WORLD VISION, INC. AND AFFILIATES

Consolidated Financial Statements

September 30, 2013 and 2014

(With Independent Auditors' Report Thereon)

KPMG LLP
Suite 2900
1918 Eighth Avenue
Seattle, WA 98101

Independent Auditors' Report

The Board of Directors
World Vision, Inc.:

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

KPMG LLP is a Delaware limited liability partnership,
the U.S. member firm of KPMG International Cooperative
("KPMG International"), a Swiss entity.

KPMG

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, 2013 and 2014, and the changes in its net assets and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

KPMG LLP

Seattle, Washington
December 15, 2014

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WORLD VISION, INC. AND AFFILIATES

Consolidated Statements of Financial Position

September 30, 2013 and 2014

(In thousands of dollars)

Assets		**2013**	**2014**
Current assets:			
Cash and cash equivalents	$	8,920	5,946
Accounts receivable from the United States Agency for International Development (USAID)		17,058	18,005
Accounts, notes, and other receivables, net		2,332	2,550
Marketable securities (note 3)		12,325	12,765
Investments in pooled funds (note 3)		32,987	32,196
Other assets		10,135	8,342
Inventory, net (note 5)		60,512	56,966
Total current assets		144,269	136,770
Noncurrent assets:			
Marketable securities (note 3)		7,304	7,412
Investments in pooled funds (note 3)		8,270	7,980
Real estate held as investment		2,504	2,685
Fixed assets, net (note 6)		59,219	55,473
Other assets		4,352	8,265
Charitable trusts receivable (note 3)		9,680	10,432
Assets held in trust (note 3)		9,904	12,682
Total noncurrent assets		101,233	104,929
Total assets	$	245,502	241,699
Liabilities and Net Assets			
Current liabilities:			
Accounts payable and accrued expenses	$	23,505	25,263
Due to World Vision International (note 7)		77,106	48,786
Deferred revenue		3,617	4,514
Margin loan (note 8)		—	5,528
Total current liabilities		104,228	84,091
Noncurrent liabilities:			
Charitable gift annuities		5,186	4,978
Amounts held for others (note 10)		6,328	9,037
Deferred revenue		1,112	1,092
Total noncurrent liabilities		12,626	15,107
Total liabilities		116,854	99,198
Net assets:			
Unrestricted (note 11)		63,452	62,966
Temporarily restricted (note 11)		57,587	71,841
Permanently restricted (note 11)		7,609	7,694
Total net assets		128,648	142,501
Total liabilities and net assets	$	245,502	241,699

See accompanying notes to consolidated financial statements.

WORLD VISION, INC. AND AFFILIATES

Consolidated Statement of Activities

Year ended September 30, 2013

(In thousands of dollars)

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenue raised to support programs and operations:				
Contributions, primarily private cash	$ 36,468	562,101	234	598,803
Public cash and food commodity grants (note 12)	178,684	—	—	178,684
Gifts-in-kind (note 13)	56,883	139,117	—	196,000
Other income, net	8,174	174	63	8,411
Net assets released from restriction:				
Due to expiration of time (split-interest agreements)	348	(348)	—	—
Due to satisfaction of program restrictions	702,308	(702,308)	—	—
Total support and revenue	982,865	(1,264)	297	981,898
Operating expenses:				
Program services (note 1):				
International programs	745,037	—	—	745,037
Domestic programs	54,383	—	—	54,383
Public awareness and education	5,035	—	—	5,035
Total program services	804,455	—	—	804,455
Supporting services (note 1):				
Management and general	52,003	—	—	52,003
Fundraising	114,441	—	—	114,441
Total supporting services	166,444	—	—	166,444
Total operating expenses	970,899	—	—	970,899
Change in net assets before the pension actuarial gain	11,966	(1,264)	297	10,999
Pension actuarial gain (note 16)	8,421	—	—	8,421
Change in net assets	20,387	(1,264)	297	19,420
Net assets, beginning of year	43,065	58,851	7,312	109,228
Net assets, end of year	$ 63,452	57,587	7,609	128,648

See accompanying notes to consolidated financial statements.

