WORLD VISION INTERNATIONAL
AND CONSOLIDATED AFFILIATES

Consolidated Financial Statements

September 30, 2022 and 2021

(With Independent Auditors’ Report Thereon)

KPMG LLP
Suite 1500
550 South Hope Street
Los Angeles, CA 90071-2629

Independent Auditors' Report

The Board of Directors
World Vision International:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of World Vision International and its subsidiaries (the Company), which comprise the consolidated statements of financial position as of September 30, 2022 and 2021, 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.

In our opinion, based on our audits and the report of the other auditors, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

We did not audit the September 30, 2022 financial statements of Banco VisionFund Ecuador S.A. (VF Ecuador), a wholly owned subsidiary, which statements reflect total assets constituting 6.7 percent of consolidated total assets as of September 30, 2022, and total revenues constituting 0.9 percent of consolidated total revenues for the year then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for VF Ecuador, is based solely on the report of the other auditors.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

KPMG LLP

Los Angeles, California
May 4, 2023

WORLD VISION INTERNATIONAL
AND CONSOLIDATED AFFILIATES

Consolidated Statements of Financial Position

September 30, 2022 and 2021

(Amounts in thousands)

Assets		2022	2021
Cash, cash equivalents, and restricted cash	$	765,483	713,106
Investments (note 5)		28,244	44,853
Due from unconsolidated affiliates (note 6)		7,661	10,010
Accounts receivable		30,967	26,450
Microfinance loans receivable, net (note 7)		444,303	391,838
Inventories		81,309	59,287
Prepaid expenses		52,472	40,535
Foreign exchange contracts (notes 5 and 9)		45,992	16,681
Other assets		17,450	24,711
Land, buildings and equipment, net (note 8)		76,185	80,284
Assets of subsidiary held for sale (note 18)		25,389	—
Total assets	$	1,575,455	1,407,755
Liabilities and Net Assets			
Liabilities:			
Accounts payable	$	125,125	103,563
Accrued expenses		93,964	91,179
Deposits from microfinance institution clients		80,753	63,196
Due to unconsolidated affiliates (note 6)		11,656	8,886
Notes payable (note 10)		267,770	245,661
Foreign exchange contracts (notes 5 and 9)		10,515	4,023
Other liabilities		28,830	24,748
Liabilities of subsidiary held for sale (note 18)		19,295	—
Total liabilities		637,908	541,256
Net assets (note 11):			
Net assets without donor restrictions		553,622	498,014
Net assets with donor restrictions		383,925	368,485
Total net assets		937,547	866,499
Total liabilities and net assets	$	1,575,455	1,407,755

See accompanying notes to consolidated financial statements.

WORLD VISION INTERNATIONAL
AND CONSOLIDATED AFFILIATES

Consolidated Statement of Activities

Year ended September 30, 2022

(Amounts in thousands)

		Without donor restrictions	With donor restrictions	Total
Revenues, gains, and other support from donors (note 13):				
Contributions	$	135,032	1,574,692	1,709,724
Gifts-in-kind (notes 13 and 14)		—	503,768	503,768
Net assets released from restrictions		2,029,600	(2,029,600)	—
Total revenues from donors		2,164,632	48,860	2,213,492
Other revenue and gains		196,135	—	196,135
Unrealized gains on foreign exchange contracts (note 9)		22,819	—	22,819
Total revenues, gains, and other support		2,383,586	48,860	2,432,446
Expenses:				
Program services:				
International relief and community development		2,058,311	—	2,058,311
Microenterprise development		173,721	—	173,721
Total program services		2,232,032	—	2,232,032
Supporting activities:				
Management and general activities		55,590	—	55,590
Fundraising		31,331	—	31,331
Total supporting activities		86,921	—	86,921
Total expenses		2,318,953	—	2,318,953
Change in net assets before other gains and losses		64,633	48,860	113,493
Other gains and losses:				
Pension plan adjustments (note 15)		(1,133)	—	(1,133)
Loss on deconsolidation (note 1)		(6,930)	(33,420)	(40,350)
Impairment loss on value of subsidiaries (note 19)		(962)	—	(962)
Change in net assets		55,608	15,440	71,048
Net assets at beginning of year		498,014	368,485	866,499
Net assets at end of year	$	553,622	383,925	937,547

