KPMG

WORLD VISION INTERNATIONAL
AND CONSOLIDATED AFFILIATES

Consolidated Financial Statements

September 30, 2020 and 2019

(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:

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, 2020 and 2019, 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 Consolidated 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, 2020 and 2019, 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.

KPMG LLP

Seattle, Washington
April 30, 2021

WORLD VISION INTERNATIONAL
AND CONSOLIDATED AFFILIATES

Consolidated Statements of Financial Position

September 30, 2020 and 2019

(Amounts in thousands)

Assets		2020	2019
Cash, cash equivalents, and restricted cash	$	647,314	467,404
Investments (note 5)		75,052	73,616
Due from unconsolidated affiliates (note 6)		4,590	28,572
Accounts receivable		26,539	23,590
Microfinance loans receivable, net (note 7)		398,735	409,132
Inventories		47,658	56,176
Prepaid expenses		42,527	38,223
Foreign exchange contracts (notes 5 and 9)		4,204	28,017
Other assets		23,839	24,653
Land, buildings and equipment, net (note 8)		76,757	73,051
Total assets	$	1,347,215	1,222,434
Liabilities and Net Assets			
Liabilities:			
Accounts payable	$	117,926	116,490
Accrued expenses		94,911	87,282
Deposits from microfinance institution clients		57,587	54,375
Due to unconsolidated affiliates (note 6)		8,778	346
Notes payable (note 10)		261,774	222,439
Foreign exchange contracts (notes 5 and 9)		20,104	3,708
Other liabilities		18,049	24,056
Total liabilities		579,129	508,696
Net assets (note 11):			
Net assets without donor restrictions		427,975	434,898
Net assets with donor restrictions		340,111	278,840
Total net assets		768,086	713,738
Total liabilities and net assets	$	1,347,215	1,222,434

See accompanying notes to consolidated financial statements.

WORLD VISION INTERNATIONAL
AND CONSOLIDATED AFFILIATES

Consolidated Statement of Activities

Year ended September 30, 2020

(Amounts in thousands)

		Without donor restrictions	With donor restrictions	Total
Revenues, gains, and other support from donors (note 13):				
Contributions	$	140,496	1,478,650	1,619,146
Gifts-in-kind		—	394,029	394,029
Net assets released from restrictions		1,811,408	(1,811,408)	—
Total revenues from donors		1,951,904	61,271	2,013,175
Other revenue and gains		190,272	—	190,272
Unrealized loss on foreign exchange contracts (note 9)		(40,209)	—	(40,209)
Total revenues, gains, and other support		2,101,967	61,271	2,163,238
Expenses:				
Program services:				
International relief and community development		1,854,654	—	1,854,654
Microenterprise development		175,792	—	175,792
Total program services		2,030,446	—	2,030,446
Supporting activities:				
Management and general activities		50,908	—	50,908
Fundraising		28,085	—	28,085
Total supporting activities		78,993	—	78,993
Total expenses		2,109,439	—	2,109,439
Change in net assets before other gains and losses		(7,472)	61,271	53,799
Other gains and losses:				
Pension plan adjustments (note 14)		549	—	549
Change in net assets		(6,923)	61,271	54,348
Net assets at beginning of year		434,898	278,840	713,738
Net assets at end of year	$	427,975	340,111	768,086

See accompanying notes to consolidated financial statements.

WORLD VISION INTERNATIONAL
AND CONSOLIDATED AFFILIATES

Consolidated Statement of Activities

Year ended September 30, 2019

(Amounts in thousands)

		Without donor restrictions	With donor restrictions	Total
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
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		57,381	—	57,381
Fundraising		30,219	—	30,219
Total supporting activities		87,600	—	87,600
Total expenses		2,140,501	—	2,140,501
Change in net assets before other gains and losses		47,290	12,370	59,660
Other gains and losses:				
Pension plan adjustments (note 14)		(905)	—	(905)
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 Statement of Functional Expenses

Year ended September 30, 2020

(Amount in thousands)

