KPMG

WORLD VISION INTERNATIONAL
AND CONSOLIDATED AFFILIATES

Consolidated Financial Statements

September 30, 2014 and 2013

(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:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of World Vision International and consolidated affiliates (the Organization), which comprise the consolidated statements of financial position as of September 30, 2014 and 2013, and the related consolidated statements activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of World Vision International and consolidated affiliates as of September 30, 2014 and 2013, 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.

Other Matter

As discussed in notes 15 and 17 to the consolidated financial statements, during the year ended September 30, 2014, VisionFund International, a wholly owned and controlled subsidiary of World Vision International, committed to a plan to exit operations in Georgia through the sale of its ownership of Microfinance Organization Credo, LLC. The sale was completed in October 2014. Our opinion was not modified with respect to this matter.

KPMG LLP

March 31, 2015

WORLD VISION INTERNATIONAL
AND CONSOLIDATED AFFILIATES

Consolidated Statements of Financial Position

September 30, 2014 and 2013

(Amounts in thousands)

Assets		2014	2013
Cash and cash equivalents	$	277,313	301,420
Investments (note 4)		93,313	96,398
Due from unconsolidated affiliates (note 5)		79,030	91,341
Accounts receivable		15,543	20,237
Microfinance loans receivable, net (note 6)		433,169	377,450
Inventories		161,125	162,783
Prepaid expenses		34,231	34,585
Land, buildings and equipment, net (note 7)		95,616	80,313
Foreign exchange contracts (notes 4 and 8)		21,854	19,923
Other assets		17,153	15,037
Assets of subsidiary held for sale (note 15)		185,855	142,412
Total assets	$	1,414,202	1,341,899
Liabilities and Net Assets			
Liabilities:			
Accounts payable	$	93,998	74,616
Accrued expenses		98,358	89,157
Deposits from microfinance institution clients		30,113	20,271
Due to unconsolidated affiliates (note 5)		7,106	741
Notes payable (note 9)		263,187	214,875
Foreign exchange contracts (notes 4 and 8)		6,535	19,491
Other liabilities		23,733	16,990
Liabilities of subsidiary held for sale (note 15)		146,356	113,612
Total liabilities		669,386	549,753
Net assets (note 10):			
Unrestricted:			
Noncontrolling financial interest in subsidiaries		10,127	7,586
Other unrestricted		323,487	263,328
Total unrestricted net assets		333,614	270,914
Temporarily restricted		411,202	521,232
Total net assets		744,816	792,146
Total liabilities and net assets	$	1,414,202	1,341,899

See accompanying notes to consolidated financial statements.

WORLD VISION INTERNATIONAL
AND CONSOLIDATED AFFILIATES

Consolidated Statements of Activities

Year ended September 30, 2014

(Amounts in thousands)

	Unrestricted	Temporarily restricted	Total
Revenues, gains, and other support from donors (note 12):			
Contributions	$ 151,523	1,417,945	1,569,468
Gifts-in-kind	—	400,001	400,001
Net assets released from restrictions	1,927,976	(1,927,976)	—
Total revenues from donors	2,079,499	(110,030)	1,969,469
Other revenue and gains	182,437	—	182,437
Change in cumulative unrealized gain on foreign exchange contracts (note 8)	14,887	—	14,887
Total revenues, gains, and other support	2,276,823	(110,030)	2,166,793
Expenses:			
Program services:			
International relief and community development	1,909,209	—	1,909,209
Microenterprise development	150,789	—	150,789
Program support services	83,972	—	83,972
Total program services	2,143,970	—	2,143,970
Administrative costs:			
Supporting services	58,568	—	58,568
Fund-raising	22,921	—	22,921
Total administrative costs	81,489	—	81,489
Total expenses	2,225,459	—	2,225,459
Change in net assets before the pension actuarial gain	51,364	(110,030)	(58,666)
Pension actuarial gain (note 13)	211	—	211
Change in net assets before discontinued operations	51,575	(110,030)	(58,455)
Net income from discontinued operations (note 15)	11,125	—	11,125
Change in net assets	62,700	(110,030)	(47,330)
Net assets at beginning of year	270,914	521,232	792,146
Net assets at end of year	$ 333,614	411,202	744,816

See accompanying notes to consolidated financial statements.

WORLD VISION INTERNATIONAL
AND CONSOLIDATED AFFILIATES

Consolidated Statements of Activities

Year ended September 30, 2013

(Amounts in thousands)

