KPMG

WORLD VISION INTERNATIONAL AND CONSOLIDATED AFFILIATES

Consolidated Financial Statements

September 30, 2017 and 2016

(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 (the Organization), which comprise the consolidated statements of financial position as of September 30, 2017 and 2016, and the related consolidated statements of activities 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 audits 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, 2017 and 2016, 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
May 7, 2018

WORLD VISION INTERNATIONAL
AND CONSOLIDATED AFFILIATES

Consolidated Statements of Financial Position

September 30, 2017 and 2016

(Amounts in thousands)

Assets		2017	2016
Cash and cash equivalents	$	422,385	333,649
Investments (note 4)		91,678	76,503
Due from unconsolidated affiliates (note 5)		8,855	4,449
Accounts receivable		22,311	11,774
Microfinance loans receivable, net (note 6)		569,962	489,114
Inventories		52,506	100,972
Prepaid expenses		29,410	32,182
Land, buildings and equipment, net (note 7)		82,256	87,747
Foreign exchange contracts (notes 4 and 8)		11,648	17,033
Other assets		22,288	17,718
Total assets	$	1,313,299	1,171,141
Liabilities and Net Assets			
Liabilities:			
Accounts payable	$	120,887	98,386
Accrued expenses		90,827	95,529
Deposits from microfinance institution clients		75,895	56,781
Due to unconsolidated affiliates (note 5)		8,258	225
Notes payable (note 9)		402,558	317,759
Foreign exchange contracts (notes 4 and 8)		20,696	21,930
Other liabilities		27,936	20,353
Total liabilities		747,057	610,963
Net assets (note 10):			
Unrestricted:			
Noncontrolling financial interest in subsidiaries		(11,165)	(8,650)
Other unrestricted		324,078	283,657
Total unrestricted net assets		312,913	275,007
Temporarily restricted		253,329	285,171
Total net assets		566,242	560,178
Total liabilities and net assets	$	1,313,299	1,171,141

See accompanying notes to consolidated financial statements.

WORLD VISION INTERNATIONAL
AND CONSOLIDATED AFFILIATES

Consolidated Statements of Activities

Year ended September 30, 2017

(Amounts in thousands)

	Unrestricted	Temporarily restricted	Total
Revenues, gains, and other support from donors (note 12):			
Contributions	$ 149,466	1,393,923	1,543,389
Gifts-in-kind	—	402,180	402,180
Net assets released from restrictions	1,827,945	(1,827,945)	—
Total revenues from donors	1,977,411	(31,842)	1,945,569
Other revenue and gains	223,690	—	223,690
Change in cumulative unrealized loss on foreign exchange contracts (note 8)	(4,151)	—	(4,151)
Total revenues, gains, and other support	2,196,950	(31,842)	2,165,108
Expenses:			
Program services:			
International relief and community development	1,825,389	—	1,825,389
Microenterprise development	181,408	—	181,408
Program support services	61,847	—	61,847
Total program services	2,068,644	—	2,068,644
Administrative costs:			
Supporting services	72,243	—	72,243
Fund-raising	22,001	—	22,001
Total administrative costs	94,244	—	94,244
Total expenses	2,162,888	—	2,162,888
Change in net assets before the pension actuarial gain	34,062	(31,842)	2,220
Pension actuarial gain (note 13)	3,844	—	3,844
Change in net assets	37,906	(31,842)	6,064
Net assets at beginning of year	275,007	285,171	560,178
Net assets at end of year	$ 312,913	253,329	566,242

See accompanying notes to consolidated financial statements.

WORLD VISION INTERNATIONAL
AND CONSOLIDATED AFFILIATES

Consolidated Statements of Activities

Year ended September 30, 2016

(Amounts in thousands)

