KPMG

WORLD VISION INTERNATIONAL
AND CONSOLIDATED AFFILIATES

Consolidated Financial Statements

September 30, 2021 and 2020

(With Independent Auditors' Report Thereon)

KPMG LLP
Suite 700
20 Pacifica
Irvine, CA 92618-3391

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, 2021 and 2020, 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, 2021 and 2020, 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

Irvine, California
May 3, 2022

WORLD VISION INTERNATIONAL
AND CONSOLIDATED AFFILIATES

Consolidated Statements of Financial Position

September 30, 2021 and 2020

(Amounts in thousands)

Assets		**2021**	**2020**
Cash, cash equivalents, and restricted cash	$	713,106	647,314
Investments (note 5)		44,853	75,052
Due from unconsolidated affiliates (note 6)		10,010	4,590
Accounts receivable		26,450	26,539
Microfinance loans receivable, net (note 7)		391,838	398,735
Inventories		59,287	47,658
Prepaid expenses		40,535	42,527
Foreign exchange contracts (notes 5 and 9)		16,681	4,204
Other assets		24,711	23,839
Land, buildings and equipment, net (note 8)		80,284	76,757
Total assets	$	1,407,755	1,347,215
Liabilities and Net Assets			
Liabilities:			
Accounts payable	$	103,563	117,926
Accrued expenses		91,179	94,911
Deposits from microfinance institution clients		63,196	57,587
Due to unconsolidated affiliates (note 6)		8,886	8,778
Notes payable (note 10)		245,661	261,774
Foreign exchange contracts (notes 5 and 9)		4,023	20,104
Other liabilities		24,748	18,049
Total liabilities		541,256	579,129
Net assets (note 11):			
Net assets without donor restrictions		498,014	427,975
Net assets with donor restrictions		368,485	340,111
Total net assets		866,499	768,086
Total liabilities and net assets	$	1,407,755	1,347,215

See accompanying notes to consolidated financial statements.

WORLD VISION INTERNATIONAL
AND CONSOLIDATED AFFILIATES

Consolidated Statement of Activities

Year ended September 30, 2021

(Amounts in thousands)

		Without donor restrictions	With donor restrictions	Total
Revenues, gains, and other support from donors (note 13):				
Contributions	$	125,679	1,498,679	1,624,358
Gifts-in-kind (notes 13 and 14)		—	409,517	409,517
Net assets released from restrictions		1,879,822	(1,879,822)	—
Total revenues from donors		2,005,501	28,374	2,033,875
Other revenue and gains		181,846	—	181,846
Unrealized gain on foreign exchange contracts (note 9)		28,557	—	28,557
Total revenues, gains, and other support		2,215,904	28,374	2,244,278
Expenses:				
Program services:				
International relief and community development		1,884,889	—	1,884,889
Microenterprise development		183,218	—	183,218
Total program services		2,068,107	—	2,068,107
Supporting activities:				
Management and general activities		50,162	—	50,162
Fundraising		29,367	—	29,367
Total supporting activities		79,529	—	79,529
Total expenses		2,147,636	—	2,147,636
Change in net assets before other gains and losses		68,268	28,374	96,642
Other gains and losses:				
Pension plan adjustments (note 15)		1,771	—	1,771
Change in net assets		70,039	28,374	98,413
Net assets at beginning of year		427,975	340,111	768,086
Net assets at end of year	$	498,014	368,485	866,499

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 (notes 13 and 14)	—	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 15)	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 Functional Expenses

Year ended September 30, 2021

(Amounts 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	$ 1,243,624	—	1,243,624	—	—	—	1,243,624
Microenterprise development	—	1,706	1,706	—	—	—	1,706
Gifts-in-kind	392,661	—	392,661	—	—	—	392,661
Salaries and benefits	185,571	67,602	253,173	39,316	14,689	54,005	307,178
Travel	9,561	4,448	14,009	208	388	596	14,605
Professional fees	8,525	5,697	14,222	1,013	7,608	8,621	22,843
Interest expense (note 10)	—	26,633	26,633	—	—	—	26,633
Occupancy	13,345	5,992	19,337	1,852	487	2,339	21,676
Fees and taxes	14,005	2,823	16,828	484	1,273	1,757	18,585
Provision for loan losses (note 7)	—	28,369	28,369	—	—	—	28,369
Utilities	3,143	3,637	6,780	912	456	1,368	8,148
Depreciation and amortization (note 8)	3,773	4,688	8,461	461	122	583	9,044
Equipment, repairs, and maintenance	6,032	—	6,032	2,157	536	2,693	8,725
Advertising and printing	1,425	—	1,425	65	2,757	2,822	4,247
Foreign currency losses	—	16,501	16,501	—	—	—	16,501
Other	3,224	15,122	18,346	3,694	1,051	4,745	23,091
Total	$ 1,884,889	183,218	2,068,107	50,162	29,367	79,529	2,147,636

See accompanying notes to consolidated financial statements.