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 gains 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 Functional Expenses

Year ended September 30, 2022

(Amount in thousands)

	Program services			Supporting activities			
	International relief and community development	Microenterprise development	Total program services	Management and general activities	Fundraising	Total supporting activities	Total
Funding of World Vision International programs:							
Relief and rehabilitation, community development	$ 1,317,524	—	1,317,524	—	—	—	1,317,524
Microenterprise development	—	2,434	2,434	—	—	—	2,434
Gifts-in-kind	480,707	—	480,707	—	—	—	480,707
Salaries and benefits	186,858	74,031	260,889	44,617	16,008	60,625	321,514
Travel	16,315	6,110	22,425	1,179	914	2,093	24,518
Professional fees	5,760	6,724	12,484	2,799	8,074	10,873	23,357
Interest expense (note 10)	—	27,546	27,546	—	—	—	27,546
Occupancy	13,170	6,120	19,290	1,797	610	2,407	21,697
Fees and taxes (note 4)	11,458	5,135	16,593	400	1,127	1,527	18,120
Provision for loan losses (note 7)	—	4,827	4,827	—	—	—	4,827
Utilities	5,672	2,691	8,363	513	423	936	9,299
Depreciation and amortization (note 8)	3,281	5,020	8,301	662	152	814	9,115
Equipment, repairs, and maintenance	5,846	—	5,846	1,940	668	2,608	8,454
Advertising	1,056	—	1,056	100	2,344	2,444	3,500
Foreign currency losses	—	15,400	15,400	—	—	—	15,400
Other	10,664	17,683	28,347	1,583	1,011	2,594	30,941
Total	$ 2,058,311	173,721	2,232,032	55,590	31,331	86,921	2,318,953

See accompanying notes to consolidated financial statements.

WORLD VISION INTERNATIONAL
AND CONSOLIDATED AFFILIATES

Consolidated Statement of Functional Expenses

Year ended September 30, 2021

(Amount in thousands)

	Program services			Supporting activities			
	International relief and community development	**Microenterprise development**	**Total program services**	**Management and general activities**	**Fundraising**	**Total supporting activities**	**Total**
Funding of World Vision International programs:							
Relief and rehabilitation, community development	$ 1,243,624	—	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 (note 4)	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	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 Statements of Cash Flows

Years ended September 30, 2022 and 2021

(Amounts in thousands)

		2022	2021
Cash flows from operating activities:			
Change in net assets	$	71,048	98,413
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Pension plan adjustments		1,133	(1,771)
Gifts-in-kind, net		(22,022)	(11,629)
Unrealized and realized loss on investments		327	240
Unrealized gain on foreign exchange contracts		(22,819)	(28,557)
Depreciation and amortization		9,115	9,044
Provision for loan losses		4,827	28,369
Foreign currency revaluation		25,052	27,387
Loss on disposal of equipment		(59)	449
Impairment loss on subsidiary held for sale		693	—
Changes in assets and liabilities:			
Accounts receivable		(5,774)	89
Due from/to unconsolidated affiliates		5,118	(5,311)
Prepaid expenses		(11,937)	1,992
Other assets		7,238	(873)
Accounts payable and accrued expenses		23,415	(16,327)
Other liabilities		5,229	6,699
Net cash provided by operating activities		90,584	108,214
Cash flows from investing activities:			
Purchases of investments		(13,945)	(39,979)
Proceeds from sales and maturities of investments		28,727	69,938
Proceeds from repayment of microfinance loans		625,516	565,379
Issuance of microfinance loans		(727,190)	(614,238)
Purchase of land, buildings, and equipment		(7,163)	(16,195)
Proceeds from sale of equipment		630	3,177
Net cash used in investing activities		(93,425)	(31,918)
Cash flows from financing activities:			
Payments on notes payable		(152,845)	(119,848)
Proceeds received on notes payable		192,902	103,735
Deposits from microfinance institution clients		17,557	5,609
Net cash provided by/(used in) financing activities		57,614	(10,504)
Net increase/(decrease) in cash, cash equivalents, and restricted cash		54,773	65,792
Cash, cash equivalents, and restricted cash, beginning of year		713,106	647,314
Cash, cash equivalents, and restricted cash of subsidiary held for sale, end of year		(2,396)	—
Cash, cash equivalents, and restricted cash, end of year	$	765,483	713,106
Supplemental cash flow disclosures:			
Cash paid during the year for interest	$	26,367	27,669
Cash paid during the year for taxes		3,495	2,745