	Unrestricted	Temporarily restricted	Total
Revenues, gains, and other support from donors (note 12):			
Contributions	$ 150,676	1,277,875	1,428,551
Gifts-in-kind	—	452,135	452,135
Net assets released from restrictions	1,785,716	(1,785,716)	—
Total revenues from donors	1,936,392	(55,706)	1,880,686
Other revenue and gains	196,674	—	196,674
Change in cumulative unrealized loss on foreign exchange contracts (note 8)	(19,975)	—	(19,975)
Total revenues, gains, and other support	2,113,091	(55,706)	2,057,385
Expenses:			
Program services:			
International relief and community development	1,781,513	—	1,781,513
Microenterprise development	188,301	—	188,301
Program support services	81,201	—	81,201
Total program services	2,051,015	—	2,051,015
Administrative costs:			
Supporting services	79,173	—	79,173
Fund-raising	23,569	—	23,569
Total administrative costs	102,742	—	102,742
Total expenses	2,153,757	—	2,153,757
Change in net assets before the pension actuarial gain	(40,666)	(55,706)	(96,372)
Pension actuarial gain (note 13)	1,708	—	1,708
Change in net assets	(38,958)	(55,706)	(94,664)
Net assets at beginning of year	313,965	340,877	654,842
Net assets at end of year	$ 275,007	285,171	560,178

See accompanying notes to consolidated financial statements.

WORLD VISION INTERNATIONAL
AND CONSOLIDATED AFFILIATES

Consolidated Statements of Cash Flows

Years ended September 30, 2017 and 2016

(Amounts in thousands)

		2017	2016
Cash flows from operating activities:			
Change in net assets	$	6,064	(94,664)
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Pension actuarial gain		(3,844)	(1,708)
Gifts-in-kind, net		48,466	8,071
Unrealized and realized loss on investments		1,297	431
Change in cumulative unrealized loss on foreign exchange contracts		4,151	19,975
Depreciation and amortization		14,044	13,721
Provision for loan losses		10,317	38,262
Foreign currency revaluation		383	(2,649)
Loss on disposal of equipment		2,025	437
Gain on restructured notes payable		—	(4,878)
Changes in assets and liabilities:			
Accounts receivable		(10,537)	(2,463)
Due from/to unconsolidated affiliates		3,627	36,725
Prepaid expenses		2,772	1,930
Other assets		(4,570)	(3,471)
Accounts payable and accrued expenses		21,643	7,817
Other liabilities		7,583	1,878
Net cash provided by operating activities		103,421	19,414
Cash flows from investing activities:			
Purchases of investments		(79,502)	(69,810)
Proceeds from sales and maturities of investments		62,974	82,195
Proceeds from repayment of microfinance loans		734,092	701,963
Issuance of microfinance loans		(825,654)	(759,932)
Purchase of land, buildings, and equipment		(11,408)	(10,577)
Proceeds from sale of equipment		830	3,046
Net cash used in investing activities		(118,668)	(53,115)
Cash flows from financing activities:			
Payments on notes payable		(119,034)	(95,792)
Proceeds received on notes payable		203,903	122,000
Deposits from microfinance institution clients		19,114	16,904
Net cash provided by financing activities		103,983	43,112
Net increase in cash and cash equivalents		88,736	9,411
Cash and cash equivalents, beginning of year		333,649	324,238
Cash and cash equivalents, end of year	$	422,385	333,649
Supplemental cash flow disclosures:			
Cash paid during the year for interest	$	32,849	34,623
Cash paid during the year for taxes		4,697	3,640

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 Ministry Offices. WVI is also the operating entity in many Ministry Office countries, and some Support Office countries.

Ministry Offices – Primarily carry out the relief aid and community development work in their respective countries. Some Ministry 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):

Ministry offices:

- Afghanistan
- Americas Shared Service Center
- Angola
- Armenia
- Azerbaijan
- Bangladesh
- Bosnia-Herzegovina
- Burundi
- Cambodia
- Central African Republic
- Chad
- Chile
- China
- Colombia
- Congo – Democratic Republic of
- Cyprus
- Dominican Republic
- East Timor
- Ethiopia
- Georgia
- Haiti
- Iraq
- Jordan
- Kosovo
- Laos
- Lebanon
- Lesotho
- Mali
- Mauritania
- Mongolia
- Mozambique
- Myanmar
- Nepal
- Nicaragua
- Niger
- North Korea
- Pakistan
- 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:

- Dubai
- Gibraltar
- Johannesburg
- Kuala Lumpur
- London
- Los Angeles
- Manila
- New York
- Seattle
- Washington, DC

Support offices:

- Singapore

Microfinance programs:

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):

Ministry offices:

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

International offices:

- Geneva

Support offices:

- Spain

VisionFund International (VFI)

Microfinance Institutions (consolidated by VFI):