	Unrestricted	Temporarily restricted	Total
Revenues, gains, and other support from donors (note 12):			
Contributions	$ 155,398	1,306,871	1,462,269
Gifts-in-kind	—	356,835	356,835
Net assets released from restrictions	1,662,440	(1,662,440)	—
Total revenues from donors	1,817,838	1,266	1,819,104
Other revenue and gains	164,272	—	164,272
Change in cumulative unrealized gain on foreign exchange contracts (note 8)	10,082	—	10,082
Total revenues, gains, and other support	1,992,192	1,266	1,993,458
Expenses:			
Program services:			
International relief and community development	1,650,844	—	1,650,844
Microenterprise development	133,613	—	133,613
Program support services	92,481	—	92,481
Total program services	1,876,938	—	1,876,938
Administrative costs:			
Supporting services	64,411	—	64,411
Fund-raising	20,943	—	20,943
Total administrative costs	85,354	—	85,354
Total expenses	1,962,292	—	1,962,292
Change in net assets before the pension actuarial gain	29,900	1,266	31,166
Pension actuarial gain (note 13)	3,377	—	3,377
Change in net assets before discontinued operations	33,277	1,266	34,543
Net income from discontinued operations (note 15)	10,458	—	10,458
Change in net assets	43,735	1,266	45,001
Net assets at beginning of year	227,179	519,966	747,145
Net assets at end of year	$ 270,914	521,232	792,146

See accompanying notes to consolidated financial statements.

WORLD VISION INTERNATIONAL
AND CONSOLIDATED AFFILIATES

Consolidated Statements of Cash Flows

Years ended September 30, 2014 and 2013

(Amounts in thousands)

		2014	2013
Cash flows from operating activities:			
Change in net assets	$	(47,330)	45,001
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:			
Net income from discontinued operations		(11,125)	(10,458)
Gifts-in-kind, net		1,658	(45,810)
Unrealized and realized loss on investments		1,451	2,204
Change in cumulative unrealized gain on foreign exchange contracts		(14,887)	(10,082)
Depreciation		8,854	8,714
Provision for loan losses		7,062	7,183
Loss on disposal of equipment		299	377
Changes in assets and liabilities:			
Accounts receivable		4,694	6,407
Due from/to unconsolidated affiliates		18,676	(17,000)
Prepaid expenses		354	(4,617)
Other assets		(2,116)	(5,384)
Accounts payable and accrued expenses		28,583	5,607
Other liabilities		6,743	(1,131)
Net cash provided by (used in) operating activities		2,916	(18,989)
Cash flows from investing activities:			
Purchases of investments		(147,389)	(126,103)
Proceeds from sales and maturities of investments		149,449	124,633
Proceeds from repayment of microfinance loans		648,956	530,517
Issuance of microfinance loans		(711,737)	(584,734)
Purchase of land, buildings, and equipment		(36,545)	(22,984)
Proceeds from sale of equipment		12,089	1,943
Net cash used in investing activities		(85,177)	(76,728)
Cash flows from financing activities:			
Payments on notes payable		(59,350)	(85,415)
Proceeds received on notes payable		107,662	117,019
Deposits from microfinance institution clients		9,842	2,834
Net cash provided by financing activities		58,154	34,438
Net change in cash and cash equivalents		(24,107)	(61,279)
Cash and cash equivalents, beginning of year		301,420	362,699
Cash and cash equivalents, end of year	$	277,313	301,420
Supplemental cash flow disclosures:			
Cash paid during the year for interest	$	21,626	16,762
Cash paid during the year for taxes		4,337	3,896

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 whose mission is to follow our Lord and Savior Jesus Christ in working with the poor and oppressed to promote human transformation, seek justice, and bear witness to the good news of the Kingdom of God. It pursues this mission through integrated, holistic commitment to:

Transformational Development – that is community-based and sustainable, focused especially on the needs of children.

Emergency Relief – that assists people afflicted by conflict or disaster.

Promotion of Justice – that seeks to change unjust structures affecting the poor.

Partnerships with Churches – to contribute to spiritual and social transformation.

Public Awareness – that leads to informed understanding, giving, involvement, and prayer.

Witness to Jesus Christ – by life, deed, word, and sign that encourages people to respond to the Gospel.

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 and which are referred to as "the Partnership." (The word Partnership is used in a broad, informal sense, rather than in a technical legal sense).

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

Major functions in the Partnership include:

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

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

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

Support Offices – Raise funds to support WVI'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.

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 MFIs not owned by VFI.

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

There are four types of entities in the Partnership:

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

Ministry Offices

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

* reported as World Vision South Caucasus

** reported as World Vision Albania & Kosovo

*** reported as Pacific Timor Leste

Regional Offices

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

International Offices

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

Support Offices

Singapore

Microfinance Programs

Name	Country
World Vision Myanmar Micro Enterprise Development Program	Myanmar
Senegal Micro Finance	Senegal
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 (GAAP):

Ministry Offices

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

*reported as Pacific Timor Leste
**reported as World Vision Albania & Kosovo

International Offices

Geneva

Support Offices

Spain

VisionFund International (VFI)

Microfinance Institutions (consolidated by VFI)