WORLD VISION, INC. AND AFFILIATES

Consolidated Statement of Activities

Year ended September 30, 2014

(In thousands of dollars)

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenue raised to support programs and operations:				
Contributions, primarily private cash	$ 41,337	558,457	—	599,794
Public cash and food commodity grants (note 12)	194,551	—	—	194,551
Gifts-in-kind (note 13)	55,571	176,655	—	232,226
Other income, net	9,671	1,556	85	11,312
Net assets released from restriction:				
Due to expiration of time (split-interest agreements)	636	(636)	—	—
Due to satisfaction of program restrictions	721,778	(721,778)	—	—
Total support and revenue	1,023,544	14,254	85	1,037,883
Operating expenses:				
Program services (note 1):				
International programs	793,832	—	—	793,832
Domestic programs	70,102	—	—	70,102
Public awareness and education	4,451	—	—	4,451
Total program services	868,385	—	—	868,385
Supporting services (note 1):				
Management and general	50,175	—	—	50,175
Fundraising	107,302	—	—	107,302
Total supporting services	157,477	—	—	157,477
Total operating expenses	1,025,862	—	—	1,025,862
Change in net assets before the pension actuarial gain	(2,318)	14,254	85	12,021
Pension actuarial gain (note 16)	1,832	—	—	1,832
Change in net assets	(486)	14,254	85	13,853
Net assets, beginning of year	63,452	57,587	7,609	128,648
Net assets, end of year	$ 62,966	71,841	7,694	142,501

See accompanying notes to consolidated financial statements.

WORLD VISION, INC. AND AFFILIATES

Consolidated Statement of Functional Expenses

Year ended September 30, 2013

(In thousands of dollars)

	Program services				Supporting services			
	International programs	**Domestic programs**	**Public awareness and education**	**Total program services**	**Management and general**	**Fundraising**	**Total supporting services**	**Total 2013**
Funding of World Vision International and U.S. domestic programs:								
Child sponsorship	$ 265,610	—	—	265,610	—	—	—	265,610
Relief and rehabilitation, community development, and Christian impact and leadership projects	281,060	—	—	281,060	—	—	—	281,060
Gifts-in-kind	128,020	32,634	—	160,654	—	—	—	160,654
Other international relief and development programs	43,731	—	—	43,731	—	—	—	43,731
Gifts to other ministries	—	6,071	—	6,071	—	—	—	6,071
Community development and subgrantee expenses	—	236	—	236	—	—	—	236
Salaries and benefits	18,080	8,655	3,363	30,098	27,963	44,359	72,322	102,420
Professional services	1,328	479	593	2,400	7,007	27,692	34,699	37,099
Media and advertising	34	355	259	648	481	13,387	13,868	14,516
Freight and postage	250	289	80	619	607	9,156	9,763	10,382
Printing	123	217	100	440	259	7,921	8,180	8,620
Travel	1,569	756	316	2,641	1,129	4,940	6,069	8,710
Occupancy	1,162	1,981	162	3,305	2,573	3,755	6,328	9,633
Equipment, repairs, and maintenance	242	600	21	863	2,882	836	3,718	4,581
Depreciation	436	1,166	12	1,614	2,931	1,554	4,485	6,099
Other	3,392	944	129	4,465	6,171	841	7,012	11,477
Totals	$ 745,037	54,383	5,035	804,455	52,003	114,441	166,444	970,899

See accompanying notes to consolidated financial statements.

WORLD VISION, INC. AND AFFILIATES

Consolidated Statement of Functional Expenses

Year ended September 30, 2014

(In thousands of dollars)

	Program services				Supporting services			
	International programs	Domestic programs	Public awareness and education	Total program services	Management and general	Fundraising	Total supporting services	Total 2014
Funding of World Vision International and U.S. domestic programs:								
Child sponsorship	$ 262,507	—	—	262,507	—	—	—	262,507
Relief and rehabilitation, community development, and Christian impact and leadership projects	290,879	—	—	290,879	—	—	—	290,879
Gifts-in-kind	174,504	50,059	—	224,563	—	—	—	224,563
Other international relief and development programs	37,478	—	—	37,478	—	—	—	37,478
Gifts to other ministries	—	8,279	—	8,279	—	—	—	8,279
Community development and subgrantee expenses	—	126	—	126	—	—	—	126
Salaries and benefits	20,024	6,412	2,660	29,096	27,347	43,828	71,175	100,271
Professional services	1,674	319	625	2,618	6,001	22,729	28,730	31,348
Media and advertising	190	319	272	781	551	13,381	13,932	14,713
Freight and postage	241	182	61	484	512	8,297	8,809	9,293
Printing	113	176	39	328	233	7,460	7,693	8,021
Travel	1,764	521	426	2,711	1,073	4,412	5,485	8,196
Occupancy	1,178	1,423	150	2,751	2,550	3,572	6,122	8,873
Equipment, repairs, and maintenance	300	428	24	752	3,292	868	4,160	4,912
Depreciation	370	1,256	9	1,635	2,992	1,638	4,630	6,265
Other	2,610	602	185	3,397	5,624	1,117	6,741	10,138
Totals	$ 793,832	70,102	4,451	868,385	50,175	107,302	157,477	1,025,862

