

2004 Consolidated Financial Statements



Building a better world for children

Board of Directors

World Vision Inc.

In our opinion, the accompanying consolidated Statements of Financial Position and the related Statements of Activities and of Cash Flows present fairly, in all material respects, the financial position of World Vision Inc. and affiliates (the Organization) at September 30, 2003 and 2004, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Organization's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which 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 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, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included on the consolidated schedule of functional expenses is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subject to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP

November 24, 2004

In Thousands of Dollars | September 30, 2003 and 2004

Assets	Notes	2003	2004
Cash and cash equivalents		\$4,936	\$5,000
Accounts receivable from the United States Agency for International Development		3,368	16,102
Accounts, notes, and other receivables, net		10,349	11,131
Marketable securities	note D	7,249	6,676
Investments in pooled funds	note C	52,172	86,403
Donated real estate held as investment		3,237	2,072
Inventory, net of allowance of \$6,987 and \$5,999	note E	55,439	41,390
Other assets		2,736	17,825
Fixed assets, net	note F	42,944	53,059
Assets held in trust		20,141	18,121

TOTAL ASSETS		\$202,571	\$257,779
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Liabilities and net assets	Notes	2003	2004
Liabilities:			
Accounts payable and accrued expenses		\$20,018	\$22,654
Due to World Vision International		4,482	58,726
Notes payable	note I	10,297	10,002
Obligations under capital lease	note H	545	497
Charitable gift annuities		4,056	3,559
Deferred revenue		11,687	17,603
Amounts held for others		10,604	10,630
Total liabilities		61,689	123,671
Net assets:	note K		
Unrestricted		106,150	108,085
Temporarily restricted		34,097	25,388
Permanently restricted		635	635
Total net assets		140,882	134,108

TOTAL LIABILITIES AND NET ASSETS		\$202,571	\$257,779
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In Thousands of Dollars | September 30, 2003 and 2004

	2003					2004			
	Notes	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Contribution and revenue									
Contributions		\$19,839	\$257,964	\$ -	\$277,803	\$21,708	\$274,894	\$ -	\$296,602
Public cash and food commodity grants	note L	198,079	-	-	198,079	284,880	-	-	284,880
Gifts-in-kind		203,917	-	-	203,917	215,281	-	-	215,281
Other income—net		3,893	2,078	-	5,971	9,216	864	-	10,080
Net assets released due to expiration of time: split-interest agreements		4,775	(4,775)	-	-	913	(913)	-	-
Net assets released due to satisfaction of program restrictions		256,078	(256,078)	-	-	283,554	(283,554)	-	-
TOTAL CONTRIBUTIONS & REVENUE		686,581	(811)	-	685,770	815,552	(8,709)	-	806,843
Expenses									
Program services									
Funding of World Vision International:									
Child sponsorship		117,299	-	-	117,299	134,554	-	-	134,554
Relief and rehabilitation, community development, and Christian impact and leadership projects		235,822	-	-	235,822	254,254	-	-	254,254
Gifts-in-kind		38,998	-	-	38,998	90,964	-	-	90,964
Other international relief & development programs		119,387	-	-	119,387	161,381	-	-	161,381
Domestic programs		25,825	-	-	25,825	54,384	-	-	54,384
Public awareness and education		4,632	-	-	4,632	5,524	-	-	5,524
Sponsorship programs		1,880	-	-	1,880	2,105	-	-	2,105
Gifts to other ministries		9,359	-	-	9,359	5,720	-	-	5,720
Total program services		553,202	-	-	553,202	708,886	-	-	708,886
Supporting services									
Management and general		32,542	-	-	32,542	42,004	-	-	42,004
Fund raising		63,279	-	-	63,279	62,727	-	-	62,727
Total supporting services		95,821	-	-	95,821	104,731	-	-	104,731
TOTAL EXPENSES		649,023	-	-	649,023	813,617	-	-	813,617
CHANGE IN NET ASSETS		37,558	(811)	-	36,747	1,935	(8,709)	-	(6,774)
Net assets, beginning of year		68,592	34,908	635	104,135	106,150	34,097	635	140,882
NET ASSETS, END OF YEAR		\$106,150	\$34,097	\$635	\$140,882	\$108,085	\$25,388	\$635	\$134,108