Name	**Country**
VisionFund Albania LLC	Albania
SEF International Universal Credit Organization LLC	Armenia
VisionFund Azercredit LLC	Azerbaijan
VisionFund Cambodia Ltd.	Cambodia
VisionFund Republica Dominicana SAS	Dominican Republic
Microfinance Organization Credo LLC	Georgia
VisionFund Caucasus LLC	Georgia
VisionFund Credo Foundation	Georgia
VisionFund Ghana Money Lending Ltd.	Ghana
FUNED VisionFud OPDF	Honduras
VisionFund Kenya Ltd.	Kenya
VisionFund Ltd.	Malawi
VisionFund Mexico S.A. de C.V., SOFOM, E.N.R.	Mexico
VisionFund Mongolia	Mongolia
MFI Monte Credit LLC	Montenegro
VisionFund AgroInvest LLC	Montenegro
VisionFund Netherlands I B.V.	Netherlands
VisionFund Netherlands II B.V.	Netherlands
EDPYME Credivision S.A.	Peru
VisionFund Rwanda	Rwanda
AgroInvest Fond LLC	Serbia
AgroInvest Foundation Serbia	Serbia
VisionFund Holdings (Private) Ltd.	Sri Lanka
VisionFund Lanka Ltd.	Sri Lanka
VisionFund Tanzania MFC Limited	Tanzania
VisionFund Uganda Ltd.	Uganda
VisionFund Zambia Ltd.	Zambia

(Continued)

Microfinance Institutions (not consolidated by VFI)

Name	**Country**
Fundación Boliviana para el Desarrollo	Bolivia
Micro Credit Organization ‘EKI’ Sarajevo	Bosnia
Agencia Nacional de Desenvolvimento Microempresarial	Brazil
Fundación Producir	Colombia
Fondo de Inversiones para el Desarrollo de la Microempresa	Dominican Republic
Fundación Fondo de Desarrollo Microempresarial	Ecuador
Fundación Salvadoreña para El Desarrollo	El Salvador
VisionFund Microfinance Institution (S.C.)	Ethiopia
Association of Productive Entrepreneurship Development	Ghana
Asociación Gutemalteca para del Desarrollo	Guatemala
Fundación para el Desarrollo de Honduras OPD	Honduras
Innovative Microfinance for Poverty Alleviation and Community Transformation	India
Mitra Masyarakat Sejahtera Foundation	Indonesia
PT. VisionFund Indonesia	Indonesia
KosInvest	Kosovo
Reseau de Micro Institutions de Croissance de Revenu	Mali
Fundación Realidad, A.C.	Mexico
AgroInvest NVO Podgorica	Montenegro
Fundacion 4i-2000	Nicaragua
Entidad de Desarrollo de la Pequeña y Micro Empresa Credivison	Peru
Community Economic Ventures, Inc.	Philippines
World Vision International Serbia I Crane Gora Beograd	Serbia
VisionFund Lanka (Gte.) Ltd.	Sri Lanka
VisionFund Tanzania, Trust	Tanzania
World Vision Foundation of Thailand	Thailand

(Continued)

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

Ministry Offices

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

Affiliates, which are not consolidated – Members of the Partnership, which are not owned or controlled by WVI and are not consolidated:

Support Offices

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

(2) Significant Accounting Policies

(a) Basis of Presentation

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

(b) Consolidation

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

(c) Financial Instruments

Financial instruments include cash and cash equivalents, accounts and microfinance loans receivable, accounts due from/to unconsolidated affiliates, accounts payable, accrued expenses, and notes payable, and are stated at carrying cost at year-end, which approximates fair value. Other financial instruments held at year-end are investments and forward exchange contracts, which are stated at fair value.

(d) Cash and Cash Equivalents

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

(e) 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 at the Global Center is to purchase investments with a credit rating of A+ or better. Other investments are held locally at ministry offices around the world. Ministry offices have similar credit quality policies and these investments are designed to preserve capital. Gains and losses on investments are recorded to other revenue and gains in the consolidated statement of activities.

(f) Accounts and Microfinance Loans Receivable

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

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

(g) 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.

(h) Land, Buildings and Equipment, Net

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

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

(i) Self-Insurance

The Organization is self-insured for 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.

(j) Contribution Revenue Recognition

WVI receives unconditional promises to give funds from unconsolidated national 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, 2014 and 2013 are recorded in due from unconsolidated affiliates and detailed in note 5. WVI also receives cash donations from affiliated entities and unaffiliated donors. Revenue is recognized on these donations at the time of the donation.

(k) Gifts-in-Kind

Gifts-in-kind (GIK) received through private donations are recorded in accordance with GAAP and industry standards, referred to as the Interagency GIK Standards, as developed by an interagency task force appointed by Accord. Accord is an organization that serves Christian organizations and churches involved in the shared vision of eliminating poverty, working to achieve the highest standards, principles, and effectiveness in relief and development. 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 its principal exit market considering the good’s condition and utility for use at the time the goods are contributed by the donor. The Organization does not sell donated GIK and only distributes the goods for program use.

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Pharmaceutical contributions are valued using a hierarchy of pricing inputs that approximates wholesale market price data obtained from a reliable third-party source, in countries representing principal exit markets where such products are approved for sale.

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

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

(l) Other Revenue and Gains

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

(m) Functional Allocation of Expenses

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

(n) Administrative Costs

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

(o) 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.

(p) 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.

(q) Reclassifications

Certain amounts in the 2013 financial statements have been reclassified for comparative purposes to conform to the presentation in the 2014 financial statements.