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 pages 9-13 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
Moldova
Mongolia
Mozambique
Myanmar
Nepal
Nicaragua
Niger
North Korea
Rwanda
Senegal
Sierra Leone
Somalia
South Sudan
Sudan
Turkey
Ukraine
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 (note 18)	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 Micro Credit Limited	Ghana
VisionFund Guatemala, S.A.	Guatemala
FUNED VisionFund OPDF	Honduras
VisionFund India Private Limited	India
VisionFund Kenya Ltd.	Kenya
VisionFund 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 PLC.	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

(Continued)

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	Kenya
Brazil	Mexico
China	Peru
El Salvador	Philippines
Eswatini	Romania
Ghana	South Africa
Guatemala	Sri Lanka
Honduras	Tanzania
India	Uganda
Indonesia	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	Spain
Germany	Switzerland
Hong Kong	Taiwan
Ireland	United Kingdom
Italy	United States

Field Offices:

Thailand

During the year ended September 30, 2022, WV Thailand achieved a level of financial self-sustainability such that WVI no longer has an economic interest in the entity as defined under ASC 958-810, thus WVI can no longer elect to consolidate WV Thailand in its consolidated financial statements. The net assets for WV Thailand as of September 30, 2022 of $40.3M is reported as loss on deconsolidation in the statement of activities.

(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

(Continued)

current and full payment is expected. The Organization evaluates its loans receivable collectively for impairment.

(f) Inventories

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

(g) Land, Buildings and Equipment, Net

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

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

(h) Self-Insurance

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

(i) Contribution Revenue Recognition

WVI receives unconditional promises to give funds from unconsolidated Support Offices. Unconditional promises to give are recorded as revenue in the year the promises are made. All unconditional promises to give that were not yet fulfilled as of September 30, 2022 and 2021 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, 2022, the Organization had outstanding $8,165 in conditional promises to give, excluding public grants, which are conditioned upon the completion of specific programmatic performance milestones. The Organization also had outstanding

$28,800 in conditional promises to give directly related to public grants as of September 30, 2022. Of the outstanding conditional promises to give related to public grants, $2,015 was awarded by government donors and $26,785 was awarded by multilateral agencies or other donors.

(j) Gifts-in-Kind

Gifts-in-kind (GIK) received through private donations are recorded in accordance with U.S. GAAP and industry standards, referred to as the Interagency GIK Standards, as developed by an interagency task force appointed by Accord Network. Accord Network is an industry network which collaborates to eliminate poverty and establish common reporting and operating principles. GIK are valued and recorded as revenue at their estimated fair value based upon the Organization’s estimate of the wholesale values that would be received for selling the goods in their principal exit markets considering the goods condition and utility for use at the time of contribution. The Organization 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 gains and losses.

(l) Functional Expenses

The Organization categorizes its activities into the following categories for the fiscal years ended September 30, 2022 and 2021:

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 adopted Accounting Standards Update (ASU) 2018-15, *Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract* for its fiscal year ended September 30, 2022. This guidance aligns the requirements for capitalizing implementation costs to develop or obtain internal-use software. Capitalized implementation costs related to a hosting arrangement that is a service contract will be amortized over the term of the hosting arrangement, beginning when the module or component of the hosting arrangement is ready for its intended use. The Organization adopted this update on a prospective basis as allowed by the standard, and the adoption of this accounting standard update did not have a material impact on the consolidated financial statements.

The Organization adopted ASU 2018-14, *Compensation – Retirement Benefits – Defined Benefit Plans – General (Subtopic 715-20): Disclosure Framework – Changes to the Disclosure Requirements for Defined Benefit Plans* for its fiscal year ended September 30, 2022. This guidance amends ASC 715 to add, remove and clarify disclosure requirements related to defined benefit pension and other postretirement plans. The adoption did not have a material impact on the disclosures presented and were applied in accordance with the guidance herein.

(q) Reclassifications

Certain reclassifications have been made to 2021 amounts to conform to the 2022 presentation.