Name	Country
SEF International Universal Credit Organization LLC	Armenia
VisionFund Azercredit LLC	Azerbaijan
VisionFund Cambodia Ltd.	Cambodia
VisionFund DRC S.A.	Congo – Democratic Republic of
VisionFund Republica Dominicana SAS	Dominican Republic
Sociedad Financiera VisionFund Ecuador S.A.	Ecuador
VisionFund Ghana Money Lending Ltd.	Ghana
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 Mongolia	Mongolia
MFI Monte Credit LLC	Montenegro
VisionFund AgroInvest LLC	Montenegro
VisionFund Myanmar Company Limited	Myanmar
EDPYME Credivision S.A.	Peru
VisionFund Rwanda	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

(Continued)

Microfinance Institutions (not consolidated by VFI):

Name	Country
Fundación Boliviana para el Desarrollo Institución Financiera de Desarrollo	Bolivia
Micro Credit Organization 'EKI' Sarajevo	Bosnia
Agencia Nacional de Desenvolvimento Microempresarial	Brazil
Fondo de Inversions para el Desarrollo de la Microempresa	Dominican Republic
Fundación Fondo de Desarrollo Microempresarial	Ecuador
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
Fundacion 4i-2000	Nicaragua
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

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:

Ministry offices:

Brazil	Philippines
El Salvador	Romania
Guatemala	South Africa
Honduras	Sri Lanka
India	Swaziland
Indonesia	Tanzania
Kenya	Thailand
Mexico	Uganda
Peru	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	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.

(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 ministry offices around the world. Ministry 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 and microfinance loans receivable are carried at the outstanding receivable amount, less an estimate made for uncollectible receivables. Management determines the allowance for uncollectible accounts and microfinance loans receivable by identifying troubled accounts, considering the debtor's financial condition, current economic conditions, and using historical experience applied to an aging of the accounts and microfinance loans receivable. Recoveries of receivables previously written off are recorded when received.

Microfinance loans receivable primarily consist of amounts loaned to the entrepreneurial poor who lack access to normal banking facilities. Microfinance loans receivable represent the unpaid principal balance of loans, less an allowance for uncollectible loans. Interest is accrued based on the rate stated in the note and accrued on microfinance loans receivable unless the receivables are deemed uncollectible. If a loan becomes over 180 days past due, and is deemed uncollectible, it is written off. The ultimate recovery of all loans is susceptible to future market factors beyond the Organization's control. These factors may result in losses or recoveries differing significantly from those provided for in the consolidated financial statements.

(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.

(Continued)

(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 Ministry 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, 2017 and 2016 are recorded in due from unconsolidated affiliates and detailed in note 5. WVI also receives cash donations from affiliated entities and unaffiliated donors. Revenue is recognized on these donations at the time of the donation.

(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.

(Continued)

Nonpharmaceutical 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 Allocation of Expenses

The costs of providing certain activities of the Organization have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated proportionately among program and administrative costs primarily based upon direct costs.

(m) Administrative Costs

Administrative costs are categorized into supporting services and fund-raising activities. Supporting services are activities that are not identifiable with a single program or fund-raising activity but that are indispensable to the conduct of those activities and to the Organization’s existence. They include oversight, business management, general record-keeping, budgeting, financing, and all general management and administration activities. Fund-raising activities are those activities that encourage potential donors to contribute money, securities, services, materials, facilities, and other assets or time.

(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.

(3) 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 nonperformance 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:

Unrestricted net assets – Unrestricted net assets represent those resources of the Organization that are not subject to donor-imposed restrictions or law. The only limits on unrestricted net assets 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.

Temporarily restricted net assets – Temporarily restricted net assets 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 unrestricted net assets. 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. Temporarily restricted contributions are recorded as restricted revenue 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, 2017 or 2016.

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 $3,954 and $4,294 for the years ended September 30, 2017 and 2016, 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.

(4) 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.

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.