See accompanying notes to consolidated financial statements.

WORLD VISION, INC. AND AFFILIATES

Consolidated Statements of Cash Flows

Years ended September 30, 2013 and 2014

(In thousands of dollars)

		2013	2014
Cash flows from operating activities:			
Change in net assets	$	19,420	13,853
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:			
Pension actuarial gain		(8,421)	(1,832)
Depreciation and amortization		6,099	6,265
Realized and unrealized gain on marketable securities and investments in pooled funds		(108)	(2,033)
Loss on disposal of equipment		48	367
Noncash contributions		(11,523)	(20,000)
Proceeds from the sale of donated marketable securities		9,162	17,101
Noncash (increase) decrease in inventory, net		(5,564)	3,546
Accrued pension contribution decrease (increase)		595	(1,865)
Contributions restricted for investment in endowment		(234)	—
Other changes in operating assets and liabilities:			
Accounts receivable from USAID		253	(947)
Accounts and other receivables		566	(521)
Other assets		(2,470)	1,867
Charitable trusts receivable		2,409	1,426
Assets held in trust		163	(2,778)
Accounts payable and accrued expenses		(1,038)	1,758
Due to World Vision International		(3,745)	(28,320)
Charitable gift annuities		272	(208)
Deferred revenue		(1,059)	877
Amount held for others		347	2,709
Net cash provided by (used in) operating activities		5,172	(8,735)
Cash flows from investing activities:			
Purchase of marketable securities		(7,053)	(6,402)
Proceeds from the sale of marketable securities		7,267	6,836
Purchase of investment in pooled funds		(199,465)	(102,000)
Proceeds from the sale of investment in pooled funds		203,466	104,377
Acquisition of fixed assets		(6,176)	(2,933)
Proceeds from sale of equipment		27	47
Proceeds from sales of donated real estate held as investment		463	244
Principal collected on notes receivable		2	64
Net cash (used in) provided by investing activities		(1,469)	233
Cash flows from financing activities:			
Contributions restricted for investment in endowment		234	—
Proceeds from margin loan		—	5,639
Principal payments on margin loan		—	(111)
Net cash provided by financing activities		234	5,528
Net change in cash and cash equivalents		3,937	(2,974)
Cash and cash equivalents, beginning of year		4,983	8,920
Cash and cash equivalents, end of year	$	8,920	5,946
Cash paid during the year for interest	$	17	1

See accompanying notes to consolidated financial statements.

(1) Organization Mission and Structure

Mission

World Vision (the Organization) 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. The Organization provides emergency relief and long-term community development programs, including local leadership training, in nearly 100 countries around the world. The Organization also educates the public on poverty- and justice-related issues and advocates on behalf of the impoverished and oppressed. World Vision serves all people, regardless of religion, race, ethnicity, or gender. The Organization strives to maximize its impact by partnering with other development groups, local organizations, and churches.

World Vision's activities comprised the following during fiscal years 2013 and 2014:

International Programs – The Organization partners with families and communities around the world to design and implement sustainable plans to overcome poverty, helping establish ongoing access to basic resources such as clean water, nutritious food, basic healthcare, education, income-generating opportunities, and other essentials. One of the Organization's primary funding sources for this work is child sponsorship, through which the Organization, in partnership with long-term individual child sponsors, seeks to improve the physical, emotional, and spiritual well-being of children in impoverished communities. Additionally, the Organization responds to natural and man-made disasters to save lives and help restore livelihoods. The majority of World Vision's international programs are carried out by World Vision International, a related party.