In Thousands of Dollars | September 30, 2003 and 2004

Operating activities	2003	2004
Change in net assets	\$36,747	(\$6,774)
<i>Adjustment to reconcile change in net assets to net cash provided by operating activities:</i>		
<i>Adjustments:</i>		
Depreciation and amortization	3,839	5,792
Realized and unrealized (gain) loss on investments	(1,100)	(1,445)
Loss on sale of donated vehicles	200	2
Loss on disposal of equipment	1,756	-
Non-cash contributions	(7,367)	(6,560)
<i>Changes in operating assets and liabilities:</i>		
Accounts receivable from USAID	3,127	(12,734)
Accounts and other receivables	(555)	282
Inventory	(43,721)	14,049
Other assets	(11,790)	(14,958)
Assets held in trust	9,953	2,020
Accounts payable and accrued expenses	7,251	2,636
Due to World Vision International	(695)	54,244
Charitable gift annuities	(17)	(497)
Deferred revenue	10,033	5,916
Amount held for others (net)	(5,662)	26
Net cash provided by operating activities	1,999	41,999
Investing activities		
Acquisition of fixed assets	(12,710)	(16,662)
Proceeds from sale of equipment	693	1,029
Purchase of marketable securities	(1,904)	(1,504)
Proceeds from the sale of marketable securities	6,522	5,524
Purchase of investment in pooled funds	(213,077)	(196,649)
Proceeds from the sale of investment in pooled funds	214,164	163,525
Proceeds from sale of donated real estate held as investment	6,452	2,893
Proceeds from the sale of donated vehicles	623	744
Decrease in notes receivable	960	(218)
Net cash provided by (used in) investing activities	1,723	(41,318)
Financing activities		
Proceeds from line of credit and notes payable	2,004	-
Principal payments on line of credit and notes payable	(2,601)	(295)
Principal payment under capital leases	(145)	(322)
Net cash (used in) financing activities	(742)	(617)
Net increase in cash and cash equivalents	2,980	64
Cash and cash equivalents, beginning of year	1,956	4,936
CASH & CASH EQUIVALENTS, END OF YEAR	\$4,936	\$5,000
Cash paid during the year for interest	\$465	\$394

In Thousands of Dollars | September 30, 2003 and 2004

Note A—Organization and Operations

The consolidated financial statements include the accounts of World Vision Inc. (Organization) and its wholly owned and controlled affiliates World Vision Foundation (Foundation) and World Vision Properties LLC (WVPLLC). All intercompany transactions and accounts have been eliminated.

World Vision Inc. is a Christian relief and development organization dedicated to helping children and their communities worldwide reach their full potential by tackling the causes of poverty. World Vision provides emergency assistance to children and families affected by natural disasters and civil conflict, works with communities to develop long-term solutions to alleviate poverty, and advocates for justice on behalf of the poor. The majority of World Vision 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.

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.

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.

Note B—Summary of Significant Accounting Policies

Basis of Presentation:

The accompanying consolidated financial statements of the Organization have been prepared in accordance with the AICPA's *Audit and Accounting Guide* for "Not-for-Profit Organizations." Other significant accounting policies are described below.

Net Assets:

Permanently restricted net assets include only the historical dollar amounts of gifts, including pledges and trusts, which are required by donors to be permanently retained. 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 by donors or implied by the nature of the gift (capital projects, pledges to be paid in the future, life-income funds). 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, perhaps, limits resulting from contractual agreements.

Volunteer Services:

The efforts of volunteer workers are not reflected in the accompanying consolidated financial statements, inasmuch as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time to the Organization.

Cash Equivalents:

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

Charitable Gift Annuities:

These liabilities represent amounts payable under annuity agreements over various periods, generally the life of the donor. These are maintained in a separate and distinct fund.

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

Unrestricted and restricted contributions are recorded as contributions and revenue when an unconditional promise to give has been made. Unconditional promises receivable at September 30, 2003 and 2004, were \$3,928 and \$3,697, respectively. Conditional promises to give were estimated to be less than \$7,000 at the years ended September 30, 2003 and 2004, respectively.

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, 2003 and 2004. 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 counterparties.

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. The contribution portion of an agreement (that is, the part that represents the unconditional transfer of assets in a voluntary nonreciprocal transaction) is recognized as revenue or gain when the agreement is received. Accordingly, the assets of such trusts, where the Organization acts as trustee, are reflected in the accompanying financial statements of the Organization. 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 acts as trustee, are administered by State Street Bank and Trust Company. The Organization continues to act as trustee of these trusts and has named State Street Bank and Trust Company co-trustees to aid them in their administration. The Organization also is trustee for the assets of its retirement plan. These assets are not the property of the Organization, in whole or in part, but rather belong wholly to the retirement plan (see Note M). Accordingly, the assets of the retirement plan are not reflected in the accompanying financial statements.

