



34834 Weyerhaeuser Way S.
 P.O. Box 9716
 Federal Way, WA 98063-9716

1.800.423.4200
www.worldvision.org



World Vision is a Christian humanitarian organization dedicated to working with children, families, and their communities worldwide to reach their full potential by tackling the causes of poverty and injustice. We serve all people, regardless of religion, race, ethnicity, or gender.



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Consolidated Financial Statements World Vision, Inc. and Affiliates

September 30, 2008 and 2009



KPMG LLP
Suite 900
801 Second Avenue
Seattle, WA 98104

Independent Auditors' Report

The Board of Directors
World Vision, Inc.:

We have audited the accompanying consolidated statements of financial position of World Vision, Inc. and affiliates (the Organization) as of September 30, 2008 and 2009, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of World Vision, Inc. and affiliates as of September 30, 2008 and 2009, and the changes in their net assets and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

As discussed in Note B to the consolidated financial statements, the Organization adopted the provisions of Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (Accounting Standards Codification 820-10), as of October 1, 2008, for fair value measurements of all financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. The Organization also adopted the measurement date provisions of Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans* (Accounting Standards Codification 958-715-65), for the year ended September 30, 2009.

KPMG LLP

December 21, 2009

KPMG LLP, a U.S. limited liability partnership, is the U.S. member firm of KPMG International, a Swiss cooperative.

Assets	Notes	2008	2009
Cash and cash equivalents		\$7,992	\$5,158
Accounts receivable from the United States Agency for International Development (USAID)		22,361	18,658
Accounts, notes, and other receivables, net		2,866	10,754
Marketable securities	note E	13,798	8,810
Investments in pooled funds	note F	126,251	65,275
Real estate held as investment		914	914
Inventory, net	note H	82,155	85,493
Inventory held for others	note H	—	4,521
Other assets		5,741	5,360
Prepaid funding		7,830	5,499
Fixed assets, net	note I	67,589	65,372
Charitable trusts receivable		5,652	7,429
Assets held in trust		14,509	14,550

TOTAL ASSETS		\$357,658	\$297,793
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Liabilities and net assets	Notes	2008	2009
Liabilities:			
Accounts payable and accrued expenses		\$31,200	\$27,809
Due to World Vision International		130,611	63,054
Commodities payable		—	12,730
Notes payable	note J	8,575	5,845
Accrued pension liability		3,598	15,402
Charitable gift annuities		4,023	4,148
Deferred revenue		43,942	28,068
Amounts held for others	note L	9,371	9,783
Total liabilities		231,320	166,839
Net assets:			
Unrestricted	note M	50,289	55,243
Temporarily restricted	note M	71,625	70,381
Permanently restricted	note M	4,424	5,330
Total net assets		126,338	130,954

TOTAL LIABILITIES AND NET ASSETS		\$357,658	\$297,793
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See accompanying notes to consolidated financial statements.

Consolidated Statements of Activities

	2008				
	Notes	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue					
Contributions, primarily private cash		\$34,154	\$433,260	\$336	\$467,750
Public cash and food commodity grants	note N	280,590	-	-	280,590
Gifts-in-kind	note O	62,449	303,560	-	366,009
Other income/(loss), net		(7,426)	1,941	-	(5,485)
Net assets released due to expiration of time: split-interest agreements		567	(567)	-	-
Net assets released due to satisfaction of program restrictions		708,099	(708,099)	-	-
TOTAL SUPPORT & REVENUE		1,078,433	30,095	336	1,108,864
Operating expenses					
Program services					
Funding of World Vision International:					
Child sponsorship		208,360	-	-	208,360
Relief and rehabilitation, community development, and Christian impact and leadership projects		314,597	-	-	314,597
Gifts-in-kind		219,336	-	-	219,336
Other international relief and development programs		132,647	-	-	132,647
Domestic programs		88,177	-	-	88,177
Public awareness and education		7,647	-	-	7,647
Sponsorship programs		3,963	-	-	3,963
Gifts to other ministries		4,425	-	-	4,425
Total program services		979,152	-	-	979,152
Supporting services					
Management and general		52,574	-	-	52,574
Fundraising		96,625	-	-	96,625
Total supporting services		149,199	-	-	149,199
TOTAL OPERATING EXPENSES		1,128,351	-	-	1,128,351
Change in net assets before the pension actuarial loss and effect of adoption of measurement date provision on pension plan		(49,918)	30,095	336	(19,487)
Pension actuarial loss		(5,578)	-	-	(5,578)
Effect of adoption of measurement date provision on pension plan	note Q	-	-	-	-
CHANGE IN NET ASSETS		(55,496)	30,095	336	(25,065)
Net assets at beginning of year		105,785	41,530	4,088	151,403
NET ASSETS AT END OF YEAR		\$50,289	\$71,625	\$4,424	\$126,338

See accompanying notes to consolidated financial statements.

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	2009				
	Notes	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue					
Contributions, primarily private cash		\$33,566	\$421,057	\$1,137	\$455,760
Public cash and food commodity grants	note N	343,938	-	-	343,938
Gifts-in-kind	note O	103,484	309,830	-	413,314
Other income/(loss), net		7,787	3,074	(64)	10,797
Net assets released due to expiration of time: split-interest agreements		460	(460)	-	-
Net assets released due to satisfaction of program restrictions		734,912	(734,745)	(167)	-
TOTAL SUPPORT & REVENUE		1,224,147	(1,244)	906	1,223,809
Operating expenses					
Program services					
Funding of World Vision International:					
Child sponsorship		206,400	-	-	206,400
Relief and rehabilitation, community development, and Christian impact and leadership projects		356,097	-	-	356,097
Gifts-in-kind		233,728	-	-	233,728
Other international relief and development programs		137,255	-	-	137,255
Domestic programs		114,784	-	-	114,784
Public awareness and education		7,638	-	-	7,638
Sponsorship programs		3,117	-	-	3,117
Gifts to other ministries		7,423	-	-	7,423
Total program services		1,066,442	-	-	1,066,442
Supporting services					
Management and general		48,935	-	-	48,935
Fundraising		91,015	-	-	91,015
Total supporting services		139,950	-	-	139,950
TOTAL OPERATING EXPENSES		1,206,392	-	-	1,206,392
Change in net assets before the pension actuarial loss and effect of adoption of measurement date provision on pension plan		17,755	(1,244)	906	17,417
Pension actuarial loss		(11,945)	-	-	(11,945)
Effect of adoption of measurement date provision on pension plan	note Q	(856)	-	-	(856)
CHANGE IN NET ASSETS		4,954	(1,244)	906	4,616
Net assets at beginning of year		50,289	71,625	4,424	126,338
NET ASSETS AT END OF YEAR		\$55,243	\$70,381	\$5,330	\$130,954