	Program services			Supporting activities			
	International relief and community development	Microenterprise development	Total Program services	Management and general activities	Fundraising	Total Supporting activities	Total
Funding of World Vision International programs:							
Relief and rehabilitation, community development	$ 1,183,041	—	1,183,041	—	—	—	1,183,041
Microenterprise development	—	1,655	1,655	—	—	—	1,655
Gifts-in-Kind	401,812	—	401,812	—	—	—	401,812
Salaries and benefits	201,056	70,594	271,650	40,966	15,266	56,232	327,882
Travel	18,256	5,637	23,893	2,037	752	2,789	26,682
Professional fees	3,183	6,772	9,955	2,542	5,944	8,486	18,441
Interest expense (note 10)	—	28,053	28,053	—	—	—	28,053
Occupancy	15,819	6,377	22,196	2,404	675	3,079	25,275
Fees and taxes	15,781	3,742	19,523	272	1,069	1,341	20,864
Provision for loan losses (note 7)	—	25,242	25,242	—	—	—	25,242
Utilities	4,427	2,481	6,908	791	609	1,400	8,308
Depreciation and amortization (note 8)	3,855	5,597	9,452	955	120	1,075	10,527
Equipment, repairs, and maintenance	6,065	—	6,065	858	265	1,123	7,188
Advertising	1,313	—	1,313	38	2,996	3,034	4,347
Foreign currency losses	—	6,867	6,867	—	—	—	6,867
Other	46	12,775	12,821	45	389	434	13,255
Total	$ 1,854,654	175,792	2,030,446	50,908	28,085	78,993	2,109,439

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			
	International relief and community development	**Microenterprise development**	**Total Program services**	**Management and general activities**	**Fundraising**	**Total Supporting activities**	**Total**
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	40,269	14,358	54,627	333,845
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
Total	$ 1,890,882	162,019	2,052,901	57,381	30,219	87,600	2,140,501

See accompanying notes to consolidated financial statements.

WORLD VISION INTERNATIONAL
AND CONSOLIDATED AFFILIATES

Consolidated Statements of Cash Flows

Years ended September 30, 2020 and 2019

(Amounts in thousands)

		2020	2019
Cash flows from operating activities:			
Change in net assets	$	54,348	58,755
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Pension plan adjustments		(549)	905
Gifts-in-kind, net		8,518	548
Unrealized and realized gain/(loss) on investments		(1,193)	51
Unrealized loss/(gain) on foreign exchange contracts		40,209	(10,923)
Depreciation and amortization		10,527	14,981
Provision for loan losses		25,242	14,914
Foreign currency revaluation		3,790	(3,393)
Loss on disposal of equipment		773	54
Changes in assets and liabilities:			
Accounts receivable		(2,949)	7,408
Due from/to unconsolidated affiliates		32,414	(30,279)
Prepaid expenses		(4,304)	(2,135)
Other assets		814	66
Accounts payable and accrued expenses		9,614	(4,542)
Other liabilities		(6,007)	3,582
Net cash provided by operating activities		171,247	49,992
Cash flows from investing activities:			
Purchases of investments		(41,907)	(33,496)
Proceeds from sales and maturities of investments		41,664	56,873
Proceeds from repayment of microfinance loans		557,966	634,735
Issuance of microfinance loans		(576,601)	(687,661)
Purchase of land, buildings, and equipment		(16,133)	(16,790)
Proceeds from sale of equipment		1,127	230
Net cash used in investing activities		(33,884)	(46,109)
Cash flows from financing activities:			
Payments on notes payable		(98,185)	(121,440)
Proceeds received on notes payable		137,520	79,683
Deposits from microfinance institution clients		3,212	11,021
Net cash provided by/(used in) financing activities		42,547	(30,736)
Net increase/(decrease) in cash, cash equivalents, and restricted cash		179,910	(26,853)
Cash, cash equivalents, and restricted cash, beginning of year		467,404	494,257
Cash, cash equivalents, and restricted cash, end of year	$	647,314	467,404
Supplemental cash flow disclosures:			
Cash paid during the year for interest	$	26,797	25,719
Cash paid during the year for taxes		2,881	2,654

See accompanying notes to consolidated financial statements.

