	2,792	23,588	26,380
World Vision Switzerland	3,214	15,552	18,766
World Vision Netherlands	295	11,474	11,769
World Vision Malaysia	308	10,812	11,120
World Vision France	102	8,447	8,549
World Vision Ireland	301	7,739	8,040
World Vision Finland	406	6,807	7,213
World Vision Austria	73	7,094	7,167
World Vision Italy	18	402	420
Contributions received from nonaffiliated sources through:			
World Vision Singapore	—	13,388	13,388
World Vision Spain	—	5,572	5,572
Other subsidiaries	12,472	119,662	132,134
Subtotal	<u>144,244</u>	<u>1,409,659</u>	<u>1,553,903</u>
Gift-in-kind:			
World Vision United States	—	144,398	144,398
World Vision Canada	—	108,027	108,027
World Vision Australia	—	45,092	45,092
World Vision Taiwan	—	15,634	15,634
World Vision Hong Kong	—	13,604	13,604
World Vision Germany	—	12,185	12,185
World Vision Korea	—	9,620	9,620
World Vision New Zealand	—	9,547	9,547
World Vision United Kingdom	—	8,467	8,467
World Vision Japan	—	2,411	2,411

**WORLD VISION INTERNATIONAL  
AND CONSOLIDATED AFFILIATES**

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

(Amounts in thousands)

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
World Vision Austria	\$ —	2,398	2,398
World Vision Switzerland	—	1,391	1,391
World Vision Italy	—	203	203
World Vision Netherlands	—	2	2
Gift-in-kind received from nonaffiliated sources through:			
Other subsidiaries	—	16,776	16,776
Subtotal	—	389,755	389,755
Total	\$ 144,244	1,799,414	1,943,658

**(14) Retirement Plans**

**(a) Defined contribution retirement plans**

*(i) Plan for non-U.S. and non-U.K. employees*

World Vision International has an international defined contribution plan covering substantially all non-U.S. and non-U.K. citizens on an International Assignment (outside their home country) who are not included in the noncontributory Cash Balance Retirement Plan referred to below ((14 b) Defined benefit retirement plans). Total contributions to this plan for the years ended September 30, 2019 and 2018 were \$2,091 and \$1,934, respectively.

*(ii) Plan for U.S. employees*

World Vision also provides U.S. eligible employees a defined contribution plan, which is a qualified plan under Section 403 (b) of the Internal Revenue Code. Effective October 1, 2018, employees began receiving enhanced benefits in existing 403(b) plans in lieu of further contributions to the frozen cash plan.

World Vision International contributed \$2,645 and \$702 for the years ended September 30, 2019 and 2018, respectively.

*(iii) Plan for UK employees*

For UK employees, World Vision International has an international defined contribution plan. Total contributions to this plan for the years ended September 30, 2019 and 2018 were \$291 and \$295, respectively.

**WORLD VISION INTERNATIONAL  
AND CONSOLIDATED AFFILIATES**

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

(Amounts in thousands)

**(b) Defined benefit retirement plan**

WVI participates jointly with World Vision, Inc. (also known as World Vision United States), an unconsolidated affiliate, in a noncontributory Cash Balance Retirement Plan (the Plan) for substantially all regular full-time WVI staff working in the U.S. or who are U.S. taxpayers. The assets of the Plan are held in trust by an external trustee. Under the Plan, an annual pay credit and interest credit are added to a participant's balance each December. The annual pay credit is based on a participant's pay and age. The annual interest credit is determined by multiplying a participant's previous year account balance by the interest rate. The interest rate is set each November for the following year and currently is established as the 30-year US Treasury rate. The amount of employer contributions is determined based on actuarial valuations and recommendations as to the amounts required to fund benefits under this Plan. Effective September 30, 2018, the plan was frozen and no additional pay credits will be earned after that date.

WVI and World Vision, Inc. established a grandfathered minimum guaranteed benefit provision for participants covered under the prior plan at September 1, 1998. Upon withdrawing from the Plan, those participants will receive the greater of the minimum guaranteed benefit or the accrued benefit under the Cash Balance Plan. Participants that have terminated prior to January 1, 1999, are only covered by the grandfathered benefit and can only be paid out with a normal monthly pension.

The following table sets forth the actuarial assumptions related to the Plan. Assumptions as of September 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Discount rate	2.65 %	3.85 %
Expected return on Plan assets	5.50	6.50
Rate of compensation increase	N/A	N/A

Each year, the discount rate is determined as of the measurement date based on a review of interest rates associated with long-term high-quality debt instruments. The rate is based on management's understanding of the current economic environment and the Plan's expected future benefit payments. The expected return on Plan assets represents the long-term rate of return that the Retirement Investment Committee assumes will be earned over the life of the pension assets. Management believes the assumed rate is appropriate based on historical returns.