(3) Other Disclosures

(a) Concentration of Credit Risk

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

(b) Net Assets

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

Unrestricted net assets – Unrestricted net assets represent those resources of the Organization that are not subject to donor-imposed restrictions or law. The only limits on unrestricted net assets are broad limits resulting from the nature of the Organization and the purposes specified in its articles of incorporation or bylaws, and limitations resulting from contractual agreements, if any.

Temporarily restricted net assets – Temporarily restricted net assets represent contributions and other inflows of assets that are subject to donor-imposed restrictions or law, which can be fulfilled by actions of the Organization pursuant to those stipulations or by the passage of time.

Expenses are reported as decreases in unrestricted net assets. Expiration of donor-imposed restrictions that simultaneously increase one class of net assets and decrease another is reported as reclassifications between the applicable classes of net assets. Temporarily restricted contributions are recorded as restricted revenue when received and when the restriction expires, the net assets are shown as released from restriction on the consolidated statements of activities.

(c) Tax Status

WVI is a not-for-profit organization exempt from federal income and California state franchise taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Section 23701d of the California Revenue and Taxation Code. However, WVI remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the consolidated financial statements as a whole. Accounting Standards Codification (ASC) Topic 740 (ASC 740), *Income Taxes*, prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and provides guidance on derecognition, classification, interest and penalties, disclosure, and transition. Management believes there are no such uncertain tax positions for the Organization for the years ended September 30, 2014 and 2013.

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

MFIs are subject to their respective local tax laws, pursuant to which some are taxable and some are not taxable (or tax-exempt). Taxes totaling $3,120 and $4,482 for the years ended September 30, 2014 and 2013, respectively, are recorded in program services expense in the accompanying consolidated statements of activities and consist entirely of non-U.S. taxes related to the operations of the foreign consolidated entities.

(4) Fair Value

Fair value is defined as the price that the Organization would receive upon selling an asset in an orderly transaction to an independent buyer in the principal or most advantageous market of the asset. A three-tier hierarchy was established by the Financial Accounting Standards Board (FASB) to classify measurement inputs for determining fair value for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

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

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

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

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

(Amounts in thousands)

The following table presents assets that are measured at fair value on a recurring basis at September 30, 2014:

		Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
Assets:				
Investments:				
Certificates of deposit	$	66,211	—	66,211
Domestic government securities		9,585	—	9,585
Foreign government securities		4,123	4,123	—
Foreign corporate stocks		9	9	—
Mutual funds and other		4,203	4,203	—
Domestic corporate debt		9,182	—	9,182
Total investments	$	93,313	8,335	84,978
Foreign exchange currency contracts	$	21,854	—	21,854
Liabilities:				
Foreign exchange currency contracts	$	6,535	—	6,535

(Amounts in thousands)

The following table presents assets that are measured at fair value on a recurring basis at September 30, 2013:

		Total	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**
Assets:				
Investments:				
Certificates of deposit	$	61,278	—	61,278
Domestic government securities		14,175	—	14,175
Foreign government securities		2,716	2,716	—
Foreign corporate stocks		9	9	—
Mutual funds and other		4,636	4,636	—
Domestic corporate debt		13,584	—	13,584
Total investments	$	96,398	7,361	89,037
Foreign exchange currency contracts	$	19,923	—	19,923
Liabilities:				
Foreign exchange currency contracts	$	19,491	—	19,491

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

Other financial instruments, including loans to microfinance institutions and clients, and notes payable, are carried at amortized cost. The lack of available market data for similar instruments makes the determination of the potential difference between carrying value and fair value impracticable. Due to the nature of receivables, other assets, and accounts payable, fair value approximates carrying value.

(Amounts in thousands)

(5) Due from/to Unconsolidated Affiliates

Amounts due from/to unconsolidated affiliates arise from short-term transactions relating to project commitments and investments held for unconsolidated affiliates. Amounts due from/to unconsolidated affiliates at September 30, 2014 and 2013 are as follows:

		2014	2013
Due from unconsolidated affiliates:			
World Vision United States	$	48,786	77,105
World Vision Korea		20,900	11,168
World Vision Germany		8,712	2,679
World Vision France		341	77
World Vision Austria		141	40
World Vision Canada		125	—
World Vision Italy		19	7
World Vision Malaysia		6	—
World Vision United Kingdom		—	174
World Vision Taiwan		—	80
World Vision Switzerland		—	11
Total due from unconsolidated affiliates	$	79,030	91,341

		2014	2013
Due to unconsolidated affiliates:			
World Vision United Kingdom		6,578	—
World Vision Germany	$	528	544
World Vision Canada		—	197
Total due to unconsolidated affiliates	$	7,106	741

(6) Microfinance Loans Receivable

WVI operates microenterprise development activities in many countries primarily through microfinance institutions. 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.