Domestic Programs – The Organization works with local churches, teachers, business owners, students, and volunteers throughout the United States as they seek to serve distressed communities and neighborhoods in a variety of U.S. locations. This work is carried out in part through the Organization's network of product distribution warehouses, emergency response efforts, and tutoring and youth development programs.

Public Awareness and Education – The Organization seeks to help government officials and the public gain awareness and take action on poverty- and justice-related issues. World Vision advocates on behalf of children and the poor to increase understanding of issues, involvement in solutions, and prayer support.

Fundraising – The Organization works to secure vital financial support from the public to fund the life-changing programs of the Organization.

Management and General – The Organization invests time and money into its infrastructure to provide executive direction, financial management, audit and accountability, human resource services, planning, and coordination of the Organization's activities.

Structure

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.

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, DC, 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, 100% of the membership interest of TBPLLC was contributed to World Vision, Inc. On December 31, 2013, TBPLLC was dissolved and World Vision, Inc. received the liquidating distribution.

(2) Summary of Significant Accounting Policies

(a) 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 (GAAP).

In October 2012, the FASB issued ASU No. 2012-05, "*Statement of Cash Flows (Topic 230): Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows*". ASU 2012-05 addresses how cash receipts arising from the sale of certain donated financial assets, such as securities, should be classified in the statement of cash flows of not-for-profit entities (NFPs). The objective of this update is for an NFP to classify cash receipts from the sale of donated financial assets consistently with cash donations received in the statement of cash flows if those cash receipts were from the sale of donated financial assets that upon receipt were directed without the NFP imposing any limitations for sale and were converted nearly immediately into cash. ASU 2012-05 is effective prospectively for fiscal years, and interim periods within those years, beginning after June 15, 2013. Retrospective application to all prior periods presented upon the date of adoption is permitted. The Organization adopted ASU 2012-05 during fiscal year 2014, and has classified as operating cash flows the sale of those financial assets for fiscal year 2013 and 2014.

(b) 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

(c) Assets and Liabilities Measured and Reported at Fair Value

The carrying value of cash and cash equivalents, accounts, notes, and other receivables, and margin loan approximate fair value as of September 30, 2013 and 2014, due to the relatively short maturity of these instruments.

(d) Cash Equivalents

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

(e) Concentration of Credit Risk

The Organization maintains interest-bearing deposits in a commercial bank that are in excess of Federal Deposit Insurance Corporation insurance limits at September 30, 2013 and 2014. The Organization performs an ongoing evaluation of the commercial bank to limit its concentration of credit risk exposure. Additionally, the Organization is exposed to risk of 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.

(f) Accounts Receivable

Accounts receivable consist mainly of grant funds receivable from the United States Agency for International Development (USAID). Additionally, the Organization has a small amount of notes receivable and pledges receivable. Trade 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.

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 their estimated future cash flows. The discounts on those amounts are computed at the rate commensurate with the risks involved and upon the rate applicable to the year in which the promise is received. Conditional promises to give are not included as support or pledges receivable until such time as the conditions are substantially met. As of September 30, 2014, the Organization had outstanding $10,871 in conditional promises to give. Of the conditional promises to give outstanding, $4,550 was conditioned upon the raising of matching funds and $6,321 was conditioned upon the completion of specific programmatic performance milestones.

(g) Investments

Investments are stated at fair value as determined by quoted prices. 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 the Organization.

The Organization's marketable securities consist of securities held in trust at Kaspick & Company, securities held at various brokerage firms, and securities donated to the Organization not yet liquidated.

The Organization pools its investments to manage its cash needs and to maximize returns. These pooled investments 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. Investment transactions are recognized on a trade-date basis.

(h) 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 contrary to the values 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, agreements generally include terms stating the recommendations of the donor as to the amount, timing, and purpose of the distributions to the Organization's programs, which the Organization typically follows. Donor-imposed restrictions are honored by the Organization. Grants of designated funds are recorded as program expenses.

(i) 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 lesser of useful life or life of the lease on leasehold improvements.

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

Property and equipment are reviewed each year for impairment or 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.

(j) Charitable Trusts Receivable

Charitable trusts 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 agents as designated by the donor. The Organization records the fair value, using present value calculations and discounted at the rate that is commensurate with 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.

(k) 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, which is reported as amounts held for others. 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 Kaspick & Company.