(3) Liquidity and Availability

The following reflects the Organization's financial assets at September 30, 2022 and 2021, 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.

(Amounts in thousands)

The following table presents the financial assets available to meet cash needs for general expenditures within one year at September 30, 2022 and 2021:

Assets		2022	2021
Cash, cash equivalents, and restricted cash	$	765,483	713,106
Investments		28,244	44,853
Due from unconsolidated affiliates		7,661	10,010
Accounts receivable		30,967	26,450
Financial assets at year-end		832,355	794,419
Less those unavailable for general expenditures within one year, due to:			
Contractual or donor imposed restrictions:			
Restricted investments	$	(2,901)	(2,978)
Cash and investments held for pensions		(68,871)	(66,177)
Financial assets available to meet cash needs for general expenditures within one year	$	760,583	725,264

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 up to $250. As of September 30, 2022, the total deposits at institutions exceeded the amount covered by the bank deposit insurance by $522,841. For deposits outside the United States, the Organization is exposed to a maximum of $236,531 in the event of no-performance of the banks as of September 30, 2022. 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, 2022 or 2021.

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.

(Continued)

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 $5,135 and $2,823 for the years ended September 30, 2022 and 2021, 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.

(Amounts in thousands)

The following table presents assets that are measured at fair value on a recurring basis at September 30, 2022:

		Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
Assets:				
Investments:				
Certificates of deposit	$	19,221	—	19,221
Foreign government securities		2,038	—	2,038
Mutual funds and other		6,985	6,985	—
Total investments	$	28,244	6,985	21,259
Foreign exchange currency contracts	$	45,992	—	45,992
Liabilities:				
Foreign exchange currency contracts	$	10,515	—	10,515

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)

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.).

(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, 2022 and 2021 are as follows:

	2022	2021
Due from unconsolidated affiliates:		
World Vision Korea	$ 3,810	5,697
World Vision Germany	956	—
World Vision Austria	814	467
World Vision Canada	667	697
World Vision Thailand	690	—
World Vision Australia	630	—
World Vision Spain	58	—
World Vision Italy	20	9
World Vision Switzerland	16	—
World Vision United Kingdom	—	2,234
World Vision Japan	—	651
World Vision Netherlands	—	255
Total due from unconsolidated affiliates	$ 7,661	10,010

	2022	2021
Due to unconsolidated affiliates:		
World Vision United States	$ 11,656	8,886
Total due to unconsolidated affiliates	$ 11,656	8,886

(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, 2022 and 2021, consist of the following:

		2022	2021
Microfinance loans receivable, gross	$	455,273	434,605
Less loan loss allowance		(10,970)	(42,767)
Microfinance loans receivable, net	$	444,303	391,838

The average loan amount varies by country from less than seventy dollars to two thousand four hundred and fifty-three dollars. The average loan terms commonly range from 3 to 45 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 2022 and 2021, the weighted average annual interest rates charged was 28% and 33%, respectively. In 2022 and 2021, the average loan portfolio for the Organization's consolidated MFIs was $16,862 and $16,096, respectively, with the largest consolidated MFI loan portfolio being $106,547 and $84,632, respectively.

Microfinance loans receivable were concentrated in the following regions as of September 30, 2022 and 2021:

Region of operations		2022	2021
Latin America/Caribbean	$	224,301	199,253
Africa		175,218	132,375
Asia/Pacific		42,891	71,301
Middle East/Eastern Europe		12,863	31,676
Total	$	455,273	434,605

An aging analysis of microfinance loans receivable at September 30, 2022 and 2021, is as follows:

		2022	2021
Current or less than 30 days past due	$	442,502	380,616
31–60 days past due		2,251	4,028
61–90 days past due		1,567	3,928
91 days or more past due		8,953	46,033
	$	455,273	434,605

(Amounts in thousands)

As of September 30, 2022 and 2021, loans 91 days or more past due totaling $8,953 and $46,033, respectively, were not accruing interest.