Grant Revenue:

Cash grant revenue is recognized when the Organization incurs reimbursable program expenditures, while food grant revenue is recognized when food commodities are delivered to the ultimate destination. Federal Grant revenue is subject to independent audit under Office of Management and Budget (OMB) Circular A-133 and review by the grantor. Based on prior experience and the results of prior OMB Circular A-133 audits, which have been completed through fiscal year 2003, the Organization's management believes costs ultimately disallowed, if any, would not materially affect the financial position of the Organization.

Reclassifications:

Certain prior-year balances have been reclassified to conform to the current-year presentation.

Gifts-in-kind:

Gifts-in-kind received through private donations are recorded in accordance with industry standards, referred to as the *Interagency GIK Standards*, as developed by an interagency taskforce 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, at wholesale values estimated by the Organization, 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 in World Vision Inc. or World Vision International programs.

In Thousands of Dollars | September 30, 2003 and 2004

Note B—Summary of Significant Accounting Policies, continued

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 at year end 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.

Depreciation and Amortization:

Land, buildings, equipment, and computer software are recorded at cost on purchased items and at fair market value at the date of gift on donated items. 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, 33 to 40 years for buildings, five to eight years for computer software, and over the life of the lease on capital leases.

Donor Advised Funds:

These net assets represent amounts available for distribution in Donor Advised Funds (DAFs). Assets of DAFs include the initial gift made in creating the fund, any subsequent property gifts made into the fund, and all income and other proceeds from the foregoing property. The DAFs 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 DAFs. Donors typically recommend which organizations should receive grants from their fund. The Organization usually follows such recommendations, though it is not required to do so. DAFs 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. The Organization recognizes income from DAFs when assets are contributed to the fund. All grants made to other organizations from DAFs are recorded as program expenses.

Financial Instruments:

The carrying amounts of financial instruments, including cash and cash equivalents, receivables, and payables, approximated fair value as of September 30, 2003 and 2004, because of the relatively short maturity of these instruments, except for one note receivable. The total present value of the future cash flows of the note at September 30, 2003, and 2004 was \$4,130 and \$4,431, respectively. The corresponding reported value of the note was \$5,041 at September 30, 2003, and September 30, 2004. The notes receivable have corresponding notes payable with the same terms.

Joint Cost Allocation:

The costs of providing one program and other 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 fund raising and public awareness and education have been allocated as indicated among the ministry and supporting services benefited.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

In Thousands of Dollars | September 30, 2003 and 2004

Note B—Summary of Significant Accounting Policies, continued**Amounts Held for Others:**

These liabilities 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 amounts held belong to various funds held in trust by the Organization and were as follows at September 30:

	2003	2004
Exchange portion of charitable lead trusts, charitable remainder trusts, and life estates	\$10,232	\$10,392
Refundable advances of revocable trusts and missions agreements	372	238
	\$10,604	\$10,630

Other Income:

Other income consists primarily of annuity and investment revenue. Annuity payments to donors for the years ended September 30, 2003 and 2004, of \$739 and \$660, respectively, were offset against revenue, since this represents income to the donor rather than to the Organization.

Note C—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 certain revocable trusts, which the Organization holds in trust. The fair value of assets held in investment in pooled funds was as follows at September 30:

	2003	2004
Cash and cash equivalents	\$8,595	\$25,916
Notes receivable	3,556	3,937
Corporate bonds	11,331	7,429
Mortgage backed securities	2,338	20,855
Real Estate Investment Trusts	6,670	3,793
Equity funds	15,676	18,384
Other assets	4,006	6,089
	\$52,172	\$86,403

Note D—Marketable Securities

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

	2003	2004
Mutual funds	\$2,325	\$2,690
Corporate bonds	1,269	1,234
Government bonds	3,030	2,117
Equity funds	625	635
	\$7,249	\$6,676

Net realized and unrealized gains of \$577 and \$270 are in other income for the years ended September 30, 2003 and 2004, respectively.

In Thousands of Dollars | September 30, 2003 and 2004

Note E—Inventory

Inventory, which is comprised of gifts-in-kind (GIK) and food commodities held for monetization, fluctuates primarily due to the timing of items received and distributed. Balances as of September 30, 2003 and 2004 were as follows:

	2003	2004
Food held for monetization	\$6,334	\$752
Gifts-in-kind inventory	49,105	40,638
	\$55,439	\$41,390

Note F—Fixed Assets

Fixed assets were comprised of the following at September 30:

	2003	2004
Land	\$1,824	\$3,358
Buildings	20,580	20,566
Equipment	20,741	25,475
Computer software	20,310	29,918
	63,455	79,317
Less accumulated depreciation and amortization	(20,511)	(26,258)
	\$42,944	\$53,059

Depreciation and amortization expense for the years ended September 30, 2003 and 2004, was \$3,839 and \$5,792, respectively.