(Amounts in thousands)

Microfinance loans receivable, net at September 30, 2014 and 2013, consist of the following:

		2014	2013
Microfinance loans receivable, gross	$	442,685	386,297
Less loan loss allowance		(9,516)	(8,847)
Microfinance loans receivable, net	$	433,169	377,450

The average loan amount varies by country from less than three hundred dollars to four thousand dollars. The average loan terms commonly range from 4 to 37 months with a weighted average maturity of approximately 15 months.

Interest rates on the outstanding loans vary by country due to varying inflation rates and operating environments. For the years ending September 2014 and 2013, the weighted average annual interest rates charged were 32% and 31%, respectively.

The Organization's weighted average interest rate of 32% is within the normal range for the microfinance industry. According to data compiled by the Microfinance Information Exchange, in 2013, the industry weighted average yield on loan portfolio was 38% for MFIs with loan portfolios of less than $85,000. In 2014, the average loan portfolio for the Organization's consolidated MFIs was $11,650, with the largest consolidated MFI loan portfolio being $81,047.

Loans to MFI clients were concentrated in the following regions as of September 30, 2014 and 2013:

Region of operations		2014	2013
Africa	$	52,017	46,731
Latin America/Caribbean		99,151	87,687
Middle East/Eastern Europe		178,589	172,138
Asia/Pacific		112,928	79,741
Total	$	442,685	386,297

Changes in the allowance for loan losses for the years ended September 30, 2014 and 2013 are as follows:

Allowance for loan loss		2014	2013
Beginning of year	$	8,847	9,473
Loans written off		(5,536)	(7,731)
Provision for loan loss		7,062	7,183
Currency valuation change		(857)	(78)
End of year	$	9,516	8,847

(Continued)

(Amounts in thousands)

In the years ending September 30, 2014 and 2013, funds recovered from loans written off totaled $4,984 and $4,509, respectively. These amounts are included within other revenue and gains on the accompanying consolidated statements of activities. As of September 30, 2014, based on historical loan performance and aging analysis, the risks related to recovery of loan portfolio are limited and are sufficiently covered by the allowance for loan losses.

(7) Land, Buildings and Equipment, Net

Land, buildings and equipment, net at September 30, 2014 and 2013, consist of the following:

		2014	2013
Land	$	15,505	13,567
Buildings and improvements		47,166	39,348
Computers and software		59,904	50,357
Vehicles		9,829	9,394
Furniture and other equipment		11,227	10,369
Total land, buildings and equipment		143,631	123,035
Less accumulated depreciation		(48,015)	(42,722)
Total land, buildings and equipment, net	$	95,616	80,313

(8) Foreign Exchange Contracts

The Organization receives most of its funds from unconsolidated national support offices throughout the world (as discussed in note 12, Contributions and GIK Revenues). Planned fundings are made annually by these entities 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, 2014 and 2013. Any unrealized gains or losses as of September 30, 2014 and 2013 are recognized in the consolidated statements of activities. Any realized gains or losses as of September 30, 2014 and 2013 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, 2014 and 2013, the Organization recorded a change in cumulative unrealized gains (losses) of $14,887 and $10,082, respectively, on FOREX contracts held.

At September 30, 2014 and 2013, the Organization had in place foreign currency contracts for purchases of U.S. dollars with notional amounts totaling $617,716 and $657,332, respectively, and sales of U.S. dollars for foreign currencies with notional amounts totaling $302,010 and $392,405, respectively.

(Amounts in thousands)

(9) Notes Payable

Notes payable represent amounts received from various foundations, individuals, unconsolidated national support offices, and banking organizations, which extended loans to the Organization to provide funding for its activities. At September 30, 2014 and 2013, a total of $263,187 and $214,875, respectively, in loans was outstanding. All of these loans were issued in relation to World Vision's microfinance activities. Interest rates generally range from 0% to 15%. These loans are scheduled for repayment as follows:

Fiscal year:		
2015	$	108,586
2016		87,958
2017		48,188
2018		7,471
2019		4,043
2020 and thereafter		6,941
Total	$	263,187

Notes payable are unsecured with the exception of aggregate loans of $6,530 and $22,413 at September 30, 2014 and 2013, respectively, in loans that have been guaranteed by the assets of microfinance institutions. Each of these collateral agreements represents a first priority guarantee on the assets of a particular microfinance institution. Interest expense totaling $23,341 and $17,668 for the years ended September 30, 2014 and 2013, respectively, is recorded in the consolidated statements of activities as microenterprise development program services expense.