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

Changes in the allowance for loan losses for the years ended September 30, 2022 and 2021 are as follows:

Allowance for loan loss		2022	2021
Beginning of year	$	42,767	33,055
Loans written off		(33,973)	(11,093)
Provision for loan loss		4,827	28,369
Currency valuation change		(1,814)	(7,564)
Allowance for loan losses for Asset held for sale		(837)	—
End of year	$	10,970	42,767

In the years ended September 30, 2022 and 2021, funds recovered from loans written off totaled $5,266 and $3,104, 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, 2022 and 2021, consist of the following:

		2022	2021
Land	$	20,198	22,697
Buildings and improvements		57,372	61,976
Computers and software		53,355	68,619
Vehicles		9,399	8,469
Furniture and other equipment		10,022	10,272
Total land, buildings and equipment		150,346	172,033
Less accumulated depreciation		(74,161)	(91,749)
Total land, buildings and equipment, net	$	76,185	80,284

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

(Continued)

(Amounts in thousands)

Depreciation and amortization expense for the years ended September 30, 2022 and 2021 was $9,115 and $9,044, respectively.

(9) Foreign Exchange Contracts

The Organization receives most of its funds from unconsolidated Support Offices throughout the world (as discussed in note 13, Contributions and Gifts-in-Kind Revenue). Planned 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, 2022 and 2021. Any realized gains or losses as of September 30, 2022 and 2021 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, 2022 and 2021, the Organization recorded unrealized gains of $22,819 and $28,557, respectively, on FOREX contracts held.

At September 30, 2022 and 2021, the Organization had in place foreign currency contracts for purchases of U.S. dollars with notional amounts totaling $670,703 and $741,629, respectively, and sales of U.S. dollars for foreign currencies with notional amounts totaling $238,762 and $137,719, respectively. At September 30, 2022 and 2021, the fair values of FOREX contracts held recognized in the consolidated statements of financial position are assets of $45,992 and $16,681 and liabilities of $10,515 and $4,023, 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, 2022 and 2021, a total of $267,770 and $245,661, 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 $231 and $857 at September 30, 2022 and 2021, respectively. Interest rates generally range from 0% to over 15%. These loans are scheduled for repayment as follows:

Fiscal year:		
2023	$	92,504
2024		66,559
2025		79,776
2026		15,704
2027		12,252
2028 and thereafter		975
Total	$	267,770

(Amounts in thousands)

Notes payable are unsecured with the exception of aggregate loans of $10,587 and $13,602 at September 30, 2022 and 2021, respectively, in loans that have been collateralized by the assets of individual MFIs and VFI. Each of these collateral agreements represents a first priority guarantee on the assets of a particular MFI. Interest expense totaling $27,546 and $26,633 for the years ended September 30, 2022 and 2021, respectively, is recorded in the consolidated statements of activities as microenterprise development program services expense.

VFI has two available unused lines of credit of $17,000 as of September 30, 2022. 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, and the $7,000 line of credit is to address liquidity needs for the Organization and its MFIs. At September 30, 2021, VFI had one available unused line of credit totaling $10,000.

(11) Net Assets

Consolidated net assets at September 30, 2022 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	$ —	316,827	316,827
Contributions of gifts-in-kind restricted for international programs	—	67,098	67,098
Other revenue received for international relief and community development	268,874	—	268,874
Other revenue received for microenterprise development	158,351	—	158,351
Other designated amounts:			
Christian endowment	14,045	—	14,045
Net unrealized gain on foreign exchange contracts	35,477	—	35,477
Represented by fixed assets and investments:			
Land, buildings, and equipment, net	76,185	—	76,185
Investment in captive insurance company	690	—	690
	$ 553,622	383,925	937,547

(Amounts in thousands)

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)

(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 2021 and 2022:

Balance, September 30, 2020	$	14,821
Net investment return		69
Appropriated expenditures		(318)
Balance, September 30, 2021		14,572
Net investment return		18
Appropriated expenditures		(545)
Balance, September 30, 2022	$	14,045

(13) Contributions and Gifts-in-Kind Revenue

Contributions and gifts-in-kind revenues for the year ended September 30, 2022 are from the following:

		Without donor restrictions	With donor restrictions	Total
Contributions:				
World Vision United States	$	52,404	634,562	686,966
World Vision Canada		18,263	154,430	172,693
World Vision Australia		15,290	153,821	169,111
World Vision Germany		799	106,574	107,373
World Vision Korea		10,944	85,340	96,284
World Vision Hong Kong		6,970	54,904	61,874
World Vision Taiwan		5,438	54,439	59,877
World Vision United Kingdom		4,527	44,049	48,576
World Vision Japan		2,592	41,191	43,783
World Vision New Zealand		2,165	28,844	31,009
World Vision Netherlands		454	24,129	24,583
World Vision Switzerland		1,724	13,930	15,654
World Vision France		285	8,894	9,179
World Vision Malaysia		428	8,649	9,077