Consolidated Statement of Functional Expenses

	2008 Program Services				Total Program Services
	International Programs	Domestic Programs	Public Awareness and Education	Sponsorship Programs	
Funding of World Vision International and U.S. domestic programs:					
Child sponsorship	\$208,360	\$ -	\$ -	\$ -	\$208,360
Relief and rehabilitation, community development, and Christian impact and leadership projects	299,453	1,781	-	-	301,234
Gifts-in-kind	219,336	72,194	-	-	291,530
Other international relief and development programs	126,234	-	-	-	126,234
Gifts to other ministries	-	4,425	-	-	4,425
Salaries and benefits	13,983	9,972	4,033	2,805	30,793
Professional services	1,063	484	1,243	159	2,949
Media and advertising	410	56	787	14	1,267
Freight and postage	58	64	135	381	638
Printing	32	78	327	10	447
Travel	1,939	986	502	95	3,522
Telephone and communication	376	359	85	40	860
Occupancy	2,756	776	226	302	4,060
Supplies	193	805	186	61	1,245
Equipment	80	257	42	10	389
Repairs and maintenance	476	85	5	8	574
Interest	36	-	-	-	36
Depreciation	131	266	24	78	499
Other	24	14	52	-	90
TOTALS	\$874,940	\$92,602	\$7,647	\$3,963	\$979,152

See accompanying notes to consolidated financial statements.

continued . . .	2008 Supporting Services			Totals
	Management and General	Fundraising	Total Supporting Services	2008
Funding of World Vision International and U.S. domestic programs:				
Child sponsorship	\$ -	\$ -	\$ -	\$208,360
Relief and rehabilitation, community development, and Christian impact and leadership projects	-	-	-	301,234
Gifts-in-kind	-	-	-	291,530
Other international relief and development programs	-	-	-	126,234
Gifts to other ministries	-	-	-	4,425
Salaries and benefits	27,225	39,163	66,388	97,181
Professional services	4,551	15,751	20,302	23,251
Media and advertising	507	15,485	15,992	17,259
Freight and postage	487	7,756	8,243	8,881
Printing	313	9,469	9,782	10,229
Travel	1,427	3,888	5,315	8,837
Telephone and communication	598	866	1,464	2,324
Occupancy	2,132	2,636	4,768	8,828
Supplies	590	749	1,339	2,584
Equipment	802	280	1,082	1,471
Repairs and maintenance	2,257	192	2,449	3,023
Interest	241	5	246	282
Depreciation	6,894	336	7,230	7,729
Other	4,550	49	4,599	4,689
TOTALS	\$52,574	\$96,625	\$149,199	\$1,128,351

Consolidated Statement of Functional Expenses

	2009 Program Services				Total Program Services
	International Programs	Domestic Programs	Public Awareness and Education	Sponsorship Programs	
Funding of World Vision International and U.S. domestic programs:					
Child sponsorship	\$206,400	\$ -	\$ -	\$ -	\$206,400
Relief and rehabilitation, community development, and Christian impact and leadership projects	342,530	271	-	-	342,801
Gifts-in-kind	233,728	97,819	-	-	331,547
Other international relief and development programs	132,837	-	-	-	132,837
Gifts to other ministries	-	7,423	-	-	7,423
Salaries and benefits	12,368	9,573	4,127	2,219	28,287
Professional services	1,647	372	1,261	95	3,375
Media and advertising	14	16	741	1	772
Freight and postage	50	70	153	311	584
Printing	53	87	233	6	379
Travel	1,227	921	516	36	2,700
Telephone and communication	349	205	67	64	685
Occupancy	462	2,709	189	227	3,587
Supplies	217	1,682	218	37	2,154
Equipment	81	79	31	15	206
Repairs and maintenance	757	193	11	46	1,007
Interest	77	21	3	2	103
Depreciation	594	737	52	56	1,439
Other	89	29	36	2	156
TOTALS	\$933,480	\$122,207	\$7,638	\$3,117	\$1,066,442

See accompanying notes to consolidated financial statements.

continued . . .	2009 Supporting Services			Totals
	Management and General	Fundraising	Total Supporting Services	2009
Funding of World Vision International and U.S. domestic programs:				
Child sponsorship	\$ -	\$ -	\$ -	\$206,400
Relief and rehabilitation, community development, and Christian impact and leadership projects	-	-	-	342,801
Gifts-in-kind	-	-	-	331,547
Other international relief and development programs	-	-	-	132,837
Gifts to other ministries	-	-	-	7,423
Salaries and benefits	26,674	37,086	63,760	92,047
Professional services	3,369	14,530	17,899	21,274
Media and advertising	218	13,822	14,040	14,812
Freight and postage	464	7,917	8,381	8,965
Printing	285	8,955	9,240	9,619
Travel	989	3,265	4,254	6,954
Telephone and communication	591	715	1,306	1,991
Occupancy	2,238	2,169	4,407	7,994
Supplies	517	846	1,363	3,517
Equipment	301	280	581	787
Repairs and maintenance	2,686	441	3,127	4,134
Interest	60	30	90	193
Depreciation	5,332	790	6,122	7,561
Other	5,211	169	5,380	5,536
TOTALS	\$48,935	\$91,015	\$139,950	\$1,206,392