(Amounts in thousands)

The following table presents assets that are measured at fair value on a recurring basis at September 30, 2017:

		Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
Assets:				
Investments:				
Certificates of deposit	$	63,583	—	63,583
Domestic government securities		6,015	—	6,015
Foreign government securities		3,520	—	3,520
Foreign corporate stocks		—	—	—
Mutual funds and other		8,399	8,399	—
Domestic corporate debt		10,161	—	10,161
Total investments	$	91,678	8,399	83,279
Foreign exchange currency contracts	$	11,648	—	11,648
Liabilities:				
Foreign exchange currency contracts	$	20,696	—	20,696

(Amounts in thousands)

The following table presents assets that are measured at fair value on a recurring basis at September 30, 2016:

		Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
Assets:				
Investments:				
Certificates of deposit	$	55,704	—	55,704
Domestic government securities		6,043	—	6,043
Foreign government securities		9,418	—	9,418
Foreign corporate stocks		9	9	—
Mutual funds and other		4,110	4,110	—
Domestic corporate debt		1,219	—	1,219
Total investments	$	76,503	4,119	72,384
Foreign exchange currency contracts	$	17,033	—	17,033
Liabilities:				
Foreign exchange currency contracts	$	21,930	—	21,930

Level 2 investments primarily consist of certificates of deposit held at the National Offices' local banks. Level 2 investments also include time deposits held with the National 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)

(5) 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, 2017 and 2016 are as follows:

		2017	2016
Due from unconsolidated affiliates:			
World Vision Taiwan	$	4,171	13
World Vision Ireland		2,350	—
World Vision Canada		1,845	279
World Vision France		229	350
World Vision Germany		146	650
World Vision Italy		60	75
World Vision Austria		54	38
World Vision United States		—	2,872
World Vision Switzerland		—	148
World Vision Hong Kong		—	24
Total due from unconsolidated affiliates	$	8,855	4,449

		2017	2016
Due to unconsolidated affiliates:			
World Vision United States	$	8,150	—
World Vision Germany		108	225
Total due to unconsolidated affiliates	$	8,258	225

(6) 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, 2017 and 2016, consist of the following:

		2017	**2016**
Microfinance loans receivable, gross	$	582,875	525,675
Less loan loss allowance		(12,913)	(36,561)
Microfinance loans receivable, net	$	569,962	489,114

The average loan amount varies by country from less than three hundred dollars to six thousand dollars. The average loan terms commonly range from 3 to 44 months with a weighted average maturity of approximately 22 months.

Interest rates on the outstanding loans vary by country due to varying inflation rates and operating environments. For the years ending September 2017 and 2016, the weighted average annual interest rates charged was 27% and 29%, respectively. In 2017, the average loan portfolio for the Organization's consolidated MFIs was $20 million, with the largest consolidated MFI loan portfolio being $161 million.

Loans to MFI clients were concentrated in the following regions as of September 30, 2017 and 2016:

Region of operations		**2017**	**2016**
Asia/Pacific	$	238,820	201,103
Latin America/Caribbean		136,607	112,763
Middle East/Eastern Europe		116,501	133,793
Africa		90,947	78,016
Total	$	582,875	525,675

An aging analysis of microfinance loans receivable at September 30, 2017 and 2016, is as follows:

		2017	**2016**
Current or less than 30 days past due	$	568,342	484,803
31–60 days past due		2,670	2,322
61–90 days past due		1,878	1,632
91 days or more past due		9,985	15,329
Restructured loans		—	21,589
	$	582,875	525,675

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.

(Amounts in thousands)

Changes in the allowance for loan losses for the years ended September 30, 2017 and 2016 are as follows:

Allowance for loan loss		2017	2016
Beginning of year	$	36,561	13,139
Loans written off		(32,687)	(10,209)
Provision for loan loss		10,317	38,262
Currency valuation change		(1,278)	(4,631)
End of year	$	12,913	36,561

In the years ending September 30, 2017 and 2016, funds recovered from loans written off totaled $3,694 and $3,641, respectively. These amounts are included within other revenue and gains on the accompanying consolidated statements of activities. As of September 30, 2017, 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.

In the year ended September 30, 2016, the terms to certain loans by VisionFund Azercredit to MFI clients were modified and considered to be troubled debt restructuring. During the year ended September 30, 2017, the outstanding past due and restructured loans of VisionFund Azercredit totaling $22,015 were written off (note 15).