(Continued)

(Amounts in thousands)

	Without donor restrictions	With donor restrictions	Total
World Vision Austria	$ 277	8,753	9,030
World Vision Finland	217	8,194	8,411
World Vision Ireland	151	6,928	7,079
World Vision Spain	45	4,191	4,236
World Vision Italy	6	650	656
Contributions received from nonaffiliated sources through:			
World Vision Singapore	—	13,618	13,618
Other subsidiaries	12,053	118,602	130,655
Subtotal	135,032	1,574,692	1,709,724
Gifts-in-kind:			
World Vision United States	—	204,985	204,985
World Vision Canada	—	103,965	103,965
World Vision Australia	—	59,678	59,678
World Vision Korea	—	30,593	30,593
World Vision Taiwan	—	23,606	23,606
World Vision Hong Kong	—	12,720	12,720
World Vision Germany	—	12,499	12,499
World Vision New Zealand	—	9,242	9,242
World Vision United Kingdom	—	9,142	9,142
World Vision Japan	—	8,725	8,725
World Vision Austria	—	3,182	3,182
World Vision Switzerland	—	3,094	3,094
World Vision Netherlands	—	2,731	2,731
World Vision Italy	—	1,836	1,836
World Vision France	—	59	59
Gifts-in-kind received from nonaffiliated sources through:			
World Vision Singapore	—	1,577	1,577
Other subsidiaries	—	16,134	16,134
Subtotal	—	503,768	503,768
Total	$ 135,032	2,078,460	2,213,492

(Continued)

(Amounts in thousands)

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
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

(Continued)

(Amounts in thousands)

		Without donor restrictions	With donor restrictions	Total
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

(14) Gifts-in-Kind Revenue

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

		2022	2021
Food	$	449,981	353,027
Medical supplies		15,974	9,518
Clothing		13,725	10,166
Household goods		8,359	11,759
Pharmaceuticals		8,001	1,776
Building supplies		1,221	6,092
School and office supplies		784	504
Toys		676	460
Books		251	1,337
Other		4,796	14,878
	$	503,768	409,517

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 2022 or 2021. 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, 15(b) Defined Benefit Retirement Plan. Total contributions to this plan for the years ended September 30, 2022 and 2021 were $1,955 and $1,901, 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 $2,602 and $2,583 for the years ended September 30, 2022 and 2021, 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 15(b) 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, 2022 and 2021 were $693 and $667, 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, 2022 and 2021 are as follows:

	2022	2021
Discount rate	5.05 %	2.25 %
Expected return on Plan assets	5.00	4.00
Assumed interest crediting rate to participants	1.94	1.42

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, 2022 and 2021:

		2022		2021	
		WVI	Total plan	WVI	Total plan
Change in benefit obligations:					
Projected benefit obligations at beginning of year	$	33,339	121,050	37,041	132,574
Service cost		61	200	61	200
Interest cost		774	2,553	775	2,557
Changes in assumptions		(1,743)	(20,577)	(1,308)	(4,964)
Actuarial loss		788	2,606	469	1,703
Benefits paid		(1,803)	(3,802)	(1,213)	(3,604)
Settlements		(1,326)	(2,789)	(2,431)	(7,216)
Expenses paid		(61)	(200)	(55)	(200)
Projected benefit obligations at end of year	$	30,029	99,041	33,339	121,050
Accumulated benefit obligations at end of year	$	30,029	99,041	33,339	121,050

(Amounts in thousands)

	2022		2021	
	WVI	**Total plan**	**WVI**	**Total plan**
Change in Plan assets:				
Plan assets at fair value at beginning of year	$ 36,460	132,384	38,452	137,625
Actual return on Plan assets	(1,326)	(20,236)	1,593	5,781
Benefits paid	(1,802)	(3,801)	(1,213)	(3,604)
Settlements	(1,326)	(2,789)	(2,431)	(7,216)
Expenses paid	(48)	(158)	(56)	(202)
Changes in assumptions	—	—	115	—
Plan assets at fair value at end of year	$ 31,958	105,400	36,460	132,384
Funded status	$ 1,929	6,359	3,121	11,334