(Amounts in thousands)

(10) Net Assets

Consolidated net assets at September 30, 2014 are restricted or designated for the following purposes:

	Unrestricted	Temporarily restricted	Total
Contributions received designated for future program services	$ 236,778	—	236,778
Contributions of gifts-in-kind restricted for international programs	—	161,125	161,125
Contributions received restricted for international relief and community development	—	250,077	250,077
Other designated amounts:			
Christian endowment	13,096	—	13,096
Unrealized gain on foreign exchange contracts	15,319	—	15,319
Undesignated deficit	(38,012)	—	(38,012)
Represented by noncontrolling financial interest in subsidiaries	10,127	—	10,127
Represented by fixed assets and investments:			
Land, buildings, and equipment, net	95,616	—	95,616
Investment in captive insurance company	690	—	690
	$ 333,614	411,202	744,816

(Continued)

(Amounts in thousands)

Consolidated net assets at September 30, 2013 are restricted or designated for the following purposes:

	Unrestricted	Temporarily restricted	Total
Contributions received designated for future program services	$ 206,467	—	206,467
Contributions of gifts-in-kind restricted for international programs	—	162,783	162,783
Contributions received restricted for international relief and community development	—	358,449	358,449
Other designated amounts:			
Christian endowment	13,202	—	13,202
Unrealized gain on foreign exchange contracts	432	—	432
Undesignated deficit	(37,776)	—	(37,776)
Represented by noncontrolling financial interest in subsidiaries	7,586	—	7,586
Represented by fixed assets and investments:			
Land, buildings, and equipment, net	80,313	—	80,313
Investment in captive insurance company	690	—	690
	$ 270,914	521,232	792,146

(Amounts in thousands)

(11) Endowments

Most states (including California) have adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA governs the appropriation of expenditures from donor-designated endowments, subject to the intent of the donor as expressed in the gift instrument. UPMIFA is not applicable to board-designated endowments. The Organization has one board-designated endowment and does not have any donor-restricted endowments. The Organization has a policy for the board-designated endowment allowing that, annually, the board may appropriate and expend all or part of the accumulated income. The following provides the endowment activity for 2013 and 2014:

Balance, September 30, 2012	$	13,057
Net investment return		124
Return of decommitted funds		21
Balance, September 30, 2013		13,202
Net investment return		166
Appropriated expenditures		(276)
Return of decommitted funds		4
Balance, September 30, 2014	$	13,096

(Amounts in thousands)

(12) Contributions and Gift-in-Kind Revenue

Contributions and gift-in-kind revenues for the year ended September 30, 2014 are as follows:

	Unrestricted	Temporarily restricted	Total
Contributions:			
World Vision United States	$ 63,719	427,904	491,623
World Vision Australia	20,290	179,431	199,721
World Vision Canada	18,567	179,909	198,476
World Vision Korea	4,940	100,596	105,536
World Vision Hong Kong	6,015	84,283	90,298
World Vision Germany	211	83,760	83,971
World Vision United Kingdom	6,523	75,058	81,581
World Vision Taiwan	4,433	50,828	55,261
World Vision Japan	2,216	35,118	37,334
World Vision Switzerland	3,366	32,200	35,566
World Vision New Zealand	2,936	24,545	27,481
World Vision Malaysia	183	11,086	11,269
World Vision Ireland	263	9,943	10,206
World Vision Netherlands	315	8,973	9,288
World Vision Finland	295	7,729	8,024
World Vision France	—	6,436	6,436
World Vision Austria	208	5,592	5,800
World Vision Italy	—	232	232
Contributions received from nonaffiliated sources through:			
World Vision Singapore	—	13,041	13,041
World Vision Spain	—	3,996	3,996
Other subsidiaries	17,043	77,285	94,328
Subtotal	151,523	1,417,945	1,569,468

(Continued)

(Amounts in thousands)

	Unrestricted	Temporarily restricted	Total
Gift-in-kind:			
World Vision United States	$ —	233,454	233,454
World Vision Canada	—	92,710	92,710
World Vision Australia	—	28,753	28,753
World Vision Taiwan	—	10,202	10,202
World Vision Switzerland	—	10,124	10,124
World Vision United Kingdom	—	5,495	5,495
World Vision Germany	—	4,236	4,236
World Vision Hong Kong	—	3,720	3,720
World Vision New Zealand	—	2,353	2,353
World Vision Korea	—	2,307	2,307
World Vision Japan	—	1,623	1,623
World Vision Austria	—	1,026	1,026
World Vision France	—	228	228
Gift-in-kind received from nonaffiliated sources through:			
Other subsidiaries	—	3,770	3,770
Subtotal	—	400,001	400,001
Total	$ 151,523	1,817,946	1,969,469

(Amounts in thousands)

Contributions and gift-in-kind revenues for the year ended September 30, 2013 are as follows:

		Unrestricted	**Temporarily restricted**	**Total**
Contributions:				
World Vision United States	$	62,762	419,280	482,042
World Vision Australia		19,921	193,989	213,910
World Vision Canada		22,002	175,632	197,634
World Vision Korea		4,667	90,567	95,234
World Vision Hong Kong		6,015	81,031	87,046
World Vision Germany		1,581	75,855	77,436
World Vision United Kingdom		7,821	62,684	70,505
World Vision Taiwan		4,384	47,465	51,849
World Vision Japan		2,216	40,355	42,571
World Vision Switzerland		3,176	30,053	33,229
World Vision New Zealand		2,774	30,327	33,101
World Vision Malaysia		173	10,326	10,499
World Vision Finland		288	7,171	7,459
World Vision France		—	6,183	6,183
World Vision Austria		494	4,909	5,403
World Vision Ireland		263	4,772	5,035
World Vision Netherlands		298	4,393	4,691
World Vision Italy		—	251	251
Contributions received from nonaffiliated sources through:				
World Vision Singapore		—	12,706	12,706
World Vision Spain		—	3,837	3,837
Other subsidiaries		16,563	5,085	21,648
Subtotal		155,398	1,306,871	1,462,269