(7) Land, Buildings and Equipment, Net

Land, buildings and equipment, net at September 30, 2017 and 2016, consist of the following:

		2017	2016
Land	$	16,193	16,518
Buildings and improvements		49,176	47,725
Computers and software		64,016	67,288
Vehicles		10,846	9,940
Furniture and other equipment		10,818	10,213
Total land, buildings and equipment		151,049	151,684
Less accumulated depreciation		(68,793)	(63,937)
Total land, buildings and equipment, net	$	82,256	87,747

Depreciation and amortization expense for the years ended September 30, 2017 and 2016 was $14,044 and $13,721, respectively.

(Amounts in thousands)

(8) Foreign Exchange Contracts

The Organization receives most of its funds from unconsolidated Support Offices throughout the world (as discussed in note 12, Contributions and Gift-in-Kind revenues). Planned fundings are made annually by the Organization to Ministry 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, 2017 and 2016. Any unrealized gains or losses as of September 30, 2017 and 2016 are recognized in the consolidated statements of activities. Any realized gains or losses as of September 30, 2017 and 2016 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, 2017 and 2016, the Organization recorded a change in cumulative unrealized losses of $4,151 and $19,975, respectively, on FOREX contracts held.

At September 30, 2017 and 2016, the Organization had in place foreign currency contracts for purchases of U.S. dollars with notional amounts totaling $632,646 and $612,991, respectively, and sales of U.S. dollars for foreign currencies with notional amounts totaling $210,442 and $174,056, respectively. At September 30, 2017 and 2016, the fair values of FOREX contracts held recognized in the consolidated statements of financial position are assets of $11,648 and $17,033 and liabilities of $20,696 and $21,930, respectively.

(9) 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, 2017 and 2016, a total of $402,558 and $317,759, respectively, in loans was outstanding. All of these loans were issued in relation to World Vision’s microfinance activities. Interest rates generally range from 0% to over 15%. These loans are scheduled for repayment as follows:

Fiscal year:		
2018	$	147,651
2019		128,833
2020		91,975
2021		19,092
2022		5,204
2023 and thereafter		9,803
Total	$	402,558

(Continued)

(Amounts in thousands)

Notes payable are unsecured with the exception of aggregate loans of $60,825 and $24,702 at September 30, 2017 and 2016, respectively, in loans that have been guaranteed by the assets of MFIs. Each of these collateral agreements represents a first priority guarantee on the assets of a particular MFI. Interest expense totaling $36,499 and $30,715 for the years ended September 30, 2017 and 2016, respectively, is recorded in the consolidated statements of activities as microenterprise development program services expense.

(10) Net Assets

Consolidated net assets at September 30, 2017 are restricted or designated for the following purposes:

	Unrestricted	Temporarily restricted	Total
Contributions received designated for future program services	$ 255,630	—	255,630
Contributions of gifts-in-kind restricted for international programs	—	52,506	52,506
Contributions received restricted for international relief and community development	—	200,823	200,823
Other designated amounts:			
Christian endowment	14,045	—	14,045
Unrealized loss on foreign exchange contracts	(9,048)	—	(9,048)
Undesignated deficit	(19,495)	—	(19,495)
Represented by noncontrolling financial interest in subsidiaries	(11,165)	—	(11,165)
Represented by fixed assets and investments:			
Land, buildings, and equipment, net	82,256	—	82,256
Investment in captive insurance company	690	—	690
	$ 312,913	253,329	566,242

(Amounts in thousands)

Consolidated net assets at September 30, 2016 are restricted or designated for the following purposes:

	Unrestricted	Temporarily restricted	Total
Contributions received designated for future program services	$ 227,658	—	227,658
Contributions of gifts-in-kind restricted for international programs	—	100,972	100,972
Contributions received restricted for international relief and community development	—	184,199	184,199
Other designated amounts:			
Christian endowment	13,584	—	13,584
Unrealized loss on foreign exchange contracts	(4,897)	—	(4,897)
Undesignated deficit	(41,125)	—	(41,125)
Represented by noncontrolling financial interest in subsidiaries	(8,650)	—	(8,650)
Represented by fixed assets and investments:			
Land, buildings, and equipment, net	87,747	—	87,747
Investment in captive insurance company	690	—	690
	$ 275,007	285,171	560,178

(Continued)

(Amounts in thousands)

(11) 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 2016 and 2017:

Balance, September 30, 2015	$	13,386
Net investment return		534
Appropriated expenditures		(336)
Balance, September 30, 2016		13,584
Net investment return		550
Appropriated expenditures		(89)
Balance, September 30, 2017	$	14,045