WORLD VISION INTERNATIONAL
AND CONSOLIDATED AFFILIATES

Consolidated Statement of Functional Expenses

Year ended September 30, 2020

(Amounts 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 and printing	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 Statements of Cash Flows

Years ended September 30, 2021 and 2020

(Amounts in thousands)

		2021	2020
Cash flows from operating activities:			
Change in net assets	$	98,413	54,348
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Pension plan gain		(1,771)	(549)
Gifts-in-kind, net		(11,629)	8,518
Unrealized and realized loss on investments		240	(1,193)
Change in cumulative unrealized loss on foreign exchange contracts		(28,557)	40,209
Depreciation and amortization		9,044	10,527
Provision for loan losses		28,369	25,242
Foreign currency revaluation		27,387	3,790
Loss on disposal of equipment		449	773
Changes in assets and liabilities:			
Accounts receivables		89	(2,949)
Due from/to unconsolidated affiliates		(5,311)	32,414
Prepaid expenses		1,992	(4,304)
Other assets		(873)	814
Accounts payable and accrued expenses		(16,327)	9,614
Other liabilities		6,699	(6,007)
Net cash provided by operating activities		108,214	171,247
Cash flows from investing activities:			
Purchases of investments		(39,979)	(41,907)
Proceeds from sales and maturities of investments		69,938	41,664
Proceeds from repayment of microfinance loans		461,097	557,966
Issuance of microfinance loans		(509,956)	(576,601)
Purchase of land, buildings, and equipment		(16,195)	(16,133)
Proceeds from sale of equipment		3,177	1,127
Net cash used in investing activities		(31,918)	(33,884)
Cash flows from financing activities:			
Payments on notes payable		(119,848)	(98,185)
Proceeds received on notes payable		103,735	137,520
Deposits from microfinance institution clients		5,609	3,212
Net cash provided by (used in) financing activities		(10,504)	42,547
Net increase in cash and cash equivalents		65,792	179,910
Cash and cash equivalents, beginning of year		647,314	467,404
Cash and cash equivalents, end of year	$	713,106	647,314
Supplemental cash flow disclosures:			
Cash paid during the year for interest	$	27,669	26,797
Cash paid during the year for taxes		2,745	2,881

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) – MFIs serve micro-entrepreneurs, smallholder farmers, and small businesses in disadvantaged and typically rural markets through the provision of basic financial services, such as credit, savings, and insurance, predominantly to women.

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
Burkina Faso
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 and the Caribbean
Middle East & Eastern 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

VisionFund International (VFI)

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 VisionFund OPDF	Honduras
VisionFund India Private Limited	India
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 Microfinanca 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 (consolidated by WVI), continued:

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
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 Servia 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
- Spain
- 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.

(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 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, 2021 and 2020 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. A donor-imposed condition must include both a barrier and a right of asset return or pledge cancellation. As of September 30, 2021, the Organization had outstanding $3,285 in conditional promises to give, excluding public grants, which are conditioned upon the completion of specific programmatic performance milestones. The Organization also had outstanding $33,193 in conditional promises to give directly related to public grants as of September 30, 2021. Of the outstanding conditional promises to give related to public grants, $10,531 was awarded by government donors and $22,662 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

(Continued)

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 monetizes GIK when the generation of cash funding through the sale (monetization) of those gifts supports best practice program design and is permitted by the donors.

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, 2021 and 2020:

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 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

The Organization has elected to early adopt Accounting Standards Update (ASU) 2020-07, *Not-For-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets* for its fiscal year ended September 30, 2021. This guidance is intended to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhanced presentation and disclosure.

This ASU requires that nonfinancial assets are presented as separate line items in the statement of activities and disclosures include a disaggregation of the amount contributed by category, a description of donor restriction, and valuation techniques for the nonfinancial assets received. The adoption did not have a material impact on reported net assets as of October 1, 2020, however it did result in additional disclosure to adhere to the presentation requirements in the notes to the financial statements (see note 14).