(l) Charitable Gift Annuities

Under charitable gift annuity contracts, the Organization receives irrevocable title to contributed assets and agrees to make fixed 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 and are invested in accordance with applicable state laws and reserve requirements. In addition to these assets, the Organization set aside an additional gift annuity reserve of $2,694 and $2,509 at September 30, 2013 and 2014, respectively, which is included in investments in pooled funds. 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 termination of the annuity contract, the remaining liability is recognized as change in value of split-interest revenue.

(m) 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 comprise gifts; including pledges and trusts, as well as income and gains that can be expended, 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 are imposed or implied by the nature of the gift (pledges to be paid in the future, life-income funds, and unappropriated earnings of permanent endowments). When a restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements 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.

(n) 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.

(o) 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 when the Organization receives title to the food. Fair value is determined by reference to cost values provided by the donor, as well as costs incurred by World Vision, as reviewed for appropriateness by the Organization.

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.

(p) Gifts-in-Kind

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

Pharmaceutical contributions legally permissible for sale in the United States are valued using a hierarchy of pricing inputs that approximates wholesale prices in the United States. Pharmaceutical contributions not legally permissible for sale in the United States are valued based upon wholesale market price data, obtained from a reliable third-party source, in countries representing principal exit markets where such products are approved for sale.

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

GIK expense is recorded when the goods are distributed for program use. While it is the Organization's policy to distribute GIK as promptly as possible, undistributed GIK is recorded as inventory. The inventory is valued using the same methodologies discussed above. The Organization believes that this approximates the lower of cost or market.

(q) Other Income

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

(r) Contributed Services

A substantial number of volunteer workers have donated significant amounts of their time to the Organization that are not reflected in the accompanying consolidated financial statements, as the services provided do not meet the required criteria for recognition of revenue.

(s) 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 that 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, 2013 and 2014. 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.

(t) 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, international programs, and public awareness have been allocated as indicated among the program and supporting services benefited.

(u) Income Taxes

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 Organization follows the guidance of Accounting Standards Codification (ASC) 740, *Accounting for Income Taxes* (ASC 740), related to uncertainties in income taxes, which prescribes a threshold of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. There are no such uncertain tax positions for the Organization for the years ended September 30, 2013 and 2014.

(v) Reclassification

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

(3) Fair Value and Investments

Fair value is defined as the price that the Organization would receive upon selling an asset in an orderly transaction to an independent buyer in the principal market of the asset. A three-tier hierarchy, based upon observable and unobservable inputs, is used for fair value measurements. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Observable inputs are those that reflect assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are those that reflect the reporting entity's own assumptions 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.

(Continued)

(In thousands of dollars)

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

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

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

	September 30, 2013	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Marketable securities:				
Government securities	$ 340	—	340	—
Equity securities	150	5	—	145
Mutual funds:				
Domestic equities	7,570	7,570	—	—
International equities	2,857	2,857	—	—
Domestic bonds	8,712	8,712	—	—
Total marketable securities	$ 19,629	19,144	340	145

(In thousands of dollars)

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

		September 30, 2013	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments in pooled funds:					
Cash equivalents	$	571	571	—	—
Equity securities		16,083	16,083	—	—
Mutual funds:					
Domestic equities		4,845	4,845	—	—
International equities		1,188	1,188	—	—
Domestic bonds		2,543	2,543	—	—
Real estate investment trusts		1,628	1,628	—	—
Residential mortgage-backed securities		43	—	43	—
Corporate bonds		267	—	267	—
Master limited partnerships		11,562	11,562	—	—
Other assets		2,228	—	—	2,228
Total investments in pooled funds	$	40,958	38,420	310	2,228
Charitable trusts receivable	$	9,680	—	—	9,680
Assets held in trust:					
Cash equivalents	$	311	311	—	—
Mutual funds:					
Domestic equities		2,615	2,615	—	—
International equities		1,571	1,571	—	—
Domestic bonds		5,407	5,407	—	—
Total assets held in trust	$	9,904	9,904	—	—

In the consolidated statements of financial position, total investments in pooled funds include $299 of notes receivable. These notes receivable are held at face value and thus excluded from this disclosure.