(12) Contributions and Gift-in-Kind Revenue

Contributions and gift-in-kind revenues for the year ended September 30, 2017 are from the following:

		Unrestricted	Temporarily restricted	Total
Contributions:				
World Vision United States	$	54,248	455,311	509,559
World Vision Australia		20,635	150,572	171,207
World Vision Canada		22,034	134,206	156,240
World Vision Korea		9,992	96,794	106,786
World Vision Hong Kong		6,716	90,395	97,111
World Vision Germany		7,204	79,867	87,071
World Vision United Kingdom		7,338	63,490	70,828
World Vision Taiwan		4,821	56,344	61,165
World Vision Japan		2,744	30,017	32,761
World Vision New Zealand		2,791	22,931	25,722
World Vision Switzerland		3,308	18,169	21,477
World Vision Netherlands		295	14,190	14,485
World Vision Malaysia		408	9,445	9,853
World Vision Finland		406	6,380	6,786

(Continued)

(Amounts in thousands)

	Unrestricted	Temporarily restricted	Total
World Vision Ireland	$ 300	6,440	6,740
World Vision Austria	73	6,344	6,417
World Vision France	102	6,082	6,184
World Vision Italy	18	514	532
Contributions received from nonaffiliated sources through:			
World Vision Singapore	—	13,249	13,249
World Vision Spain	—	4,474	4,474
Other subsidiaries	6,033	128,709	134,742
Subtotal	149,466	1,393,923	1,543,389
Gift-in-kind:			
World Vision United States	—	176,688	176,688
World Vision Canada	—	79,173	79,173
World Vision Australia	—	37,496	37,496
World Vision Taiwan	—	25,066	25,066
World Vision United Kingdom	—	20,467	20,467
World Vision Switzerland	—	10,703	10,703
World Vision Hong Kong	—	8,964	8,964
World Vision Germany	—	8,271	8,271
World Vision Korea	—	7,775	7,775
World Vision New Zealand	—	6,741	6,741
World Vision Austria	—	3,446	3,446
World Vision Japan	—	2,715	2,715
World Vision Netherlands	—	849	849
World Vision Italy	—	272	272
World Vision France	—	64	64
Gift-in-kind received from nonaffiliated sources through:			
Other subsidiaries	—	13,490	13,490
Subtotal	—	402,180	402,180
Total	$ 149,466	1,796,103	1,945,569

(Amounts in thousands)

Contributions and gift-in-kind revenues for the year ended September 30, 2016 are from the following:

	Unrestricted	Temporarily restricted	Total
Contributions:			
World Vision United States	$ 55,826	368,694	424,520
World Vision Australia	21,602	144,136	165,738
World Vision Canada	23,055	138,288	161,343
World Vision Korea	9,988	104,521	114,509
World Vision Hong Kong	6,713	86,605	93,318
World Vision Germany	547	87,122	87,669
World Vision United Kingdom	7,232	72,191	79,423
World Vision Taiwan	4,819	50,288	55,107
World Vision Switzerland	3,345	26,841	30,186
World Vision Japan	3,001	26,897	29,898
World Vision New Zealand	2,887	25,841	28,728
World Vision Netherlands	295	14,329	14,624
World Vision Malaysia	408	9,581	9,989
World Vision Ireland	300	7,592	7,892
World Vision Finland	406	6,895	7,301
World Vision France	—	5,223	5,223
World Vision Austria	78	4,707	4,785
World Vision Italy	—	325	325
Contributions received from nonaffiliated sources through:			
World Vision Singapore	—	12,024	12,024
World Vision Spain	—	3,719	3,719
Other subsidiaries	10,174	82,056	92,230
Subtotal	150,676	1,277,875	1,428,551
Gift-in-kind:			
World Vision United States	—	248,835	248,835
World Vision Canada	—	96,979	96,979
World Vision Australia	—	50,407	50,407
World Vision Taiwan	—	8,688	8,688
World Vision Hong Kong	—	8,402	8,402
World Vision Switzerland	—	7,323	7,323
World Vision New Zealand	—	6,886	6,886

(Continued)

(Amounts in thousands)

	Unrestricted	Temporarily restricted	Total
World Vision Germany	$ —	6,104	6,104
World Vision Korea	—	5,790	5,790
World Vision United Kingdom	—	5,240	5,240
World Vision Japan	—	1,765	1,765
World Vision Austria	—	1,035	1,035
Gift-in-kind received from nonaffiliated sources through:			
World Vision Singapore	—	10	10
Other subsidiaries	—	4,671	4,671
Subtotal	—	452,135	452,135
Total	$ 150,676	1,730,010	1,880,686

(13) Retirement Plans

World Vision International has an international defined contribution plan covering substantially all non-U.S. 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. Total contributions to this plan for the years ended September 30, 2017 and 2016 were $1,867 and $2,187, respectively.