Consolidated Statements of Cash Flows

Operating activities	2008	2009
Change in net assets	\$(25,065)	\$4,616
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities:</i>		
Pension actuarial loss	5,578	11,945
Effect of change in measurement date	-	856
Depreciation and amortization	7,729	7,561
Realized and unrealized loss on investments	19,333	381
Loss on disposal of equipment	416	23
Non-cash contributions	(11,408)	(4,946)
Non-cash decrease/(increase) in inventory, net	8,690	(3,338)
Non-cash (increase) in inventory held for others, net	-	(4,521)
Contributions restricted for investment in endowment	(336)	(461)
<i>Changes in operating assets and liabilities:</i>		
Accounts receivable from USAID	(8,398)	3,703
Accounts and other receivables	2,140	(8,020)
Other assets	20	595
Prepaid funding	1,372	2,331
Charitable trusts receivable	1,152	107
Assets held in trust	2,346	(41)
Accounts payable and accrued expenses	(4,216)	(3,391)
Commodities payable	-	12,730
Accrued pension contribution	3,598	(997)
Due to World Vision International	16,270	(67,557)
Charitable gift annuities	217	125
Deferred revenue	(17,656)	(15,874)
Amounts held for others	(1,236)	412
Net cash provided by/(used in) operating activities	546	(63,761)
Investing activities		
Purchase of marketable securities	(694)	(1,334)
Proceeds from sale of marketable securities	6,217	8,779
Purchase of investment in pooled funds	(280,855)	(338,814)
Proceeds from sale of investment in pooled funds	308,976	399,800
Acquisition of fixed assets	(30,098)	(5,390)
Proceeds from sale of equipment	12	23
Principal collected on notes receivable	410	394
Advances on new notes receivable	(290)	(262)
Net cash provided by investing activities	3,678	63,196
Financing activities		
Proceeds from contributions restricted for investment in endowment	336	461
Proceeds from note payable	141	-
Principal payments on notes payable	(476)	(2,730)
Net cash provided by/(used in) financing activities	1	(2,269)
Net increase/(decrease) in cash and cash equivalents	4,225	(2,834)
Cash and cash equivalents, beginning of year	3,767	7,992
CASH AND CASH EQUIVALENTS, END OF YEAR	\$7,992	\$5,158
Cash paid during the year for interest	\$282	\$193

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Note A—Organization and Operations

The consolidated financial statements include the accounts of World Vision, Inc. and its wholly owned and controlled affiliates (collectively, "the Organization"): World Vision Foundation ("Foundation"), World Vision Properties LLC ("WVPLLC"), World Vision Real Properties LLC ("WVRPLLC"), and Tower Business Park LLC ("TBPLLC"). All intercompany transactions and accounts have been eliminated.

World Vision is a Christian humanitarian organization dedicated to working with children, families, and their communities worldwide to reach their full potential by tackling the causes of poverty and injustice. World Vision provides emergency and hunger relief, long-term community development programs, agricultural development assistance, and leadership training. The Organization also educates the public on poverty- and justice-related issues and advocates on behalf of the poor and children in crisis. World Vision serves all people, regardless of religion, race, ethnicity, or gender. In many communities, World Vision's work is carried out with local partners, including development groups and churches. The majority of World Vision, Inc. programs are carried out worldwide through World Vision International, a related entity. World Vision, Inc. is organized as a nonprofit corporation under the laws of the State of California and is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and corresponding California provisions. Donors of cash and/or property are entitled to the maximum charitable contribution deduction allowed by law.

The Foundation is a trust established by World Vision, Inc. in 2002 under the laws of the State of California, as a supporting organization. The Foundation is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and corresponding California provisions.

WVPLLC is a single-purpose entity organized by World Vision, Inc. in 2002 under the laws of the District of Columbia for the purpose of holding legal title to the land and building in Washington, D.C. where World Vision has offices.

WVRPLLC is a single-purpose entity organized by World Vision, Inc. in 2007 under the laws of the State of Nevada for the purpose of holding legal title to donated real estate.

TBPLLC is a single-purpose entity created under the laws of the State of Oregon for the purpose of property development. On December 1, 2003, one hundred percent of the membership interest of TBPLLC was contributed to World Vision, Inc.

Note B—Summary of Significant Accounting Policies**Basis of Accounting:**

The accompanying consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

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, 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.

Fair Value of Financial Instruments:

The carrying value of cash and cash equivalents, grants and other receivables, loan funds receivable and payable, and borrowings approximate fair value as of September 30, 2008 and 2009, due to the relatively short maturity of these instruments, with the exception of one note receivable. The present value of the future cash flows of this note at September 30, 2008 and 2009 was \$3,593 and \$4,923, respectively. The corresponding reported principal balance of the note was \$5,041 at September 30, 2008 and 2009. The note receivable has a corresponding note payable with the same terms.

Cash Equivalents:

Cash equivalents consist primarily of money market instruments with original maturities of three months or less at the date of acquisition.

Note B—Summary of Significant Accounting Policies, continued**Concentration of Credit Risk:**

The Organization maintains demand deposits in a commercial bank that were in excess of Federal Deposit Insurance Corporation insurance limits at September 30, 2008 and 2009. The Organization performs an ongoing evaluation of the commercial bank to limit its concentration of credit risk exposure. Additionally, the Organization is exposed to credit loss for certain investments in the event of nonperformance by the other parties to the investment transactions. However, the Organization does not anticipate nonperformance by the other parties.

Accounts, Notes, and Other Receivables:

Accounts, notes, and other receivables consist of trade receivables, notes receivable, and pledges receivable. Trade receivables, primarily grant receivables, are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts. Management determines the allowance for doubtful accounts by identifying troubled accounts, considering the debtor's financial condition and current economic conditions, and using historical experience applied to an aging of the trade receivables. Trade receivables are expensed when deemed uncollectible. Recoveries of trade receivables previously expensed are recorded when received.

Notes receivable are carried at cost, less an allowance for uncollectible accounts. The allowance for uncollectible accounts for the years ended September 30, 2008 and 2009 was \$140 and \$272, respectively. Interest is accrued monthly, based on the rate stated in the note. Interest is accrued on notes receivable unless receivables are deemed uncollectible.

