

Financial Accountability and Stewardship

World Vision is dedicated to the highest standards of financial stewardship—because we understand that the resources we receive are a sacred trust from God, through our donors, on behalf of those we serve.

We believe that a charity should be judged on both its efficiency of stewarding funds, and even more importantly, on the effectiveness in accomplishing its mission. We constantly monitor and evaluate World Vision's programs to determine how the lives of children are being improved—including measures of child well-being such as access to clean water, health and nutrition levels, and education achievement. Our effectiveness has earned the trust and support of nearly one million donors, thousands of churches, and hundreds of corporations, institutions, and government agencies around the globe.

We continually strive to improve our efficiency, in part by keeping U.S. fundraising, management, and general expenses (sometimes referred to as “overhead”) as low as possible. In fiscal year 2009, 89 percent of our total revenue was utilized for programs that benefit children, families, and communities in need. This represents a 2 percentage point improvement over the previous year, and our goal is to achieve additional productivity gains in the future.

World Vision is able to multiply the impact of the cash gifts we receive thanks to corporate and government donations of gifts-in-kind and food resources. Because this combination of funding is applied to sponsorship programs and other community activities, each dollar of cash donated to World Vision results in more than a dollar of value being delivered to the communities we serve, even after fundraising and administrative costs are factored in.

2009 Financial Results

World Vision was blessed with another year of growth in fiscal 2009, despite challenging economic conditions. Our total revenue of \$1.2 billion represented a 10 percent increase over the prior year. Fundraising, management, and general expenses (“overhead”) declined 6 percent during the year. Our overhead rate accordingly dropped to an all-time low of 11 percent (compared to 13 percent in fiscal 2008). Program services, representing activities directed toward our mission, increased by 9 percent, from \$979 million to \$1.07 billion.

(page 1 of 3)

Growth in revenue during fiscal 2009 primarily reflected strong gains in gifts-in-kind and government food resources. Cash giving declined by 4% due to a drop in non-sponsorship gifts. However, sponsorship funding, which provides the foundation for our work around the world, increased by 4%.

Net assets for World Vision U.S. improved by \$5 million, as operating costs were closely managed to avoid deficit spending. Importantly, unrestricted net assets also increased in fiscal 2009. World Vision's objective for financial liquidity and reserves is to operate within a prudent range of stability, while recognizing the imperative of distributing maximum funds to mission activities as quickly as possible. In this past year, payments to our World Vision ministry partners were accelerated to offset shortfalls in fundraising goals resulting from the global economic crisis. As a result, assets previously held as investments by WVUS were transferred to other World Vision offices and communities we serve. World Vision U.S. remains financially strong, with sufficient liquid assets to discharge ongoing ministry commitments and other obligations. Most of our investments are held in secure money-market funds. Our investment strategy for long-term assets (primarily pensions, donor advised funds, and endowments) would generally be considered a conservative one.

Looking Forward

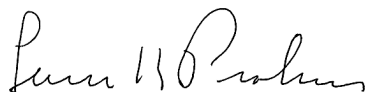
As we anticipate fiscal 2010 and beyond, the outlook on the global economic situation is more volatile than at perhaps any other time since World Vision was founded 59 years ago. However, we continue to feel that God's hand remains firmly fixed on our work, and can see how He has used a time of challenge to make us an even more effective organization.

During the critical first quarter of fiscal 2010 (the three months ended December 31, 2009), our donors continued their steadfast support of World Vision's ministry, increasing their overall cash donations compared to the same quarter one year ago. While World Vision's revenue has clearly been affected by the global economic storm, we are thankful to our donors for giving sacrificially in support of those who are suffering much greater losses than we in the United States. Moving forward, World Vision's operating costs will continue to be managed tightly, reflecting judicious adjustments in staffing, travel, technology, and other controllable expenses.

As we plan for the next two to three years, U.S. unemployment is perhaps the most concerning trend affecting our financial outlook. World Vision's donors are staunchly faithful to the children they support, even in times of economic hardship. However, they cannot sustain that support without jobs. In response, World Vision is taking every possible step to

ensure that the children we serve are cushioned from the effects of a prolonged economic recession. In addition to the cost-controlling measures cited above, merit pay increases for our staff have been suspended for a second consecutive year, and we have invited all of our business partners to share in efforts to reduce operating costs so that more resources are available to benefit children in need. Above all, we continue to pray—acknowledging our dependence on God as we respond to His calling to serve children and families in need.

Larry Probus
Chief Financial Officer, World Vision



(page 3 of 3)