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.

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.

(Amounts in thousands)

The following table sets forth the actuarial assumptions related to the Plan. Assumptions as of September 30, 2017 and 2016 are as follows:

	2017	2016
Discount rate	3.25 %	2.85 %
Expected return on Plan assets	6.50	6.50
Rate of compensation increase	3.50	3.50

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.

The following tables provide a reconciliation of benefit obligations, Plan assets, and funded status of the Plan for the years ended September 30, 2017 and 2016:

		2017		2016	
		WVI	Total plan	WVI	Total plan
Change in benefit obligations:					
Projected benefit obligations at beginning of year	$	46,082	139,347	42,345	130,370
Service cost		2,360	7,510	2,473	7,456
Interest cost		1,145	3,725	1,494	4,386
Changes in assumptions		(1,506)	(4,541)	2,524	2,071
Actuarial loss (gain)		(744)	(2,342)	854	2,581
Benefits paid		(4,331)	(8,374)	(3,528)	(7,275)
Expenses paid		(61)	(193)	(80)	(242)
Projected benefit obligations at end of year	$	42,945	135,132	46,082	139,347
Accumulated benefit obligations at end of year	$	39,499	124,287	41,630	125,883

(Continued)

(Amounts in thousands)

	2017		2016	
	WVI	**Total plan**	**WVI**	**Total plan**
Change in Plan assets:				
Plan assets at fair value at beginning of year	$ 42,996	130,017	37,587	115,722
Actual return on Plan assets	3,553	11,180	5,079	15,362
Employer contributions	534	1,600	2,150	6,450
Benefits paid	(4,331)	(8,374)	(3,528)	(7,275)
Expenses paid	(61)	(193)	(80)	(242)
Changes in assumptions	(33)	—	1,788	—
Plan assets at fair value at end of year	$ 42,658	134,230	42,996	130,017
Funded status	$ (287)	(902)	(3,086)	(9,330)

	2017	2016
Amounts recognized in the statements of financial position consist of:		
Funded status asset (liability)	$ (287)	(3,086)
Total amount recognized	$ (287)	(3,086)
Amounts recognized in unrestricted net assets consist of:		
Pension actuarial gain/(loss)	$ 3,844	1,708

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

	2017	2016
Service cost	$ 2,360	2,473
Interest cost	1,145	1,494
Expected return on plan assets	(2,485)	(2,629)
Amortization of net loss	559	848
Net periodic benefit cost	$ 1,579	2,186

(Continued)

(Amounts in thousands)

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.

(a) Fair Value of Plan Assets

The following table presents total plan assets that are measured at fair value at September 30, 2017:

	September 30, 2017	Level 1	Level 2	Level 3
Cash equivalents	$ 963	183	780	—
Equity securities	24,562	24,560	—	2
Mutual funds:				
Equities	24,839	24,839	—	—
Bonds	9,396	9,396	—	—
Government agencies	12,689	12,689	—	—
Other fixed income	49,622	49,622	—	—
Total plan assets measured at fair value	122,071	121,289	780	2
Plan assets measured at NAV	12,159	—	—	—
Total plan assets	$ 134,230	121,289	780	2

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)

The following table presents assets that are measured at fair value at September 30, 2016:

	September 30, 2016	Level 1	Level 2	Level 3
Cash equivalents	$ 16,267	16,267	—	—
Equity securities	8,878	8,878	—	—
Mutual funds:				
Equities	74,802	74,802	—	—
Bond	22,345	22,345	—	—
Real estate investment trusts	1,842	1,842	—	—
Master limited partnerships	5,883	5,883	—	—
Total plan assets measured at fair value	130,017	130,017	—	—
Plan assets measured at NAV	—	—	—	—
Total plan assets	$ 130,017	130,017	—	—

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.