Pledges receivable are unconditional promises to give. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed at the rate commensurate with the risks involved based upon the rate applicable to the year in which the promise is received. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Investments:

The investment goal of the organization is to invest its assets in a manner that will achieve a total rate of return that exceeds the rate of inflation and meets or exceeds the investment return objectives of World Vision, Inc. funds and reserves. These funds include those internally or donor-designated for various purposes such as working capital, endowments, donor advised funds, and others. To achieve this goal, some investment risk must be taken. To minimize such risk, the Organization diversifies its investments among various financial instruments and asset categories, and uses multiple investment strategies and investment managers. All financial assets are held in custody for the Organization in propriety accounts.

The majority of the Organization's financial assets are invested in U.S. government securities, mutual funds, corporate bonds, and equities. All debt and marketable equity securities are valued at fair value. Investments in mutual fund shares are valued using net asset value per share. Investment transactions are recognized on a trade date basis.

Donor Advised Funds and Designated Funds:

These assets represent amounts available for distribution in donor advised funds and designated funds ("the Funds"). The Funds are established only for charitable, religious, or educational purposes and are used for the support of charitable organizations whose purposes are not inconsistent with those of the Organization. Assets of the Funds include the initial gift made in creating the fund, any subsequent property gifts made into the Funds, and all income and other proceeds from the foregoing property. The Organization recognizes income to the Funds when assets are contributed. The Funds are the property of the Organization and may be commingled with other funds held by it. The Organization has ultimate authority and control over all property in the Funds, however, some designated funds have donor-imposed restrictions. Grants from the Funds are initiated differently for donor advised funds and designated funds. For donor advised funds, donors typically recommend which other organizations should receive grants from their donor advised fund. The Organization usually follows such recommendations, though it is not required to do so. All grants made to other organizations from donor advised funds are recorded as gifts to other ministries under program expenses. For designated funds, generally a selected committee of the Organization or donors determines

Note B—Summary of Significant Accounting Policies, continued

which Organization programs should receive distributions from the designated funds. Donor-imposed restrictions are honored by the Organization. Grants of designated funds are recorded as program expenses.

Gifts-in-Kind:

Gifts-in-kind ("GIK") received through private donations are recorded in accordance with industry standards, referred to as the *Interagency GIK Standards*, as developed by an interagency task force appointed by the Association of Evangelical Relief and Development Organizations ("AERDO"). Gifts-in-kind are valued and recorded as revenue at their estimated fair value as provided by the donor or, in the absence of donors' valuations, based upon the Organization's estimate of wholesale values considering their condition and utility for use, at the time the goods are received from the donor. The recognition of gifts-in-kind revenue is limited to donations where the Organization takes possession or constructive title of the gift-in-kind and either the Organization is the original recipient of the gift, is involved in partnership with the end-user agency, or the gift is used within World Vision, Inc. or World Vision International programs. Gifts-in-kind are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the donor intent.

Gifts-in-kind expense is recorded when the goods are distributed for program use. While it is the Organization's policy to distribute gifts-in-kind as promptly as possible, undistributed gifts-in-kind are recorded as inventory. The inventory is valued at wholesale values estimated by the Organization. The Organization believes that this approximates the lower of cost or market.

Property and Equipment:

Land, buildings and leasehold improvements, equipment, and computer software are recorded at cost when purchased and at estimated fair value at the date of gift if donated. Depreciation of buildings, equipment, and computer software, including amortization of assets recorded under capital leases, is provided on a straight-line basis over the estimated useful lives of the respective assets, generally three to ten years for equipment, seven to forty years for buildings and building improvements, three to eight years for computer software, and over the life of the lease on capital leases.

The costs of repairs and maintenance and depreciation are charged to expense. Upon the sale or retirement of the property and equipment, the related cost and accumulated depreciation are removed from the accounts and the resulting gains or losses are reflected in the statements of activities.

Property 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 their carrying values.

Charitable Trusts Receivable:

Charitable trusts are trusts that represent the Organization's interest in outside trust accounts. These trusts are created by donors independently of the Organization and are neither in the possession nor under the control of the Organization. The trusts are administered by outside fiscal agents as designated by the donor. The Organization records the fair value, using present value calculations and discounted at the rate commensurate with the risks involved. The trusts are recognized as revenue when the Organization is notified that it has been named as an irrevocable beneficiary. The Organization acts as trustee for similar trusts as noted under Assets Held in Trust.

Assets Held in Trust:

The Organization acts as trustee, or has been named as successor trustee, for various revocable and irrevocable trusts. These trusts are governed by their respective written agreements, which provide for the assets to become the property of the Organization, in whole or in part, after the occurrence of specific events. Accordingly, the assets of such trusts, where the Organization acts as trustee, are reflected in the accompanying consolidated financial statements of the Organization at fair value with a related liability at net present value. The Organization discharges its fiduciary duties pursuant to these agreements under the direction of the Board of Directors and management. Generally, any trust assets held by the Organization are held in the name of the Organization as trustee for a particular trust. The irrevocable and revocable trusts, where the Organization

Note B—Summary of Significant Accounting Policies, continued

acts as trustee, are administered by TIAA-CREF Trust Company. The Organization continues to act as trustee of these trusts and has named TIAA-CREF Trust Company co-trustee to aid them in their administration.

Charitable Gift Annuities:

Under charitable gift annuity contracts, the Organization receives irrevocable title to contributed assets and agrees to make fixed period payments over various periods, generally the life of the donor. Contributed assets are recorded at fair value at the date of receipt and a liability is established for the present value of future annuity payments. The assets to fund these liabilities are maintained in a separate and distinct fund. In addition to these assets, the Organization set aside an additional Gift Annuity reserve of \$2,703 and \$2,603 at September 30, 2008 and 2009, respectively, which is included in Investments in Pooled Funds (see Note F). The excess of contributed assets over the annuity liability is recorded as unrestricted contribution revenue. Any actuarial gain or loss resulting from the computation of the liability for the present value of future annuity payments is recorded as an unrestricted change in the value of split-interest agreements. Upon the donor's death, the remaining liability is recognized as change in value of split-interest revenue.