(q) Reclassifications

Certain reclassifications have been made to 2020 amounts to conform to the 2021 presentation.

(Amounts in thousands)

(3) Liquidity and Availability

The following reflects the Organization's financial assets at September 30, 2021 and 2020, reduced by amounts not available for general use because of contractual or donor-imposed restrictions. 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, 2021 and 2020:

Assets		2021	2020
Cash, cash equivalents, and restricted cash	$	713,106	647,314
Investments		44,853	75,052
Due from unconsolidated affiliates		10,010	4,590
Accounts receivable		26,450	26,539
Financial assets at year-end		794,419	753,495
Less those unavailable for general expenditures within one year, due to:			
Contractual or donor imposed restrictions:			
Restricted investments		(2,978)	(4,790)
Cash and investments held for pensions		(66,177)	(70,294)
Financial assets available to meet cash needs for general expenditures within one year	$	725,264	678,411

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. 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 are reported as reclassifications between the applicable classes of net assets. Contributions with donor restrictions are recorded in net assets with donor restrictions when received and when the restriction expires, the net assets are shown as released from restriction on the consolidated statements of activities.

(c) Tax Status

WVI is a not-for-profit organization exempt from federal income and California state franchise taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Section 23701d of the California Revenue and Taxation Code. However, WVI remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the consolidated financial statements as a whole. Accounting Standards Codification (ASC) Topic 740 (ASC 740), *Income Taxes*, prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and provides guidance on derecognition, classification, interest and penalties, disclosure, and transition. Management believes there are no such uncertain tax positions for the Organization for the years ended September 30, 2021 or 2020.

(Continued)

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

MFIs are subject to their respective local tax laws, pursuant to which some are taxable and some are not taxable (or tax-exempt). Taxes totaling $2,823 and $3,742 for the years ended September 30, 2021 and 2020, 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.

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.

(Continued)

(Amounts in thousands)

The following table presents assets that are measured at fair value on a recurring basis at September 30, 2021:

		Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
Assets:				
Investments:				
Certificates of deposit	$	28,677	—	28,677
Domestic government securities		3,173	—	3,173
Foreign government securities		6,958	—	6,958
Mutual funds and other		6,045	6,045	
Total investments	$	44,853	6,045	38,808
Foreign exchange currency contracts	$	16,681		16,681
Liabilities:				
Foreign exchange currency contracts	$	4,023		4,023

(Amounts in thousands)

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

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, 2021 and 2020 are as follows:

		2021	2020
Due from unconsolidated affiliates:			
World Vision Korea	$	5,697	—
World Vision United Kingdom		2,234	742
World Vision Canada		697	692
World Vision Japan		651	—
World Vision Austria		467	341
World Vision Netherlands		255	289
World Vision Italy		9	4
World Vision Hong Kong		—	1,822
World Vision Ireland		—	356
World Vision Taiwan		—	248
World Vision Switzerland		—	81
World Vision Australia		—	15
Total due from unconsolidated affiliates	$	10,010	4,590

		2021	2020
Due to unconsolidated affiliates:			
World Vision United States	$	8,886	8,778
Total due to unconsolidated affiliates	$	8,886	8,778

(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, 2021 and 2020, consist of the following:

		2021	2020
Microfinance loans receivable, gross	$	434,605	431,790
Less loan loss allowance		(42,767)	(33,055)
Microfinance loans receivable, net	$	391,838	398,735

The average loan amount varies by country from less than one hundred sixty-two dollars to three thousand four hundred dollars. The average loan terms commonly range from 3 to 36 months with a weighted average maturity of approximately 20 months.

Interest rates on the outstanding loans vary by country due to varying inflation rates and operating environments. For the years ending September 2021 and 2020, the weighted average annual interest rates charged was 33% and 27%, respectively. In 2021 and 2020, the average loan portfolio for the Organization's consolidated MFIs was $16,096 and $16,069, respectively, with the largest consolidated MFI loan portfolio being $84,632 and $75,606, respectively.

Microfinance loans receivable were concentrated in the following regions as of September 30, 2021 and 2020:

Region of operations		2021	2020
Latin America/Caribbean	$	199,253	178,108
Africa		132,375	110,103
Asia/Pacific		71,301	103,807
Middle East/Eastern Europe		31,676	39,772
Total	$	434,605	431,790

An aging analysis of microfinance loans receivable at September 30, 2021 and 2020, is as follows:

		2021	2020
Current or less than 30 days past due	$	380,616	400,153
31–60 days past due		4,028	6,623
61–90 days past due		3,928	4,299
91 days or more past due		46,033	20,715
	$	434,605	431,790

As of September 30, 2021 and 2020, loans 91 days or more past due totaling $46,033 and $20,715, respectively, were not accruing interest.