(b) Estimated Future Payments

Due to the funded status of the Plan, the Plan contribution for the year ending September 30, 2018 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, including expected future service:

	WVI	Total plan
2018	$ 5,730	17,190
2019	4,504	13,511
2020	4,790	14,371
2021	5,145	15,436
2022	3,923	11,769
2023–2027	17,683	53,047
	$ 41,775	125,324

(Amounts in thousands)

(14) Leases

The Organization has commitments related to operating leases for building facilities, equipment, and land at September 30, 2017 and 2016.

Future minimum lease payments for the Organization with remaining terms of one year or more at September 30, 2017 are as follows:

Fiscal year:		
2018	$	12,453
2019		5,801
2020		4,809
2021		3,987
2022		2,966
2023 and thereafter		1,743
	$	31,759

Lease and rent expense for the years ended September 30, 2017 and 2016 was $17,089 and $16,462, respectively.

(15) VisionFund Azercredit

In February 2015 and December 2015, the economy of Azerbaijan was significantly impacted by a series of currency devaluations. During that period, the value of the currency fell from 0.78 manats per U.S. dollar to 1.55 manats per U.S. dollar, and since then has fallen further to 1.7 manats per dollar as of September 30, 2017. This devaluation, combined with general market and economic uncertainty in the country of Azerbaijan, impacted the ability of VF Azercredit to collect loans issued to MFI clients.

VF Azercredit sought to assist customers that are experiencing financial difficulty by renegotiating and restructuring client loans. The restructured portfolio included modifications of interest rates, principal or accrued interest amounts, payment amounts, length of term, currency, or a combination thereof. During the year ended September 30, 2016, VF Azercredit modified 27,241 loans as troubled debt restructurings. As of September 30, 2016, the modified outstanding value of troubled debt restructurings was $21,588. During the year ended September 30, 2017, VF Azercredit wrote off uncollectible loans receivable of $22,015 which had previously been fully reserved. As of September 30, 2017, VF Azercredit had no remaining loans receivable.

In October 2014, a number of local nongovernmental organizations (NGOs) in the country of Azerbaijan, including representatives and branches of international NGOs, became the subject of a criminal investigation by the government of Azerbaijan. As part of the investigation into World Vision Azerbaijan, VF Azercredit's main bank accounts were blocked for the period of investigation from October 2014 through October 2015. No charges were filed against VF Azercredit or World Vision related to this investigation.

Due to the restrictions on the bank accounts, beginning in October 2014, VF Azercredit was not able to pay its debt obligations to foreign lenders according to the initial contractual terms. Beginning in 2015, lenders agreed not to take any enforcement action against VF Azercredit in relation to any facility agreement by signing a Standstill Agreement. During the year ended September 30, 2016, the Standstill Agreement was extended to a final date of no later than December 31, 2019, and amended to describe the terms of payments to lenders and agreed levels of debt forgiveness by lenders to ensure VF Azercredit’s continued compliance with minimum solvency requirements in Azerbaijan. Based on this, in the year ended September 30, 2016, the lenders agreed to release a portion of the principal amounts owed by VF Azercredit, and the Organization recognized a gain of $4,878 on the restructuring of notes payable.

As of September 30, 2017 and 2016, the carrying value of liabilities held by VF Azercredit and covered under the Standstill Agreement exceeded the reported fair value of its assets, with a reported deficiency of $23,260 and $18,021, respectively. VF Azercredit is a limited liability company, and as such its shareholders, including VFI, are not liable for its liabilities. Accordingly, management believes that VF Azercredit’s bankruptcy would not impact the ability of the Organization as a whole to continue as a going concern. As of September 30, 2017 and 2016, VFI owned 52% of VF Azercredit and parties outside of the Organization owned the remainder.

(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.

(17) Subsequent Events

Subsequent events have been evaluated from September 30, 2017 through May 7, 2018. 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 proceedings with the Administrative-Economic Court of Baku #1. The court held its initial meeting on March 2, 2018. Additional court meetings in the coming weeks will determine the exact process for liquidation and discharge of liabilities in accordance with local bankruptcy rules. Management anticipates that control of VF Azercredit will be transferred to a court appointed custodian, at which point the MFI will be deconsolidated from the Organization's financial statements.