	2022	2021
Asset recognized in the consolidated statement of financial position as funded status asset	$ 1,929	3,121
Amounts recognized in the consolidated statements of activities as other gains and (losses) consist of:		
Pension plan adjustments	$ (1,133)	1,771

For the year ended September 30, 2022, the benefit obligation declined primarily due to the increase in the discount rate. For the year ended September 30, 2021, the benefit obligation declined primarily due to settlements.

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

	2022	2021
Service cost	$ 61	61
Interest cost	774	775
Expected return on plan assets	(1,512)	(1,751)
Amortization of net loss	—	22
Net periodic benefit credit cost	$ (677)	(893)

(Amounts in thousands)

(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.

The following table presents total plan assets that are measured at fair value at September 30, 2022:

		2022	Level 1	Level 2	Level 3
Cash equivalents	$	536	533	3	—
Equity securities		4,997	4,997	—	—
Mutual funds:					
Equities		2,269	2,269	—	—
Other fixed income		97,598	97,598	—	—
Total plan assets measured at fair value	$	105,400	105,397	3	—

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	—

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)

(d) Estimated Future Payments

Due to the funded status of the Plan, the Plan contribution for the year ending September 30, 2023 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
2023	$	5,974	17,923
2024		3,848	11,545
2025		3,936	11,809
2026		3,867	11,600
2027		2,776	8,329
2028–2032		10,139	30,417
	$	30,540	91,623

(16) Leases

The Organization has commitments related to operating leases for building facilities, equipment, and land at September 30, 2022 and 2021.

Future minimum lease payments for the Organization with remaining terms of one year or more at September 30, 2022 are as follows:

Fiscal year:		
2023	$	12,355
2024		4,681
2025		2,459
2026		1,094
2027		642
2028 and thereafter		690
	$	21,921

Lease and rent expense for the years ended September 30, 2022 and 2021 was $17,575 and $17,233, 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.

(Amounts in thousands)

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 totaling approximately $30,000. 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) Assets and Liabilities Held for Sale

The board of VFI has approved the sale of SEF International Universal Credit Organization, its MFI in Armenia, during the board meeting in March 2022. This disposal focuses the network on areas which result in the most impact via the largest number of children being reached and therefore align with the Organization's strategic objectives.

In November 2022, an agreement was therefore entered into with an acquirer for the sale of SEF International Universal Credit Organization.

The sale was completed in January 2023. SEF International Universal Credit Organization LLC is therefore disclosed as held for sale and continuing operations at September 30, 2022. There were no held for sale assets or liabilities as at September 30, 2021.

The balances relating to SEF International Universal Credit Organization LLC as of September 2022 are as follows:

		2022
Assets classified as held for sale:		
Cash, cash equivalents and restricted cash	$	2,396
Investments		1,500
Interest receivable		1,023
Accounts receivable		234
Loans to microfinance institution clients, net of allowance for loan losses of $837		19,329
Expected impairment loss on sale		(693)
Property, plant and equipment, net		1,576
Other assets		24
Total	$	25,389

(Amounts in thousands)

		2022
Liabilities classified as held for sale:		
Accounts payable and accrued expenses	$	58
Interest payable		142
Notes payable		17,947
Other liabilities		1,148
Total	$	19,295

(19) Impairment Loss in Value of Subsidiaries

During the year ended September 30, 2022, the Organization recognized an impairment loss of $693 related to the sale of SEF International Universal Credit Organization LLC. This impairment loss was calculated as the excess of the carrying value of SEF International Universal Credit Organization LLC over the realizable fair value from its sale less the costs of that sale.

Furthermore, during the year ended September 30, 2022, the Organization recognized an impairment loss of $269 in relation to EDPYME Credivision S.A., the MFI in Peru. This loss represents the difference between the carrying value of certain of EDPYME Credivision S.A.'s assets over their expected realizable value on sale of these assets.

(20) Subsequent Events

Subsequent events have been evaluated from September 30, 2022 through May 4, 2023, which is the date these consolidated financial statements were available to be issued.