(Continued)

(Amounts in thousands)

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, 2021 and 2020 are as follows:

Allowance for loan loss		2021	2020
Beginning of year	$	33,055	16,705
Loans written off		(11,093)	(7,961)
Provision for loan loss		28,369	25,242
Currency valuation change		(7,564)	(931)
End of year	$	42,767	33,055

In the years ended September 30, 2021 and 2020, funds recovered from loans written off totaled $3,104 and $2,411, respectively. These amounts are included within other revenue and gains in the accompanying consolidated statements of activities.

(8) Land, Buildings and Equipment, Net

Land, buildings and equipment, net at September 30, 2021 and 2020, consist of the following:

		2021	2020
Land	$	22,697	18,841
Buildings and improvements		61,976	59,996
Computers and software		68,619	65,100
Vehicles		8,469	8,304
Furniture and other equipment		10,272	10,627
Total land, buildings and equipment		172,033	162,868
Less accumulated depreciation		(91,749)	(86,111)
Total land, buildings and equipment, net	$	80,284	76,757

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, 2021 and 2020 was $9,044 and $10,527, respectively.

(Amounts in thousands)

(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 funding is 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, 2021 and 2020. Any realized gains or losses as of September 30, 2021 and 2020 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, 2021 and 2020, the Organization recorded an unrealized gain of $28,557 and unrealized loss of $40,209, respectively, on FOREX contracts held.

At September 30, 2021 and 2020, the Organization had in place foreign currency contracts for purchases of U.S. dollars with notional amounts totaling $741,629 and $542,838, respectively, and sales of U.S. dollars for foreign currencies with notional amounts totaling $137,719 and $214,230, respectively. At September 30, 2021 and 2020, the fair values of FOREX contracts held recognized in the consolidated statements of financial position are assets of $16,681 and $4,204 and liabilities of $4,023 and $20,104, respectively.

(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, 2021 and 2020, a total of $245,661 and $261,774, 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 $857 and $953 at September 30, 2021 and 2020, respectively. Interest rates generally range from 0% to over 15%. These loans are scheduled for repayment as follows:

Fiscal year:		
2022	$	120,957
2023		64,276
2024		24,733
2025		31,247
2026		2,969
2027 and thereafter		1,479
Total	$	245,661

Notes payable are unsecured with the exception of aggregate loans of $13,602 and $18,855 at September 30, 2021 and 2020, 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

(Continued)

(Amounts in thousands)

assets of a particular MFI. Interest expense totaling $26,633 and $28,053 for the years ended September 30, 2021 and 2020, respectively, is recorded in the consolidated statements of activities as microenterprise development program services expense.

VFI has one available unused line of credit of $10,000 as of September 30, 2021. The $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. As of September 30, 2020, VFI had two available unused lines of credits totaling $20,000.

(11) Net Assets

Consolidated net assets at September 30, 2021 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	$	—	309,198	309,198
Contributions of gifts-in-kind restricted for international programs		—	59,287	59,287
Other revenue received for international relief and community development		232,875	—	232,875
Other revenue received for microenterprise development		156,935	—	156,935
Other designated amounts:				
Christian endowment		14,572	—	14,572
Net unrealized gain on foreign exchange contracts		12,658	—	12,658
Represented by fixed assets and investments:				
Land, buildings, and equipment, net		80,284	—	80,284
Investment in captive insurance company		690	—	690
	$	498,014	368,485	866,499

(Amounts in thousands)

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

(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. WVI has one board-designated endowment and does not have any donor-restricted endowments. WVI 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 2020 and 2021:

(Amounts in thousands)

Balance, September 30, 2019	$	14,589
Net investment return		407
Appropriated expenditures		(175)
Balance, September 30, 2020		14,821
Net investment return		69
Appropriated expenditures		(318)
Balance, September 30, 2021	$	14,572

(13) Contributions and Gifts-in-Kind Revenue

Contributions and gifts-in-kind revenues for the year ended September 30, 2021 are from the following:

		Without donor restrictions	With donor restrictions	Total
Contributions:				
World Vision United States	$	45,784	544,908	590,692
World Vision Australia		15,222	161,218	176,440
World Vision Canada		17,085	156,761	173,846
World Vision Germany		680	97,023	97,703
World Vision Korea		9,848	82,838	92,686
World Vision Hong Kong		6,783	73,919	80,702
World Vision Taiwan		4,893	51,564	56,457
World Vision United Kingdom		4,639	37,759	42,398
World Vision Japan		2,320	38,848	41,168
World Vision New Zealand		2,213	26,699	28,912
World Vision Netherlands		386	23,080	23,466
World Vision Switzerland		1,835	13,047	14,882
World Vision Malaysia		382	10,167	10,549
World Vision Ireland		167	8,496	8,663
World Vision France		246	8,196	8,442

(Continued)

(Amounts in thousands)

		Without donor restrictions	With donor restrictions	Total
World Vision Finland	$	183	8,229	8,412
World Vision Austria		246	5,778	6,024
World Vision Spain		—	3,441	3,441
World Vision Italy		5	507	512
Contributions received from nonaffiliated sources through:				
World Vision Singapore		—	13,516	13,516
Other subsidiaries		12,762	132,685	145,447
Subtotal		125,679	1,498,679	1,624,358
Gifts-in-kind:				
World Vision United States		—	172,168	172,168
World Vision Canada		—	92,069	92,069
World Vision Australia		—	38,566	38,566
World Vision Germany		—	15,272	15,272
World Vision Taiwan		—	13,802	13,802
World Vision Hong Kong		—	13,024	13,024
World Vision Korea		—	10,906	10,906
World Vision New Zealand		—	7,832	7,832
World Vision Japan		—	4,087	4,087
World Vision United Kingdom		—	2,089	2,089
World Vision Austria		—	1,387	1,387
World Vision Spain		—	1,347	1,347
World Vision Switzerland		—	1,119	1,119
World Vision Italy		—	481	481
Gifts-in-kind received from nonaffiliated sources through:				
World Vision Singapore		—	23	23
Other subsidiaries		—	35,345	35,345
Subtotal		—	409,517	409,517
Total	$	125,679	1,908,196	2,033,875

(Amounts in thousands)

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
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
Other subsidiaries		15,499	115,176	130,675
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

(Amounts in thousands)

		Without donor restrictions	With donor restrictions	Total
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

(14) Gifts-in-Kind Revenue

Contributed nonfinancial assets received during the years ended September 30 were as follows:

		2021	2020
Food	$	353,027	339,258
Household goods		11,759	9,276
Clothing		10,166	15,579
Medical supplies		9,518	3,100
Building supplies		6,092	1,769
Pharmaceuticals		1,776	3,828
Books		1,337	4,494
Toys		460	847
School and office supplies		504	955
Other		14,878	14,923
	$	409,517	394,029

Food commodities are either distributed directly to beneficiaries or monetized based on donor requirements. Sales proceeds are used to fund international relief and development programs.

Food revenue granted for distribution is generally recognized when the commodities are delivered to the ultimate destination. Revenue is recognized on the proceeds for food granted for monetization when the proceeds are utilized for program activities.

None of the GIK were monetized in 2021 while in 2020, $9,913 was monetized. Please refer to note 2(j) for description of the GIK valuation techniques and inputs. All donations will be used according to the donor restrictions, or in their absence, according to programmatic needs.

Contributions may be held in inventory at year-end, resulting in timing differences between their receipt and utilization in programs.

(15) Retirement Plans

(a) Defined Contribution Retirement Plans

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

WVI 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 ((15b) Defined benefit retirement plans). Total contributions to this plan for the years ended September 30, 2021 and 2020 were $1,901 and $2,085, respectively.

(ii) Plan for U.S. Employees

WVI also provides U.S. eligible employees a defined contribution plan, which is a qualified plan under Section 403 (b) of the Internal Revenue Code.

WVI contributed $2,583 and $2,423 for the years ended September 30, 2021 and 2020, 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 15b below.

(iii) Plan for UK Employees

For UK employees, WVI has an international defined contribution plan. Total contributions to this plan for the years ended September 30, 2021 and 2020 were $516 and $271, respectively.

(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.