 (Continued)

(Amounts in thousands)

	Unrestricted	Temporarily restricted	Total
Gift-in-kind:			
World Vision United States	$ —	197,587	197,587
World Vision Canada	—	94,631	94,631
World Vision Australia	—	23,985	23,985
World Vision Taiwan	—	7,697	7,697
World Vision Hong Kong	—	5,640	5,640
World Vision United Kingdom	—	4,849	4,849
World Vision Switzerland	—	4,440	4,440
World Vision Germany	—	3,765	3,765
World Vision Korea	—	2,384	2,384
World Vision Japan	—	2,248	2,248
World Vision New Zealand	—	2,106	2,106
World Vision Austria	—	201	201
World Vision France	—	30	30
Gift-in-kind received from nonaffiliated sources through:			
Other subsidiaries	—	7,272	7,272
Subtotal	—	356,835	356,835
Total	$ 155,398	1,663,706	1,819,104

(13) Retirement Plans

World Vision International has an international defined contribution plan covering substantially all non-U.S. non-U.K. citizens, on an International Assignment (outside their home country) who are not included in the noncontributory Cash Balance Retirement Plan referred to below. Total contributions to this plan for the years ended September 30, 2014 and 2013 were $2,579 and $2,206, respectively.

WVI participates jointly with World Vision, Inc. (also known as World Vision United States), an unconsolidated affiliate, in a noncontributory Cash Balance Retirement Plan (the Plan) for all WVI staff working in the U.S. The assets of the Plan are held in trust and WVI and World Vision, Inc. act as trustees of the Plan. Under the Plan, an annual pay credit and interest credit are added to a participant's account 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 the amount will be the higher of the 30-year Treasury rate or another rate adopted by the Organization. The amount of employer contributions is determined based on actuarial valuations and recommendations as to the amounts required to fund benefits under this Plan.

(Amounts in thousands)

The following table sets forth the actuarial assumptions related to the Plan. Assumptions as of September 30, 2014 and 2013 are as follows:

	2014	2013
Discount rate	3.60%	4.00%
Expected return on Plan assets	7.00	7.00
Rate of compensation increase	4.00	4.00

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 Organization assumes will be earned over the life of the pension assets. Management believes the assumed rate is conservative 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, 2014 and 2013:

	2014		2013	
	WVI	Total Plan	WVI	Total Plan
Change in benefit obligations:				
Projected benefit obligations at beginning of year	$ 33,967	112,731	35,279	114,172
Service cost	2,222	7,131	2,228	7,087
Interest cost	1,416	4,219	1,086	3,192
Changes in assumptions	(552)	3,672	(2,963)	(7,651)
Actuarial loss	(4)	(14)	305	1,011
Benefits paid	(2,361)	(6,243)	(1,919)	(4,915)
Expenses paid	(56)	(197)	(49)	(165)
Projected benefit obligations at end of year	$ 34,632	121,299	33,967	112,731
Accumulated benefit obligations at end of year	$ 31,070	108,828	33,356	100,748

(Amounts in thousands)

		2014		2013	
		WVI	Total Plan	WVI	Total Plan
Change in Plan assets:					
Plan assets at fair value at beginning of year	$	35,184	116,772	31,780	102,847
Actual return on Plan assets		3,895	13,643	3,240	10,755
Employer contributions		2,150	6,450	2,750	8,250
Benefits paid		(2,361)	(6,243)	(1,919)	(4,915)
Expenses paid		(56)	(197)	(49)	(165)
Changes in assumptions	$	(1,575)	—	(618)	—
Plan assets at fair value at end of year	$	37,237	130,425	35,184	116,772
Funded status	$	2,605	9,126	1,217	4,041

		2014	2013
Amounts recognized in the statements of financial position consist of:			
Funded status asset (liability)	$	2,605	1,217
Total amount recognized	$	2,605	1,217
Amounts recognized in unrestricted net assets consist of:			
Pension actuarial gain	$	211	3,377

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

		2014	2013
Service cost		2,222	2,228
Interest cost		1,416	1,086
Expected return on plan assets		(2,665)	(2,319)
Amortization of net loss		—	415
Net periodic benefit cost	$	973	1,410

(Amounts in thousands)

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

(a) Fair Value of Plan Assets

The following table presents assets that are measured at fair value on a recurring basis at September 30, 2014:

		September 30, 2014	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
Cash equivalents	$	389	389	—
Mutual funds:				
Domestic		58,139	52,207	5,932
International		17,444	17,444	—
Bond		21,005	21,005	—
Equity securities		17,385	17,385	—
Real estate investment trusts		1,952	1,952	—
Corporate bonds		1,132	—	1,132
Master limited partnerships		12,442	12,442	—
Other assets		537	537	—
Total Plan assets	$	130,425	123,361	7,064