Net Assets:

The Organization's net assets and changes therein are classified and reported as follows:

Permanently Restricted Net Assets - Permanently restricted net assets represent the historical dollar amounts of gifts, including pledges and trusts, subject to donor-imposed stipulations to be invested in perpetuity, and only the income may be available for program operations.

Temporarily Restricted Net Assets - Temporarily restricted net assets are comprised of gifts, including pledges and trusts, as well as income and gains that can be expended, but for which restrictions have not yet been met. Such restrictions include purpose restrictions wherein donors have specified the purpose for which the net assets are to be spent or time restrictions imposed or implied by the nature of the gift (pledges to be paid in the future, life-income funds). When a restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released due to satisfaction of program restrictions.

Unrestricted Net Assets - Unrestricted net assets are all the remaining net assets of the Organization. The only limits on unrestricted net assets are broad limits resulting from the nature of the Organization and purposes specified in its articles of incorporation or bylaws and any limits resulting from contractual agreements.

Grant Revenue:

Cash grant revenue is recognized in the period the Organization incurs reimbursable program expenditures. Food commodities and freight reimbursement received through the United States Agency for International Development (USAID) are valued using guidelines published by the United States Department of Agriculture and USAID. Food inventory and deferred revenue are recorded at their estimated fair value when the Organization receives title to the food.

Food revenue granted for distribution is generally recognized when the commodities are delivered to the ultimate destination. Proceeds received on commodities that are monetized (sold) are recorded as prepaid funding and deferred revenue. Revenue is recognized on the proceeds for food granted for monetization when the proceeds are utilized for program activities.

Contributions:

Contributions are recorded as revenue when an unconditional promise to give has been made. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the donor intent.

Other Income:

Other income consists primarily of actuarial adjustments, and realized and unrealized investment revenue, gains and losses.

Note B—Summary of Significant Accounting Policies, continued**Volunteer Services:**

The efforts of volunteer workers are not reflected in the accompanying consolidated financial statements, as the services provided do not meet the required criteria; however, a substantial number of volunteers have donated significant amounts of their time to the Organization.

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. The Organization holds a stop-loss policy which limits the maximum liability for benefits payable under such claims. Adjustments to expenses resulting from changes in historical loss trends have been insignificant for the years ended September 30, 2008 and 2009. Further, the Organization does not anticipate any significant change in loss trends, settlements, or other costs that would cause a significant change in net assets.

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 of joint activities related to fundraising, management and general, sponsorship programs, and public awareness have been allocated as indicated among the ministry and supporting services benefited.

Reclassifications:

Certain reclassifications have been made to prior year amounts to conform to the current presentation.

Adoption of New Accounting Pronouncements:

The Organization has adopted the measurement date provisions of Financial Accounting Standards Board (FASB) Statement No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans* (SFAS No. 158) (Accounting Standards Codification [ASC] 958-715-65). The statement requires the Organization to measure plan assets and benefit obligations as of the date of the employer's year end. The Organization adopted the provisions of this statement for the year ended September 30, 2009 (see Note Q).

The Organization has adopted the provisions of FASB Staff Position (FSP) – 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* (ASC 958-205). This position provides disclosure about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to the California State Uniform Prudent Management of Institutional Funds Act (UPMIFA). There was no impact to the Organization's net asset classification as a result of the adoptions of these provisions (see Note G).

As of October 1, 2008, the Organization adopted fair value measurement as required by SFAS No. 157, *Fair Value Measurements* (ASC 820-10-55). However, the Organization is allowed under FSP No. 157-2, *Effective Date of FASB Statement No. 157* (ASC 820-10-55) to defer the recognition and measurement of its nonfinancial assets and nonfinancial liabilities until October 1, 2009, except those items recognized or disclosed at fair value on an annual or more frequently recurring basis, and the Organization is electing this deferral of its nonfinancial assets and liabilities. In accordance with the statement, fair value is defined as the price that the Organization would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market of the investment. A three-tier hierarchy was established by the ASC to maximize the use of observable market data and minimize the use of unobservable inputs, and to establish classification of fair value measurements 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 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 reflect the reporting entity's own assumptions about the

Note B—Summary of Significant Accounting Policies, continued

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 investments.

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 investment in its entirety falls is determined based on the lowest level input that is significant to the investment in its entirety. Assessing the significance of a particular input to the investment in its entirety requires judgment and considers factors specific to the investment. The categorization of an investment within the hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to the Organization's perceived risk of liquidity profile of that investment.

Note C—Correction of an Immaterial Error

During 2009, the Organization determined that approximately \$27 million in ending Gift-in-kind inventory still had an unmet purpose restriction which should have been reported as temporarily restricted net assets. Additionally and consistently with how all other temporarily restricted revenues are recorded, \$304 million was reclassified as GIK temporarily restricted revenue and \$277 million was added and released from restrictions. The Organization assessed the materiality of the error on the 2008 financial statements and determined that it is immaterial to previously reported amounts contained in such financial statements.

The Organization corrected the September 30, 2008 consolidated financial statements, and the following table sets forth the effects of the immaterial correction:

Consolidated Statement of Net Assets	As adjusted	As previously reported
Unrestricted net assets, ending net assets	\$50,289	\$76,977
Temporarily restricted net assets, ending net assets	71,625	44,937

Consolidated Statement of Activities	As adjusted		As previously reported	
	Unrestricted	Temporarily restricted	Unrestricted	Temporarily restricted
Gifts-in-kind	\$62,449	\$303,560	\$366,009	\$ -
Net assets released due to satisfaction of program restrictions	708,099	(708,099)	431,227	(431,227)
Change in net assets	(55,496)	30,095	(28,808)	3,407

Note D—Fair Value

The following table presents assets that are measured at fair value on a recurring basis at September 30, 2009:

Marketable securities	September 30, 2009	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Government securities	\$556	\$ -	\$556	\$ -
Equity securities	310	310	-	-
Mutual funds:				
domestic equity	3,669	3,669	-	-
international equity	284	284	-	-
domestic bond	2,896	2,896	-	-
Corporate bonds	1,095	-	1,095	-
Total marketable securities	\$8,810	\$7,159	\$1,651	-
Investments				
Cash equivalents	\$6,315	\$6,315	\$ -	\$ -
Equity securities	36,319	36,319	-	-
Real estate investment trusts	1,343	1,343	-	-
Residential mortgage-backed securities	402	-	402	-
Corporate bonds	1,998	-	1,998	-
Other assets	13,281	11,053	-	2,228
Total investments	\$59,658	\$55,030	\$2,400	\$2,228
Charitable trusts receivable	\$7,429	\$ -	\$ -	\$7,429
Assets held in trust				
Cash equivalents	\$569	\$569	\$ -	\$ -
Mutual funds:				
domestic equity	2,244	2,244	-	-
international equity	1,020	1,020	-	-
domestic bond	8,959	8,959	-	-
Government securities	663	-	663	-
Corporate bonds	1,095	-	1,095	-
Total assets held in trust	\$14,550	\$12,792	\$1,758	\$ -

Total investments in the statement of financial position include \$5,617 of notes receivable which are held at face value and thus are excluded from disclosure in Note D.

The majority of the investments held by the Organization have been classified within Level 1. The Organization holds some investments, marketable securities, and assets held in trust within Level 2 in which the fair value is determined through the use of models or other valuation methodologies. Level 2 investments include mortgage-backed securities, government securities, and corporate bonds.

The Organization holds investments in four limited partnerships classified within Level 3. The value of these investments is based on the most recently prepared appraisals on the properties. The Organization also records the fair value of charitable trusts receivable using present value calculations and discounted at the rate commensurate with the risks involved. This method of valuation is considered to be Level 3. Due to the inherent uncertainty of these estimates, these values may differ from the values that would have been used had a ready market for these investments existed, but the Organization does not

Note D—Fair Value, continued

expect the difference to be material. The following table is a roll forward of the Statements of Financial Position amounts for investments and charitable trusts receivable classified by the Organization within Level 3 of the fair value hierarchy defined in Note B. The net change in value for charitable trusts receivable includes the impact of realized and unrealized gains and losses and changes in value from actuarial derived fluctuations.

	Investments	Charitable trusts receivable
Balance at September 30, 2008	\$2,228	\$5,652
New contributions	-	1,884
Net change in value	-	(107)
Balance at September 30, 2009	\$2,228	\$7,429

Note E—Marketable Securities

The fair value of assets reported as marketable securities were as follows at September 30:

	2008	2009
Government securities	\$902	\$556
Equity securities	5,227	310
Mutual funds:		
domestic equity	4,371	3,669
international equity	216	284
domestic bond	1,784	2,896
Corporate bonds	1,298	1,095
	\$13,798	\$8,810

Marketable securities consist of securities held in trust at TIAA-CREF and securities donated to the Organization not yet liquidated.

Note F—Investments in Pooled Funds

The Organization pools its investments to manage its cash needs and to maximize returns. Included in the pool are assets of the Organization's operating funds as well as funds held for various purposes such as endowments, donor advised funds, and others. The carrying value of assets held in investment in pooled funds was as follows at September 30:

	2008	2009
Cash equivalents	\$68,477	\$6,315
Equity securities	37,805	36,319
Real estate investment trusts	1,174	1,343
Residential mortgage-backed securities	446	402
Corporate bonds	1,192	1,998
Notes receivable	6,648	5,617
Other assets	10,509	13,281
	\$126,251	\$65,275

Note G—Endowments

The Organization's endowments consist of four donor-restricted endowment funds for a variety of purposes. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Organization does not have any board-designated endowments.

Interpretation of Relevant Law - The Organization's Board has interpreted the California State Uniform Prudent Management of Institutional Funds Act (UPMIFA) as allowing the Organization to appropriate for expenditure or accumulate as much of an endowment fund as the Organization determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of a donor expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the Organization. In making a determination to appropriate or accumulate, the Organization shall act in good faith, with the care that an ordinarily prudent organization in a like position would exercise under similar circumstances, and shall consider, if relevant, all of the following factors:

1. The duration and preservation of the fund
2. The purposes of the Organization and the endowment fund
3. General economic conditions
4. The possible effects of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

Changes to donor-restricted endowment net assets for the fiscal year ended September 30, 2008 are as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, September 30, 2007	\$ -	\$972	\$4,088	\$5,060
Endowment investment return:				
interest and dividends	-	162	-	162
net depreciation (realized and unrealized)	(223)	-	-	(233)
Total endowment investment return	(223)	162	-	(61)
Contributions	-	74	336	410
Net assets released due to satisfaction of program requirements	162	(162)	-	-
Appropriation of endowment for expenditure	(162)	-	-	(162)
Endowment net assets, September 30, 2008	\$(223)	\$1,046	\$4,424	\$5,247

Note G—Endowments, continued

Changes to donor-restricted endowment net assets for the fiscal year ended September 30, 2009 are as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, September 30, 2008	\$(223)	\$1,046	\$4,424	\$5,247
Endowment investment return: interest and dividends	-	100	-	100
net appreciation (realized and unrealized)	159	-	-	(159)
Total endowment investment return	159	100	-	259
Contributions	-	105	356	461
Net assets released due to satisfaction of program requirements	100	(100)	-	-
Appropriation of endowment for expenditure	(100)	-	(167)	(267)
Endowment net assets, September 30, 2009	\$(64)	\$1,151	\$4,613	\$5,700

Funds with Deficiencies - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were \$223 and \$64 as of September 30, 2008 and 2009, respectively. These deficiencies resulted from unfavorable market fluctuations that have occurred. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level will be classified as an increase in unrestricted net assets.

Return Objectives and Risk Parameters - The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for donor-specified periods. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner to achieve a total rate of return that exceeds the rate of inflation and meets or exceeds the investment return objectives of the Organization's funds and reserves while assuming a moderate level of investment risk. See Note B – *Investments* for further detail on the Organization's investment strategies.