(Amounts in thousands)

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, 2021 and 2020 are as follows:

	2021	2020
Discount rate	2.25 %	1.90 %
Expected return on Plan assets	4.00	5.00

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, 2021 and 2020:

		2021		2020	
		WVI	**Total plan**	**WVI**	**Total plan**
Change in benefit obligations:					
Projected benefit obligations at beginning of year	$	37,041	132,574	36,985	130,505
Service cost		61	200	50	180
Interest cost		775	2,557	896	3,208
Changes in assumptions		(1,308)	(4,964)	2,035	5,249
Actuarial loss (gain)		469	1,703	443	1,587
Benefits paid		(1,213)	(3,604)	(1,382)	(3,321)
Settlements		(2,431)	(7,216)	(1,936)	(4,654)
Expenses paid		(55)	(200)	(50)	(180)
Projected benefit obligations at end of year	$	33,339	121,050	37,041	132,574
Accumulated benefit obligations at end of year	$	33,339	121,050	37,041	132,574

		2021		2020	
		WVI	**Total plan**	**WVI**	**Total plan**
Change in Plan assets:					
Plan assets at fair value at beginning of year	$	38,452	137,625	37,898	133,726
Actual return on Plan assets		1,593	5,781	3,353	12,002
Benefits paid		(1,213)	(3,604)	(1,382)	(3,321)
Settlements		(2,431)	(7,216)	(1,936)	(4,654)
Expenses paid		(56)	(202)	(36)	(128)
Changes in assumptions		115	—	555	—
Plan assets at fair value at end of year	$	36,460	132,384	38,452	137,625
Funded status	$	3,121	11,334	1,411	5,051

(Amounts in thousands)

		2021	2020
Asset recognized in the consolidated statement of financial position as funded status asset	$	3,121	1,411
Amounts recognized in the consolidated statements of activities as other gains and losses consist of:			
Pension plan adjustments	$	1,771	549

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

		2021	2020
Service cost	$	61	50
Interest cost		775	896
Expected return on plan assets		(1,751)	(1,907)
Amortization of net loss		22	19
Net periodic benefit credit	$	(893)	(942)

(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.

(Continued)

(Amounts in thousands)

The following table presents total plan assets that are measured at fair value at September 30, 2021:

		2021	Level 1	Level 2	Level 3
Cash equivalents	$	631	627	4	—
Equity securities		6,509	6,509	—	—
Mutual funds:					
Equities		3,449	3,449	—	—
Bonds		—	—	—	—
Other fixed income		121,795	121,795	—	—
Total plan assets measured at fair value		132,384	132,380	4	—
Plan assets measured at NAV		—	—	—	—
Total plan assets	$	132,384	132,380	4	—

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 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.

 (Continued)

(Amounts in thousands)

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

(d) Estimated Future Payments

Due to the funded status of the Plan, the Plan contribution for the year ending September 30, 2022 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
2022	$ 5,078	15,234
2023	4,311	12,933
2024	4,343	13,029
2025	4,358	13,074
2026	2,863	8,588
2027–2031	10,196	30,587
	$ 31,149	93,445

(16) Leases

The Organization has commitments related to operating leases for building facilities, equipment, and land at September 30, 2021 and 2020.

Future minimum lease payments for the Organization with remaining terms of one year or more at September 30, 2021 are as follows:

Fiscal year:	
2022	$ 12,510
2023	4,631
2024	2,237
2025	1,139
2026	373
2027 and thereafter	563
	$ 21,453

Lease and rent expense for the years ended September 30, 2021 and 2020 was $17,233 and $17,889, respectively.

(17) 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, has been issued tax assessments for four prior tax years, consisting of alleged back taxes owed and interest, in amounts totalling approximately $28,400. WV India is pursuing appeals and other legal challenges, 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.

(18) COVID-19

In March 2020, the World Health Organization 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 COVID-19 pandemic continued to impact on the microfinance operations of the Organization and its clients throughout the year. This impact, in many of the countries in which the Organization operates, predominantly related to local lockdowns as well as the adverse impact on the economic livelihood of many of the Organization's end clients. This impact was spread unevenly around the world as countries exit the pandemic to varying degrees and at varying speeds.

The Organization has worked to support its microfinance clients during the pandemic by modifying client loans through rescheduling, restructuring and refinancing, where appropriate and feasible, and also providing recovery loan products to rebuild client economic livelihoods. As expected, the Organization’s portfolio quality was negatively impacted and there was an increased focus on client loan collections in 2021. The Organization’s third-party lenders continue to be supportive.

(19) Subsequent Events

Subsequent events have been evaluated from September 30, 2021 through May 3, 2022, which is the date these consolidated financial statements were available to be issued.