(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.

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

Regional offices:

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

International offices:

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

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

International offices:

- Geneva

Support offices:

- Spain

VisionFund International

(Continued)

Microfinance Institutions (consolidated by VFI):

Name	Country
SEF International Universal Credit Organization LLC	Armenia
VisionFund DRC S.A.	Congo – Democratic Republic of
VisionFund Republica Dominicana SAS	Dominican Republic
Banco VisionFund Ecuador S.A.	Ecuador
VFC Foundation	Georgia
VisionFund Caucasus LLC	Georgia
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 AgroInvest LLC	Montenegro
VisionFund Myanmar Company Limited	Myanmar
EDPYME Credivision S.A.	Peru
VisionFund Rwanda Ltd.	Rwanda
VisionFund Sénégal Microfinance SA	Senegal
AgroInvest Fond LLC	Serbia
AgroInvest 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

Microfinance Institutions (not consolidated by VFI):

Name	Country
Fundación Boliviana para el Desarrollo Institución Financiera de Desarrollo	Bolivia
Agencia Nacional de Desenvolvimento Microempresarial	Brazil
Fondo de Inversions para el Desarrollo de la Microempresa	Dominican Republic
Fundación Salvadoreña para El Desarrollo	El Salvador

Name	Country
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
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

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

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

(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.

(b) Consolidation

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

(c) Cash, Cash Equivalents, and Restricted Cash

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.

(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, 2020 and 2019 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, 2020, the Organization had outstanding $2,691 in conditional promises to give, excluding public grants, which are conditioned upon the completion of specific programmatic performance milestones. The Organization also had outstanding $25,932 in conditional promises to give directly related to public grants as of September 30, 2020. Of the outstanding conditional promises to give related to public grants, $6,347 was awarded by government donors and $19,585 was awarded by multilateral agencies or other donors.

(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, 2020 and 2019:

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 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) Newly Adopted Accounting Pronouncements

During the fiscal year, the Organization adopted the following provisions:

(i) Accounting Standards Update ASU 2016-18, Statements of Cash Flows (Topic 230): Restricted Cash

The Organization adopted ASU 2016-18, *Statements of Cash Flows* (Topic 230): *Restricted Cash* for its fiscal year ended September 30, 2020. This guidance is intended to bring standardization as to what is included in the statement of cash flows.

The ASU now requires that the statements of cash flows include amounts generally described as restricted cash or restricted cash equivalents in the total cash and cash equivalents amounts, regardless of how they are presented on the balance sheet. The adoption did not have an impact on the reported cash included in the statements of cash flows.

(ii) Accounting Standards Update ASU 2017-07, Compensation – Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost

The Organization adopted ASU 2017-07, *Compensation-Retirement Benefit*s (Topic 715) for its fiscal year ended September 30, 2020. This ASU requires reporting the service cost component of pension expense in the same line item or items as other compensation costs, and other components of net periodic pension benefit to be presented separately, outside of operating activities. The amendment has been applied on a retrospective basis in accordance with the guidance.

(iii) Accounting Standard Update ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made

The Organization also implemented ASU 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* for its fiscal year ended September 30, 2020 for both when the Organization is a recipient and a resource provider. This ASU clarifies the guidance for evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a contribution is conditional.

(Amounts in thousands)

A conditional contribution under the new pronouncement must have both (a) a barrier to be overcome and (b) a right of return or right of release element. If donor stipulations included only one (or neither) of these two elements, the contribution is then considered unconditional and recognized immediately. Likewise, as a resource provider the expense is deferred for conditional awards and recognized immediately for unconditional awards. No new disclosures are required. The adoption did not have a material impact on reported net assets as of October 1, 2019.

(q) Reclassifications

Certain reclassifications have been made to 2019 amounts to conform to the 2020 presentation.