**WORLD VISION INTERNATIONAL  
AND CONSOLIDATED AFFILIATES**

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

(Amounts in thousands)

The following tables provide a reconciliation of benefit obligations, Plan assets, and funded status of the Plan for the years ended September 30, 2019 and 2018:

	2019		2018	
	WVI	Total plan	WVI	Total plan
Change in benefit obligations:				
Projected benefit obligations				
at beginning of year	\$ 35,619	123,250	42,945	135,132
Service cost	57	200	1,927	6,671
Interest cost	1,245	4,393	1,186	4,107
Curtailments	—	—	(2,825)	(9,774)
Changes in assumptions	2,894	9,789	(4,585)	(6,688)
Actuarial loss (gain)	306	1,079	589	2,039
Benefits paid	(3,079)	(8,006)	(3,570)	(8,070)
Expenses paid	(57)	(200)	(48)	(167)
Projected benefit obligations				
at end of year	<u>\$ 36,985</u>	<u>130,505</u>	<u>35,619</u>	<u>123,250</u>
Accumulated benefit obligations				
at end of year	\$ 36,985	130,505	35,619	123,250
	2019		2018	
	WVI	Total plan	WVI	Total plan
Change in Plan assets:				
Plan assets at fair value at				
beginning of year	\$ 37,494	129,737	42,658	134,230
Actual return on Plan assets	3,459	12,207	1,082	3,744
Employer contributions	—	—	—	—
Benefits paid	(3,079)	(8,006)	(3,570)	(8,070)
Expenses paid	(60)	(212)	(48)	(167)
Changes in assumptions	84	—	(2,628)	—
Plan assets at fair value at				
end of year	<u>\$ 37,898</u>	<u>133,726</u>	<u>37,494</u>	<u>129,737</u>
Funded status	\$ 913	3,221	1,875	6,487

**WORLD VISION INTERNATIONAL  
AND CONSOLIDATED AFFILIATES**

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

(Amounts in thousands)

	<b>2019</b>	<b>2018</b>
Amounts recognized in the statements of financial position consist of:		
Funded status asset (liability)	\$ <u>913</u>	<u>1,875</u>
Total amount recognized	\$ <u><u>913</u></u>	<u><u>1,875</u></u>
Amounts recognized in net assets without donor restrictions consist of:		
Pension actuarial gain/(loss)	\$ (1,879)	3,083

Net periodic benefit (credit) cost for WVI includes the following components for the years ended September 30:

	<b>2019</b>	<b>2018</b>
Service cost	\$ 57	1,927
Interest cost	1,245	1,186
Expected return on plan assets	(2,219)	(2,355)
Amortization of net loss	<u>—</u>	<u>163</u>
Net periodic benefit (credit) cost	\$ <u><u>(917)</u></u>	<u><u>921</u></u>

**(c) Fair Value of Plan Assets**

The Plan employs an asset allocation investment strategy designed to achieve a diversified portfolio mix that will maximize return while maintaining a moderate risk profile. The Plan does not employ leverage and is prohibited by policy from investing in derivative financial instruments.

**WORLD VISION INTERNATIONAL  
AND CONSOLIDATED AFFILIATES**

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

(Amounts in thousands)

The following table presents total plan assets that are measured at fair value at September 30, 2019:

	<u>2019</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash equivalents	\$ 627	166	461	—
Equity securities	12,419	12,419	—	—
Mutual funds:				
Equities	11,600	11,600	—	—
Bonds	5,024	5,024	—	—
Other fixed income	99,135	99,135	—	—
Total plan assets measured at fair value	128,805	128,344	461	—
Plan assets measured at NAV	4,921	—	—	—
Total plan assets	<u>\$ 133,726</u>	<u>128,344</u>	<u>461</u>	<u>—</u>

The following table presents total plan assets that are measured at fair value at September 30, 2018:

	<u>2018</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash equivalents	\$ 936	226	710	—
Equity securities	11,990	11,990	—	—
Mutual funds:				
Equities	11,748	11,748	—	—
Bonds	4,664	4,664	—	—
Other fixed income	95,786	95,786	—	—
Total plan assets measured at fair value	125,124	124,414	710	—
Plan assets measured at NAV	4,613	—	—	—
Total plan assets	<u>\$ 129,737</u>	<u>124,414</u>	<u>710</u>	<u>—</u>

The majority of the investments held by the Plan have been classified within Level 1. The Plan holds some investments within Level 2 in which the fair value is determined through other significant observable inputs.

**WORLD VISION INTERNATIONAL  
AND CONSOLIDATED AFFILIATES**

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

(Amounts in thousands)

Plan assets measured at fair value using the net asset value (NAV) per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. Assets measured at NAV consist of one real estate fund, which may only be traded quarterly and requires a notification period of at least 90 days.