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation, realized and unrealized, and current yield, such as interest and dividends. The Organization targets a diversified asset allocation among various financial instruments and asset categories, and uses multiple investment strategies and investment managers to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy - The Organization has a policy for each endowment allowing that, annually, the Board may appropriate and expend all or part of the income (defined as income from interest, dividends, rent, and other ordinary income, plus net realized gains). If little or no income is produced in a given year, up to 5% of the fair value of the Fund as of the first business day of the fiscal year may be spent, in accordance with the purpose of the Fund, taking into account the recommendations of the respective Advisory Committee of each Fund. In no case will more than 5% of the Fund balance be distributed in any given year.

Note H—Inventory

Inventory, which is comprised of GIK, food commodities held for monetization, and food commodities received for distribution, fluctuates primarily due to the timing of items received and distributed. Balances were as follows at September 30:

	2008	2009
GIK inventory	\$52,725	\$68,269
Food held for monetization	4,216	1,954
Food received for distribution	28,286	22,151
	85,227	92,374
Provision for GIK obsolescence	(3,072)	(2,360)
Inventory held for others	-	(4,521)
Inventory, net	\$82,155	\$85,493

Note I—Fixed Assets

Fixed assets were comprised of the following at September 30:

	2008	2009
Land	\$6,829	\$6,829
Buildings and leasehold improvements	46,499	48,211
Equipment	29,078	30,597
Computer software	30,850	31,809
	113,256	117,446
Less accumulated depreciation and amortization	(45,667)	(52,074)
	\$67,589	\$65,372

Depreciation and amortization expense for the years ended September 30, 2008 and 2009, was \$7,729 and \$7,561, respectively.

Note J—Notes Payable

Notes payable consisted of the following at September 30:

	2008	2009
8.36% note, interest and principal due quarterly, due 2009	\$2,068	\$ -
4.50% note, interest due quarterly until 2008, due 2010	875	375
7.50% note, interest and principal due quarterly, due 2012	591	429
7.07% note, interest only, due 2013	5,041	5,041
	\$8,575	\$5,845

Debt maturity	
2010	\$550
2011	188
2012	66
2013	5,041
	\$5,845

Note K—Obligations Under Operating Leases

The Organization has commitments related to operating leases for building facilities and equipment at September 30, 2008 and 2009. All operating leases are noncancellable and expire on various dates by 2018.

Future minimum lease payments under noncancellable operating leases with initial or remaining terms of one year or more at September 30, 2009, are as follows:

Year ending September 30	Operating leases
2010	\$2,864
2011	2,544
2012	2,280
2013	1,890
2014	739
Thereafter	521
	\$10,838

Lease and rent expenses for the years ended September 30, 2008 and 2009, were \$3,667 and \$3,404, respectively.

Note L—Amounts Held for Others

The Organization has entered into a variety of trusts for which the Organization is the trustee. Amounts held for others represent the exchange portion of irrevocable split-interest agreements (usually an agreement to pay an annuity to the donor) and refundable advances of revocable agreements (usually the fair value of assets held in trust). The estimated present value of future payments was determined on the basis of published actuarial factors for ages of the respective beneficiaries discounted using a rate based upon Treasury bond rates, which have ranged between 4.3% and 7.0%. The amounts held belong to various investment funds held in trust by the Organization and were as follows at September 30:

	2008	2009
Exchange portion of charitable lead trusts, charitable remainder trusts, and life estates	\$9,239	\$9,643
Refundable advances of revocable trusts and missions agreements	132	140
	\$9,371	\$9,783

Note M—Net Assets

Unrestricted net assets are designated for the following purposes at September 30:

	2008	2009
Represented by working capital and net fixed assets	\$2,227	\$14,728
Represented by donor advised funds and designated funds	28,108	22,858
Represented by charitable gift annuities	536	931
Represented by undistributed GIK contributions	22,966	32,129
Represented by underfunded status of pension plan	(3,548)	(15,403)
	\$50,289	\$55,243

Temporarily restricted net assets are available for the following purposes at September 30:

	2008	2009
Child sponsorship and childcare ministries	\$1,183	\$1,660
Relief and rehabilitation, community development, and Christian impact and leadership projects	29,670	18,798
Domestic programs	3,335	2,740
Term endowments, the income from which is expendable to support World Vision programs	1,046	1,151
Split-interest agreements, the income from which is unrestricted upon the expiration of certain time restrictions	9,703	10,265
Represented by designated funds (see note B)	-	1,986
Represented by undistributed GIK contributions	26,688	33,781
	\$71,625	\$70,381

Permanently restricted net assets consist of the following at September 30:

	2008	2009
Endowments invested in perpetuity, the income from which is expendable to support World Vision programs	\$4,424	\$4,613
Perpetual trusts	-	717
	\$4,424	\$5,330

Note N—Public Cash and Food Commodity Grants

Cash grants are received primarily through United States government agencies to further the exempt purpose of the Organization. Food commodity grants are received primarily from the United States Agency of International Development's ("USAID's") Office of Food for Peace and the World Food Program. Such goods are valued using guidelines published by the United States Department of Agriculture and USAID. Food commodities are either distributed directly to beneficiaries or monetized into cash, which is used to fund international relief and development programs.

Cash and food commodity grant revenues are as follows for the years ended September 30:

Cash grants	2008	2009
Cash awards from USAID	\$95,210	\$114,703
Cash awards from other agencies	14,148	10,126
Total cash grants	109,358	124,829
Food monetization grants		
Cash and freight awards from USAID	13,946	12,657
Cash and freight awards from other agencies	3,614	2,444
Total food monetization grants	17,560	15,101
Food distribution grants		
Food commodities from USAID	63,263	89,381
Food commodities from the World Food Program	42,429	43,734
Food commodities from other agencies	3,853	-
Cash freight awards from USAID	39,789	67,308
Cash freight awards from other agencies	4,338	3,585
Total food distribution grants	153,672	204,008
TOTAL CASH & FOOD COMMODITY GRANTS	\$280,590	\$343,938

Note O—Gifts-in-Kind Revenue

GIK revenue has been allocated for use as follows:

	2008	2009
World Vision programs	\$287,127	\$319,765
Other nonprofit organizations	78,882	93,549
	\$366,009	\$413,314

Note P—Joint Cost Allocation

The Organization incurred expenses that were identifiable with a particular function but served joint purposes. Expenses related to certain events, donor communication, and program materials jointly support sponsorship, public awareness, fundraising, or management and general. These expenses were allocated by their functional classification as follows at September 30:

	2008	2009
Management and general	\$954	\$1,158
Fundraising	6,532	5,823
Public awareness and education	1,183	1,090
Sponsorship programs	631	800
	\$9,300	\$8,871

Note Q—Retirement Plans

The Organization has a noncontributory Cash Balance Retirement Plan ("the Plan") covering substantially all regular employees. Under the Plan, the Organization will add an annual pay credit and interest credit 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. In 1989, the Organization began acting as trustee of the assets of the Plan for the Organization and World Vision International. The assets of the Plan are held in trust by the Organization.