(3) Liquidity and Availability

The following reflects the Organization's financial assets at September 30, 2020, 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, 2020 and 2019:

Assets		2020	2019
Cash, cash equivalents, and restricted cash	$	647,314	467,404
Investments		75,052	73,616
Due from unconsolidated affiliates		4,590	28,572
Accounts receivable		26,539	23,590
Financial assets at year-end		753,495	593,182
Less those unavailable for general expenditures within one year, due to:			
Contractual or donor imposed restrictions:			
Restricted investments		(1,042)	(2,499)
Cash and investments held for pensions		(70,294)	(64,924)
Financial assets available to meet cash needs for general expenditures within one year	$	682,159	525,759

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, demand deposit repayments 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 country. Every month, each MFI prepares a rolling six-month cash flow forecast with disbursement plans by branch to calculate how much cash on hand is needed. If an MFI needs additional liquidity they will typically disburse fewer loans in order to increase liquidity and cover their liabilities. However, if necessary, management and VFI will work together to find a suitable solution, which can include providing a loan or equity from VFI to the MFI as well as other strategic solutions. 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.

(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.

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

(Continued)

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, 2020 or 2019.

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 $3,742 and $2,919 for the years ended September 30, 2020 and 2019, 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 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.

(Amounts in thousands)

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, 2020:

		Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
Assets:				
Investments:				
Certificates of deposit	$	59,472	—	59,472
Domestic government securities		2,079	—	2,079
Foreign government securities		6,664	—	6,664
Mutual funds and other		6,837	6,837	—
Total investments	$	75,052	6,837	68,215
Foreign exchange currency contracts	$	4,204	—	4,204
Liabilities:				
Foreign exchange currency contracts	$	20,104	—	20,104

(Amounts in thousands)

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

		Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
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	$	73,616	5,465	68,151
Foreign exchange currency contracts	$	28,017	—	28,017
Liabilities:				
Foreign exchange currency contracts	$	3,708	—	3,708

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.).

(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, 2020 and 2019 are as follows:

		2020	2019
Due from unconsolidated affiliates:			
World Vision Hong Kong	$	1,822	127
World Vision United Kingdom		742	2,467
World Vision Canada		692	855
World Vision Ireland		356	2,090
World Vision Austria		341	207
World Vision Netherlands		289	553
World Vision Taiwan		248	4,775
World Vision Switzerland		81	—
World Vision Australia		15	95
World Vision Italy		4	76
World Vision United States		—	5,279
World Vision Korea		—	8,557
World Vision Germany		—	3,491
Total due from unconsolidated affiliates	$	4,590	28,572

		2020	2019
Due to unconsolidated affiliates:			
World Vision United States	$	8,778	—
World Vision Switzerland		—	346
Total due to unconsolidated affiliates	$	8,778	346

(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.

(Continued)

(Amounts in thousands)

Microfinance loans receivable, net at September 30, 2020 and 2019, consist of the following:

		2020	2019
Microfinance loans receivable, gross	$	431,790	425,837
Less loan loss allowance		(33,055)	(16,705)
Microfinance loans receivable, net	$	398,735	409,132

The average loan amount varies by country from less than one hundred sixty dollars to two thousand six hundred dollars. The average loan terms commonly range from 2 to 44 months with a weighted average maturity of approximately 23 months.

Interest rates on the outstanding loans vary by country due to varying inflation rates and operating environments. For the years ending September 2020 and 2019, the weighted average annual interest rates charged was 27% and 30%, respectively. In 2020 and 2019, the average loan portfolio for the Organization’s consolidated MFIs was $16,069 and $15,772, respectively, with the largest consolidated MFI loan portfolio being $75,606 and $73,550, respectively.