(Amounts in thousands)

The following table presents assets that are measured at fair value on a recurring basis at September 30, 2013:

	September 30, 2013	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
Cash equivalents	$ 414	414	—
Mutual funds:			
Domestic	50,646	45,676	4,970
International	14,866	14,866	—
Bond	22,558	22,558	—
Equity securities	14,518	14,518	—
Real estate investment trusts	1,564	1,564	—
Corporate bonds	1,101	—	1,101
Master limited partnerships	10,537	10,537	—
Other assets	567	567	—
Total Plan assets	$ 116,771	110,700	6,071

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

(b) Estimated Future Payments

The Plan contribution for the year ending September 30, 2015 is expected to be $2,750 and $8,250 for WVI and the total Plan, respectively. Assuming all participants commenced benefit payments at age 65 in the form of an immediate lump-sum payout, the following schedule estimates future benefit payments, including expected future service:

	WVI	Total plan
2014–15	$ 5,104	15,314
2015–16	3,810	11,429
2016–17	4,027	12,080
2017–18	4,197	12,591
2018–19	3,611	10,834
Thereafter	18,117	54,352
	$ 38,866	116,600

(Amounts in thousands)

(14) Leases

The Organization has commitments related to operating leases for building facilities, equipment, and land at September 30, 2014 and 2013.

Future minimum lease payments for the Organization with remaining terms of one year or more at September 30, 2014 are as follows:

Fiscal year:		
2015	$	10,811
2016		4,624
2017		2,522
2018		1,744
2019		1,430
2020 and Thereafter		2,124
	$	23,255

Lease and rent expense for the years ended September 30, 2014 and 2013 was $16,530 and $13,435, respectively.

(15) Subsidiary Held for Sale

During the year ended September 30, 2014, VisionFund International (VFI) committed to a plan to exit operations in Georgia through the sale of its ownership of MFO Credo. The decision to exit operations in Georgia was made as a part of VFI's broader strategy to focus on growth of operations in Africa and Asia. An agreement to sell MFO Credo was finalized in September 2014 and was executed subsequent to year-end. MFO Credo was not classified as held for sale as of September 30, 2013 and the consolidated statements of financial position and the consolidated statements of activities have been reclassified to show the related balances separately from continuing operations.

(Amounts in thousands)

The following provides the assets, liabilities, and results of operations as of and for the years ended September 30, 2014 and 2013:

		2014	2013
Assets classified as held for sale:			
Cash and cash equivalents	$	12,936	6,729
Investments in foreign bank time deposits (level 2 investments)		16,289	12,422
Loans to Microfinance Institution clients, net of allowance for loan losses of $938 and $692 as of September 30, 2014 and 2013, respectively		147,475	114,107
Interest receivable		2,545	2,302
Accounts receivable and other assets		3,118	4,123
Property, plant, and equipment, net		3,492	2,729
Total	$	185,855	142,412
Liabilities classified as held for sale:			
Notes payable, short-term	$	38,634	38,302
Notes payable, long-term		95,852	70,784
Interest payable		2,195	1,679
Accounts payable and other		9,675	2,847
Total	$	146,356	113,612
Results of discontinued operations:			
Revenue	$	50,167	40,718
Expenses		(36,651)	(28,450)
Net income from discontinued operations, before tax		13,516	12,268
Tax expense		(2,391)	(1,810)
Net income from discontinued operations	$	11,125	10,458

(16) Commitments and Contingencies

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

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

(Continued)

(17) Subsequent Events

The Organization has evaluated subsequent events from September 30, 2014 through March 31, 2015, the date on which the consolidated financial statements were available for issuance.

Both events described below relate to our wholly-owned subsidiary VisionFund International (VFI):

1) In October 2014, the sale of MFO Credo was completed (note 15). VisionFund International (VFI) sold its 100% ownership in MFO Credo and received cash proceeds of $53,501. As a result of the sale, VFI paid taxes and settlement costs totaling $11,443. After deducted prepaid selling expenses of $604, VFI recognized a gain on the sale of MFO Credo totaling $5,299.

2) Subsequent to the reporting period, a number of non-governmental organizations (NGOs) in the country of Azerbaijan, including representatives and branches of international NGOs, have become the subject of a criminal investigation by the government of Azerbaijan. The claims were based on allegations of tax evasion and financial misappropriation by an individual who is not associated with VF Azercredit or World Vision. VF Azercredit is 52% owned by VFI, representing $10,900 of net assets.

   As part of the investigation into World Vision Azerbaijan, VF Azercredit's main bank accounts have been blocked for the period of investigation pursuant to court orders received in October 2014. The Organization believes that although VF Azercredit is currently affected by the investigation and its bank accounts are temporarily blocked, the investigation will be finalized in the near future, and the outcome of this case will not have a material effect on the business. The financial statements have been prepared on the assumption that VF Azercredit will be able to continue as a going concern and that its operations will continue for the foreseeable future. The outcome of this matter will not impact the ability of VFI or its other subsidiaries to continue operations.