As discussed in Note B, effective September 30, 2009, the Organization adopted the measurement date provision of SFAS 158 (ASC 958-715-65). As a result, the Organization will measure plan assets and benefit obligations as of September 30 rather than June 30. The effect of this change is reflected as the measurement date change in the tables below.

The following table sets forth the actuarial assumptions related to the Plan. Assumptions as of June 30, 2008, and September 30, 2009:

	2008	2009
Discount rate	6.75%	5.25%
Expected return on Plan assets	7.00%	7.00%
Rate of compensation increase	5.00%	4.00%

Each year the Organization determines the discount rate 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 following table provides a reconciliation of benefit obligations, plan assets, and funded status of the Plan for the years ended September 30, 2008 and 2009. The year ended September 30, 2009, includes 15 months of activity. The measurement dates for the information included in the following table are June 30, 2008, and September 30, 2009:

Change in projected benefit obligations	2008		2009	
	World Vision, Inc.	Total Plan	World Vision, Inc.	Total Plan
Projected benefit obligations at beginning of year	\$48,977	\$65,936	\$53,850	\$69,493
Service cost	3,245	4,395	3,442	4,787
Interest cost	2,411	3,866	2,697	4,389
Changes in assumptions	378	(2,459)	718	7,695
Actuarial loss	995	1,285	(1,106)	(1,550)
Benefits paid	(2,156)	(3,530)	(2,344)	(4,577)
Measurement date change	-	-	1,637	2,294
Projected benefit obligations at end of year	\$53,850	\$69,493	\$58,894	\$82,531
Accumulated benefit obligations at end of year	\$46,843	\$60,450	\$51,686	\$72,430

Note Q—Retirement Plans, continued

Change in Plan assets	2008		2009	
	World Vision, Inc.	Total Plan	World Vision, Inc.	Total Plan
Plan assets at fair value at beginning of year	\$54,709	\$73,653	\$50,252	\$64,850
Actual return on Plan assets	(7,573)	(9,773)	(5,224)	(7,321)
Employer contributions	3,000	4,500	4,600	6,900
Benefits paid	(2,156)	(3,530)	(2,344)	(4,577)
Changes in assumptions	2,272	-	(4,573)	-
Measurement date change	-	-	781	1,095
Plan assets at fair value at end of year	\$50,252	\$64,850	\$43,492	\$60,947
Funded status	\$(3,598)	\$(4,643)	\$(15,402)	\$(21,584)
Amounts recognized in the Statement of Financial Position consist of:				
Funded status liability	\$(3,598)	\$(4,643)	\$(15,402)	\$(21,584)
Total amount recognized	\$(3,598)	\$(4,643)	\$(15,402)	\$(21,584)
Amounts recognized in unrestricted net assets under SFAS 158 consist of:				
Increase in actuarial loss	\$5,578	\$9,235	\$11,945	\$17,592

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

	2008		2009	
	World Vision, Inc.	Total Plan	World Vision, Inc.	Total Plan
Service cost	\$3,245	\$4,395	\$3,442	\$4,787
Interest cost	2,411	3,866	2,697	4,389
Expected return on Plan assets	(3,075)	(4,930)	(2,691)	(4,378)
Amortization of net loss	-	-	155	252
Measurement date change	-	-	(736)	(1,031)
Net periodic benefit cost	\$2,581	\$3,331	\$2,867	\$4,019

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.

Note Q—Retirement Plans, continued**Plan Assets**

The Plan asset allocations by asset category are as follows at September 30:

	2008	2009
Mutual funds	83.3%	78.5%
Equity funds	9.6%	8.5%
Corporate bonds	1.6%	5.4%
Other assets	2.8%	4.7%
Notes receivable	2.3%	1.8%
Real estate investment trusts	0.1%	0.8%
Cash and cash equivalents	0.3%	0.3%
	100.0%	100.0%

Estimated Future Payments

The Plan contribution for the year ending September 30, 2010, is expected to be \$5,800 and \$8,300 for World Vision, Inc. and the total Plan, respectively. The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

	World Vision, Inc.	Total Plan
2009-10	\$10,482	\$15,644
2010-11	4,667	6,966
2011-12	5,231	7,808
2012-13	5,742	8,570
2013-14	5,292	7,899
Thereafter	27,655	41,276
	\$59,069	\$88,163

The Organization also provides eligible employees a defined contribution plan, which qualifies under Section 403(b) of the Internal Revenue Code. Under the Plan, the Organization contributes to a participant's account depending on years of service, not to exceed 5% of the participant's eligible earnings. During 2009, the Organization changed from contributing 50% to 100%, to contributing to a participant's account an amount ranging from 25% to 50% of the employee contribution. The Organization contributed \$1,190 and \$1,229, respectively, for the years ended September 30, 2008 and 2009.

Note R—Contingencies

The Organization is involved in various legal proceedings and claims arising in the normal course of business. Management does not expect the ultimate resolution of these actions to have a material adverse effect on the financial position of the Organization.

Grant funding from government agencies is subject to additional audit requirements under Office of Management and Budget ("OMB") Circular A-133 and review by the grantor. Based on historical experience and results of prior OMB Circular A-133 audits, which have been completed through fiscal year 2008, the Organization's management believes costs ultimately disallowed, if any, would not materially affect the financial position, changes in net assets, or cash flows of the Organization.

Note S—Subsequent Events

Subsequent events have been evaluated through December 21, 2009, which is the date the financial statements were available to be issued.