Microfinance loans receivable were concentrated in the following regions as of September 30, 2020 and 2019:

Region of operations		2020	2019
Latin America/Caribbean	$	178,108	185,646
Africa		110,103	113,484
Asia/Pacific		103,807	87,393
Middle East/Eastern Europe		39,772	39,314
Total	$	431,790	425,837

An aging analysis of microfinance loans receivable at September 30, 2020 and 2019, is as follows:

		2020	2019
Current or less than 30 days past due	$	400,153	410,666
31–60 days past due		6,623	2,255
61–90 days past due		4,299	1,670
91 days or more past due		20,715	11,246
	$	431,790	425,837

(Continued)

(Amounts in thousands)

As of September 30, 2020 and 2019, loans 91 days or more past due totaling $20,715 and $11,246, 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, 2020 and 2019 are as follows:

Allowance for loan loss		**2020**	**2019**
Beginning of year	$	16,705	13,219
Loans written off		(7,961)	(12,149)
Provision for loan loss		25,242	14,914
Currency valuation change		(931)	721
End of year	$	33,055	16,705

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 fiscal 2018 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, 2020 and 2019, funds recovered from loans written off totaled $2,411 and $2,677, respectively. These amounts are included within other revenue and gains in the accompanying consolidated statements of activities.

(Amounts in thousands)

(8) Land, Buildings and Equipment, Net

Land, buildings and equipment, net at September 30, 2020 and 2019, consist of the following:

		2020	2019
Land	$	18,841	18,413
Buildings and improvements		59,996	52,798
Computers and software		65,100	61,928
Vehicles		8,304	8,106
Furniture and other equipment		10,627	10,854
Total land, buildings and equipment		162,868	152,099
Less accumulated depreciation		(86,111)	(79,048)
Total land, buildings and equipment, net	$	76,757	73,051

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, 2020 and 2019 was $10,527 and $14,981, 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 Gifts-in-Kind Revenue). 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, 2020 and 2019. Any realized gains or losses as of September 30, 2020 and 2019 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, 2020 and 2019, the Organization recorded an unrealized loss of $40,209 and unrealized gain of $10,923, respectively, on FOREX contracts held.

At September 30, 2020 and 2019, the Organization had in place foreign currency contracts for purchases of U.S. dollars with notional amounts totaling $542,838 and $647,727, respectively, and sales of U.S. dollars for foreign currencies with notional amounts totaling $214,230 and $199,887, respectively. At September 30, 2020 and 2019, the fair values of FOREX contracts held recognized in the consolidated statements of financial position are assets of $4,204 and $28,017 and liabilities of $20,104 and $3,708, respectively.

(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, 2020 and 2019, a total of $261,774 and $222,439, respectively, in loans was outstanding. All of these loans were issued in relation to World Vision's microfinance activities except for a loan issued in relation to a purchase of a capital asset with an outstanding balance of $953 and $1,000 at September 30, 2020 and 2019, respectively. Interest rates generally range from 0% to over 15%. These loans are scheduled for repayment as follows:

Fiscal year:		
2021	$	116,199
2022		75,015
2023		40,264
2024		9,619
2025		17,822
2026 and thereafter		2,855
Total	$	261,774

Notes payable are unsecured with the exception of aggregate loans of $18,855 and $32,034 at September 30, 2020 and 2019, 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 $28,053 and $26,754 for the years ended September 30, 2020 and 2019, respectively, is recorded in the consolidated statements of activities as microenterprise development program services expense.

As of September 2020 and 2019, 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.

(Amounts in thousands)

(11) Net Assets

Consolidated net assets at September 30, 2020 are restricted or designated for the following purposes:

	Net Assets without donor restrictions	Net assets with donor restrictions	Total
Contributions received restricted for international relief and community development	$ —	292,453	292,453
Contributions of gifts-in-kind restricted for international programs	—	47,658	47,658
Other revenue received for international relief and community development	170,691	—	170,691
Other revenue received for microenterprise development	180,916	—	180,916
Other designated amounts:			
Christian endowment	14,821	—	14,821
Net unrealized loss on foreign exchange contracts	(15,900)	—	(15,900)
Represented by fixed assets and investments:			
Land, buildings, and equipment, net	76,757	—	76,757
Investment in captive insurance company	690	—	690
	$ 427,975	340,111	768,086

(Amounts in thousands)

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

	Net Assets without donor restrictions	Net assets with donor restrictions	Total
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
	$ 434,898	278,840	713,738