Note G—Gifts-in-kind Distributed

	2003	2004
World Vision programs	\$38,610	\$123,614
Other nonprofit organizations	116,202	100,135
	\$154,812	\$223,749

Note H—Lease Commitments

The Organization has commitments related to operating leases for building facilities and equipment and capital leases for office furniture and donation processing equipment at September 30, 2003 and 2004. All capital and operating leases are noncancellable and expire on various dates by 2009.

Future minimum lease payments under noncancellable capital and operating leases with initial or remaining terms of one year or more at September 30, 2004, are as follows:

Year ending September 30	Operating Leases	Capital Leases
2005	\$3,510	\$249
2006	1,453	229
2007	1,204	19
2008	931	-
2009	408	-
	\$7,506	497
Less amount representing interest		(14)
Net present value of future minimum lease payments		\$483

Obligations under capital leases are on notes bearing interest at a rate of approximately 2.78%. Lease and rent expense for the years ended September 30, 2003 and 2004, were \$1,750 and \$1,918, respectively. The net book value of assets under capital leases was \$494 and \$483 at September 30, 2003 and 2004, respectively.

Note I—Notes Payable

	2003	2004
4.5% note, interest due quarterly until 2008, due 2010	\$1,000	\$1,000
7.07% note, interest only, due 2013	5,041	5,041
7.5% note, interest and principal due quarterly, due 2012	1,242	1,130
8.36% note, interest and principal due quarterly, due 2009	2,325	2,282
8.5% note, interest and principal due quarterly, due 2007	689	549
	\$10,297	\$10,002

Debt maturity	
2005	\$320
2006	347
2007	423
2008	336
2009	228
Thereafter	8,348
	\$10,002

In Thousands of Dollars | September 30, 2003 and 2004

Note J—Line Of Credit

The Organization maintains a line of credit with their primary banking relationship that allows for borrowings up to \$7,000 at the interest rate of prime plus .25% (5.00% at September 30, 2004) or LIBOR plus 1.25% (3.69% at September 30, 2004). The line of credit is revolving and funds borrowed are to be used for short-term operating cash needs. This agreement was renewed on September 30, 2002. The Organization had no outstanding balances against the line of credit at September 30, 2003 and 2004. In connection with this agreement, the Organization has agreed to maintain, minus endowments, a minimum fund balance, as defined in the agreement. As of September 30, 2004, the Organization is in compliance with all bank covenants.

Note K—Net Assets

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

	2003	2004
Undesignated	(\$2,820)	(\$1,430)
Represented by donor advised funds	21,077	19,519
Represented by charitable gift annuities	594	756
Represented by land, buildings, equipment, computer software, and undistributed gifts-in-kind contributions	87,299	89,240
	\$106,150	\$108,085

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

	2003	2004
Child sponsorship and childcare ministries	\$8,447	\$1,146
Relief and rehabilitation, community development, and Christian impact and leadership projects	12,499	12,079
Domestic programs	1,280	1,364
Term endowments, the income from which is expendable to support World Vision programs	840	917
Split-interest agreements, the income from which is unrestricted upon the expiration of certain time restrictions	11,031	9,882
	\$34,097	\$25,388

Permanently restricted net assets are restricted to endowments invested in perpetuity, the income from which is expendable to support World Vision programs.

Note L—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. 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.

Note L—Public Cash and Food Commodity Grants, continued

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

Cash grants	2003	2004
Cash awards from USAID	\$54,823	\$78,553
Cash awards from other agencies	5,238	8,302
Subtotal cash grants	60,061	86,855
Food monetization grants		
Cash and freight awards from USAID	21,427	40,511
Cash and freight awards from other agencies	1,032	812
Subtotal food monetization grants	22,459	41,323
Food Distribution Grants		
Food commodities from USAID	57,029	82,104
Food commodities from other agencies	28,063	25,146
Cash freight awards from USAID	30,439	44,236
Cash freight awards from other agencies	28	5,216
Subtotal food distribution grants	115,559	156,702
TOTAL CASH & FOOD COMMODITY GRANTS	\$198,079	\$284,880