**(d) Estimated Future Payments**

Due to the funded status of the Plan, the Plan contribution for the year ending September 30, 2020 is expected to be \$0. Assuming all participants commenced benefit payments at age 65 in the form of an immediate lump-sum payout, the following schedule estimates future benefit payments over the next ten years, in the years ended September 30:

	WVI	Total plan
2020	\$ 6,348	19,043
2021	4,555	13,666
2022	4,248	12,743
2023	4,235	12,706
2024	3,019	9,057
2025–2029	11,641	34,923
	\$ 34,046	102,138

**(15) Sale of Subsidiary**

In June 2018, the Organization sold its 100% ownership in VF Cambodia for cash consideration and recognized a gain on sale of \$38,696 after incurring taxes and selling costs totaling \$4,435. The decision to exit operations was made with consideration of the advanced stage of the microfinance industry in Cambodia relative to other countries in the VFI network and World Vision partnership, and of the potential to support and grow other MFIs in the VFI network for greater social impact.



**WORLD VISION INTERNATIONAL  
AND CONSOLIDATED AFFILIATES**

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

(Amounts in thousands)

The balances relating to VF Cambodia as of and for the years ended September 30, 2019 and 2018 were as follows:

	<b>2019</b>	<b>2018</b>
Results of discontinued operations:		
Revenue	\$ —	25,538
Expenses	—	22,985
Change in net assets from discontinued operations, before tax	—	2,553
Tax expense	—	458
Net income from discontinued operations	\$ —	2,095

**(16) VisionFund Azercredit**

Due to an adverse economic situation caused by the devaluation of the local currency in Azerbaijan in 2015-2016, loan collection difficulties arose for VF Azercredit, resulting in significant operating losses and the MFI's inability to pay its debt obligations to foreign lenders in accordance with their contractual terms. Beginning in 2015, VF Azercredit and the Organization worked with external lenders to extend and renegotiate the payment terms under a collective Standstill Agreement.

On December 11, 2017, the lenders to VF Azercredit terminated the Standstill Agreement, triggering VF Azercredit's insolvency. On February 8, 2018, VF Azercredit entered legal bankruptcy protection proceeding with the Administrative-Economic Court of Baku#1. On May 25, 2018, VF Azercredit was declared bankrupt and a court-appointed administrator was assigned to manage liquidation proceedings. As a result, the Organization forfeited control of VF Azercredit, and deconsolidated the MFI from its financial statements.

As of September 30, 2017, the carrying value of liabilities held by VF Azercredit exceeded the reported fair value of its assets, with a reported deficiency of \$23,260. In the year ended September 30, 2018, the organization recognized a gain on deconsolidation of VF Azercredit equivalent to the September 30, 2017 net deficiency.

**(17) Micro Credit Organization 'EKI' Sarajevo (EKI)**

On January 31, 2018, WVI deconsolidated EKI from these consolidated financial statements. This is due to events that occurred in fiscal year 2018 that resulted in WVI no longer having control over EKI. These events included the inability of WVI to obtain board representation, EKI amending its charter to state that WVI's interests are no longer represented, and VFI's continued inability to collect on its loan to EKI.

As of January 31, 2018, the carrying value of assets held by EKI exceeded the carrying value of its liabilities, with a reported surplus of \$41,570. In the year ended September 30, 2018, the Organization recognized a loss on deconsolidation of EKI of \$41,570, equivalent to the January 31, 2018 net surplus.

**WORLD VISION INTERNATIONAL  
AND CONSOLIDATED AFFILIATES**

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

(Amounts in thousands)

**(18) Leases**

The Organization has commitments related to operating leases for building facilities, equipment, and land at September 30, 2019 and 2018.

Future minimum lease payments for the Organization with remaining terms of one year or more at September 30, 2019 are as follows:

Fiscal year:		
2020	\$	12,989
2021		4,705
2022		2,488
2023		1,491
2024		778
2025 and thereafter		<u>224</u>
	\$	<u><u>22,675</u></u>

Lease and rent expense for the years ended September 30, 2019 and 2018 was \$16,121 and \$18,759, respectively.

**(19) Commitments and Contingencies**

The Organization is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Organization's financial position.

Grant programs funded by various governments, multilateral entities, and other grantors are subject to review by the grantor agencies, which could result in requests for reimbursement to grantor agencies for disallowed expenditures. Management believes that it has adhered to the terms of its grants and that any disallowed expenditures resulting from such reviews would not have a material effect on the financial position of the Organization.

WV India, a separate legal entity which is included in WVI's financial statements as a permissive consolidation, was issued tax assessments for the tax years 2014-16, consisting of alleged back taxes owed and interest, in amounts of approximately \$25,480. WV India has appealed the assessments, and it likely will be several years before a final decision is issued. The outcome of such matters is not expected to have a material adverse effect on WVI's financial position or changes in net assets.

**WORLD VISION INTERNATIONAL  
AND CONSOLIDATED AFFILIATES**

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

(Amounts in thousands)

**(20) Subsequent Events**

Subsequent events have been evaluated from September 30, 2019 through April 7, 2020.

The current global pandemic, Coronavirus Disease 2019 (COVID-19), and responses by governments to help control the outbreak are expected to have negative financial impacts on some of the operations of WVI. The financial impact of this is not yet quantified.