(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 2019 and 2020:

Balance, September 30, 2018	$	14,234
Net investment return		577
Appropriated expenditures		(222)
Balance, September 30, 2019		14,589
Net investment return		407
Appropriated expenditures		(175)
Balance, September 30, 2020	$	14,821

(13) Contributions and Gifts-in-Kind Revenue

Contributions and gifts-in-kind revenues for the year ended September 30, 2020 are from the following:

		Without donor restrictions	With donor restrictions	Total
Contributions:				
World Vision United States	$	50,384	557,765	608,149
World Vision Australia		16,918	148,794	165,712
World Vision Canada		18,913	128,659	147,572
World Vision Germany		756	104,105	104,861
World Vision Korea		10,945	92,191	103,136
World Vision Hong Kong		7,619	79,425	87,044
World Vision Taiwan		5,438	52,791	58,229
World Vision United Kingdom		5,156	46,993	52,149
World Vision Japan		2,578	37,416	39,994
World Vision New Zealand		2,460	25,494	27,954
World Vision Netherlands		429	20,729	21,158
World Vision Switzerland		2,040	12,938	14,978
World Vision Malaysia		424	10,037	10,461
World Vision Finland		224	9,676	9,900
World Vision France		248	8,173	8,421

(Amounts in thousands)

	Without donor restrictions	With donor restrictions	Total
World Vision Ireland	$ 186	7,951	8,137
World Vision Austria	273	6,970	7,243
World Vision Italy	6	253	259
Contributions received from nonaffiliated sources through:			
World Vision Singapore	—	13,114	13,114
World Vision Spain	—	8,525	8,525
Other subsidiaries	15,499	106,651	122,150
Subtotal	140,496	1,478,650	1,619,146
Gifts-in-kind:			
World Vision United States	—	196,663	196,663
World Vision Canada	—	82,486	82,486
World Vision Australia	—	39,798	39,798
World Vision Korea	—	12,490	12,490
World Vision Germany	—	12,407	12,407
World Vision Taiwan	—	11,351	11,351
World Vision Hong Kong	—	10,015	10,015
World Vision New Zealand	—	7,746	7,746
World Vision United Kingdom	—	5,844	5,844
World Vision Japan	—	4,206	4,206
World Vision Austria	—	2,244	2,244
World Vision Switzerland	—	1,565	1,565
World Vision Netherlands	—	586	586
World Vision Italy	—	158	158
Gifts-in-kind received from nonaffiliated sources through:			
World Vision Singapore	—	370	370
Other subsidiaries	—	6,100	6,100
Subtotal	—	394,029	394,029
Total	$ 140,496	1,872,679	2,013,175

(Amounts in thousands)

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

		Without donor restrictions	With donor restrictions	Total
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 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		143,606	1,433,065	1,576,671
Gifts-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

(Amounts in thousands)

		Without donor restrictions	With donor restrictions	Total
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
Gifts-in-kind received from nonaffiliated sources through:				
World Vision Singapore		—	7	7
Other subsidiaries		—	34,865	34,865
Subtotal		—	415,642	415,642
Total	$	143,606	1,848,707	1,992,313

(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, 2020 and 2019 were $2,085 and $2,091, 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 $2,423 and $2,645 for the years ended September 30, 2020 and 2019, respectively. Effective October 1, 2018, employees began receiving enhanced benefits in existing 403(b) plans in lieu of further contributions to the Cash Balance Retirement Plan referred to in 14(b) below.

(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, 2020 and 2019 were $271 and $291, respectively.

(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, 2020 and 2019 are as follows:

	2020	2019
Discount rate	1.90 %	2.65 %
Expected return on Plan assets	5.00	5.50

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.