Note M—Retirement Plan

The Organization has a noncontributory Cash Balance Retirement Plan (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 Plans for the Organization and World Vision International. The assets of the Plan are held in trust by the Organization. In accordance with Revised Statement of Financial Accounting Standard 132 (SFAS 132(R)), Employers' Disclosure about Pensions and Other Postretirement Benefits, Plan assets at fair value, for both companies, as of the measurement date, June 30, are as follows:

	2003	2004
Cash and cash equivalents	\$ -	\$57
Mutual funds	25,517	35,482
Notes receivable	3,844	3,564
Corporate bonds	731	447
Mortgage backed securities	433	13
Real Estate Investment Trusts	736	996
Equity funds	4,338	4,485
Other assets	-	321
	\$35,599	\$45,365

In Thousands of Dollars | September 30, 2003 and 2004

Note M—Retirement Plan, continued

The following table sets forth the Plan's funded status for the Organization alone based on an actuarial valuation at June 30 and amounts recognized in the Organization's statements of financial position and statements of activities at September 30:

	2003	2004
Benefit obligation, end of year	\$30,740	\$34,977
Fair value of Plan assets, end of year	23,937	29,922

Funded status	(\$6,803)	(\$5,055)
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	2003	2004
(Accrued) / Prepaid benefit cost recognized in the Statement of Financial Position	(\$321)	\$556
Weighted-average assumptions		
Discount rate	6.50%	6.50%
Expected return on Plan assets	7.00%	7.00%
Rate of compensation increase	5.23%	5.50%

Benefit cost	\$2,147	\$2,423
Employer contribution	2,516	3,300
Benefits paid	901	1,082

Measurement date: June 30, 2004

Accumulated benefit obligation, end of year	\$28,628
Expected contribution next fiscal year	\$2,520
Total expected benefit payments for fiscal year	
2005	\$2,880
2006	2,700
2007	2,340
2008	3,420
2009	3,480
2010-2014	18,060

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

Our expected long-term rate of return on assets is based on the current mix of asset classes, taking into consideration historic risk and return results.

In Thousands of Dollars | For the Year Ended September 30, 2004 (with comparative totals for 2003)

	2004 Program Services					2004 Supporting Services			Totals	
	International Programs	Domestic Programs	Public Awareness & Education	Sponsorship Programs	Total Program Services	Management & General	Fund Raising	Total Supporting Services	2004 Total	2003 Total
Funding of World Vision International and U.S. domestic programs:										
Child sponsorship	\$134,554	\$ -	\$ -	\$ -	\$134,554	\$ -	\$ -	\$ -	\$134,554	\$117,299
Relief and rehabilitation, community development, and Christian impact and leadership projects	246,035	4,299	-	-	250,334	-	-	-	250,334	231,422
Gifts-in-kind	90,964	41,543	-	-	132,507	-	-	-	132,507	52,748
Other international relief & development programs	155,471	-	-	-	155,471	-	-	-	155,471	113,953
Gifts to other ministries	-	5,720	-	-	5,720	-	-	-	5,720	9,359
Salaries and benefits	8,036	4,907	1,951	1,364	16,258	22,183	21,480	43,663	59,921	55,696
Professional services	1,097	545	1,153	2	2,797	5,630	7,978	13,608	16,405	13,160
Media and advertising	149	26	1,153	1	1,329	360	12,353	12,713	14,042	14,113
Freight and postage	76	47	194	142	459	373	6,002	6,375	6,834	6,399
Printing	31	77	208	-	316	237	7,345	7,582	7,898	8,843
Travel	1,715	830	374	11	2,930	1,208	3,294	4,502	7,432	6,463
Telephone and communication	272	209	73	25	579	463	727	1,190	1,769	1,557
Occupancy	540	1,128	153	312	2,133	1,657	1,619	3,276	5,409	5,210
Supplies	212	256	173	109	750	344	638	982	1,732	1,433
Equipment	176	171	40	63	450	656	291	947	1,397	874
Repairs and maintenance	71	182	4	12	269	1,375	105	1,480	1,749	1,752
Interest	87	35	9	11	142	140	112	252	394	146
Depreciation	610	112	39	52	813	4,395	584	4,979	5,792	3,839
Other	1,057	17	-	1	1,075	2,983	199	3,182	4,257	4,757
TOTALS	\$641,153	\$60,104	\$5,524	\$2,105	\$708,886	\$42,004	\$62,727	\$104,731	\$813,617	\$649,023



Building a better world for children

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World Vision is a Christian relief and development organization dedicated to helping children and their communities worldwide reach their full potential by tackling the causes of poverty. Motivated by our faith in Jesus, we serve the poor—regardless of a person's religion, race, ethnicity, or gender—as a demonstration of God's unconditional love for all people.