(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, 2020 and 2019:

		2020		2019	
		WVI	**Total plan**	**WVI**	**Total plan**
Change in benefit obligations:					
Projected benefit obligations at beginning of year	$	36,985	130,505	35,619	123,250
Service cost		50	180	57	200
Interest cost		896	3,208	1,245	4,393
Changes in assumptions		2,035	5,249	2,894	9,789
Actuarial loss (gain)		443	1,587	306	1,079
Benefits paid		(3,318)	(7,975)	(3,079)	(8,006)
Expenses paid		(50)	(180)	(57)	(200)
Projected benefit obligations at end of year	$	37,041	132,574	36,985	130,505
Accumulated benefit obligations at end of year	$	37,041	132,574	36,985	130,505

		2020		2019	
		WVI	**Total plan**	**WVI**	**Total plan**
Change in Plan assets:					
Plan assets at fair value at beginning of year	$	37,898	133,726	37,494	129,737
Actual return on Plan assets		3,353	12,002	3,459	12,207
Benefits paid		(3,318)	(7,975)	(3,079)	(8,006)
Expenses paid		(36)	(128)	(60)	(212)
Changes in assumptions		555	—	84	—
Plan assets at fair value at end of year	$	38,452	137,625	37,898	133,726
Funded status	$	1,411	5,051	913	3,221

(Amounts in thousands)

		2020	2019
Asset recognized in the consolidated statement of financial position as funded status asset	$	1,411	913
Amounts recognized in the consolidated statements of activities as other gains and losses consist of:	$		
Pension plan adjustments		549	(905)

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

		2020	2019
Service cost	$	50	57
Interest cost		896	1,245
Expected return on plan assets		(1,908)	(2,219)
Amortization of net loss		19	—
Net periodic benefit credit	$	(943)	(917)

(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.

(Amounts in thousands)

The following table presents total plan assets that are measured at fair value at September 30, 2020:

	2020	Level 1	Level 2	Level 3
Cash equivalents	$ 768	94	674	—
Equity securities	8,170	8,170	—	—
Mutual funds:				
Equities	6,924	6,924	—	—
Bonds	2,719	2,719	—	—
Other fixed income	114,143	114,143	—	—
Total plan assets measured at fair value	132,724	132,050	674	—
Plan assets measured at NAV	4,901	—	—	—
Total plan assets	$ 137,625	132,050	674	—

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

	2019	Level 1	Level 2	Level 3
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	$ 133,726	128,344	461	—

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.

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.

(Amounts in thousands)

(d) Estimated Future Payments

Due to the funded status of the Plan, the Plan contribution for the year ending September 30, 2021 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
2021	$	6,543	19,629
2022		4,325	12,975
2023		4,364	13,092
2024		4,201	12,602
2025		3,041	9,122
2026–2030		10,959	32,877
	$	33,433	100,297

(15) Leases

The Organization has commitments related to operating leases for building facilities, equipment, and land at September 30, 2020 and 2019.

Future minimum lease payments for the Organization with remaining terms of one year or more at September 30, 2020 are as follows:

Fiscal year:		
2021	$	12,973
2022		4,672
2023		2,719
2024		1,599
2025		889
2026 and thereafter		1,571
	$	24,423

Lease and rent expense for the years ended September 30, 2020 and 2019 was $17,889 and $16,121, respectively.

(16) 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 $25,258. 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.

(17) COVID-19

In March 2020, the World Health Organisation declared the outbreak of the novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the globe. The COVID-19 pandemic has created uncertainty in the global economy that has resulted in an unprecedented sharp economic downturn in a number of countries where the Organization operates, impacting the livelihoods of many individuals in these countries, including the Organization's beneficiaries. The Organization responded to the pandemic by launching emergency fundraising appeals to support COVID-related response programmes in more than 70 countries with a target of reaching 72 million people. With regard to the Organization's microfinance operations, the Organization's loan portfolio quality has been negatively impacted since the onset of the pandemic. Consequently, the Organization has responded with a greater focus on client loan collections and modifications to financial obligations with third-party lenders to ensure stable liquidity. The complete extent of the impact of COVID-19 on the Organization remains unknowable and the full effect on the Organization's financial position cannot be fully quantified at this time.

(18) Subsequent Events

Subsequent events have been evaluated from September 30, 2020 through April 30, 2021, which is the date these consolidated financial statements were available to be issued.