(In thousands of dollars)

Investments are presented in the statement of financial position as of September 30, 2013 as follows:

		Current investments	Investments held for long-term purposes	Total
Marketable securities	$	12,325	7,304	19,629
Investments in pooled funds		32,987	8,270	41,257

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

		September 30, 2014	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Marketable securities:					
Government securities	$	331	—	331	—
Equity securities		438	134	—	304
Mutual funds:					
Domestic equities		8,316	8,316	—	—
International equities		2,950	2,950	—	—
Domestic bonds		8,142	8,142	—	—
Total marketable securities	$	20,177	19,542	331	304
Investments in pooled funds:					
Cash equivalents	$	343	343	—	—
Equity securities		16,755	16,755	—	—
Mutual funds:					
Domestic equities		4,625	4,625	—	—
International equities		1,256	1,256	—	—
Domestic bonds		3,222	3,222	—	—
Real estate investment trusts		2,616	2,616	—	—
Residential mortgage-backed securities		21	—	21	—
Corporate bonds		52	—	52	—
Master limited partnerships		11,286	11,286	—	—
Total investments in pooled funds	$	40,176	40,103	73	—
Charitable trusts receivable	$	10,432	—	—	10,432

(In thousands of dollars)

		September 30, 2014	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets held in trust:					
Cash equivalents	$	428	428	—	—
Mutual funds:					
Domestic equities		4,384	4,384	—	—
International equities		2,178	2,178	—	—
Domestic bonds		5,692	5,692	—	—
Total assets held in trust	$	12,682	12,682	—	—

Investments are presented in the statement of financial position as of September 30, 2014 as follows:

		Current investments	Investments held for long-term purposes	Total
Marketable securities	$	12,765	7,412	20,177
Investments in pooled funds		32,196	7,980	40,176

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 held investments in four limited partnerships classified within Level 3 as of September 30, 2013. Three of those partnerships were consolidated on October 1, 2013 and the Organization was allotted shares in the initial public offering, and transferred them to a Level 1 investment. A liquidating distribution was received by the Organization for the interest in the fourth partnership. The Organization also records the fair value of charitable trusts receivable using present value calculations 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 expect the difference to be material. The following table is a rollforward of the consolidated statements of financial position amounts for marketable securities, investments, and charitable trusts receivable classified by the Organization within Level 3 of the fair value hierarchy. The net change in value for charitable trusts receivable is the change in value from actuarial derived fluctuations. There were no transfers between Level 1 and Level 2 during the year ended September 30, 2014.

(In thousands of dollars)

		Marketable securities	Investments	Charitable trusts receivable
Balance at September 30, 2012	$	143	2,228	10,403
New contributions		120	—	1,686
Sales		(118)	—	—
Net change in value		—	—	(2,409)
Balance at September 30, 2013		145	2,228	9,680
New contributions		262	—	2,178
Sales		(103)	(2,228)	—
Net change in value		—	—	(1,426)
Balance at September 30, 2014	$	304	—	10,432

(4) Endowments

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. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

During the year ended September 30, 2013, the Organization had five donor-restricted endowment funds totaling $7,782 and one board-designated endowment fund totaling $190. During the year ended September 30, 2014, the Organization had five donor-restricted endowment funds totaling $7,715 and one board-designated endowment fund totaling $250. During the years ended September 30, 2013 and 2014, these endowments had a net investment return of $746 and $355, and amounts appropriated for expenditure of $364 and $386, respectively.

(Continued)

(In thousands of dollars)

(5) Inventory

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

		2013	2014
GIK inventory	$	61,033	55,740
Food received for distribution		—	1,474
		61,033	57,214
Provision for GIK obsolescence		(521)	(248)
	$	60,512	56,966

(6) Fixed Assets

Fixed assets comprised the following at September 30:

		2013	2014
Land	$	6,830	6,830
Buildings and leasehold improvements		51,957	52,523
Equipment		26,055	26,432
Computer software		46,884	48,440
		131,726	134,225
Less accumulated depreciation and amortization		(72,507)	(78,752)
	$	59,219	55,473

Depreciation and amortization expense for the years ended September 30, 2013 and 2014 was $6,099 and $6,265, respectively.

(7) Related Parties

The majority of World Vision, Inc. programs are carried out worldwide through World Vision International, a related entity. World Vision, Inc. makes funding commitments to World Vision International during each fiscal year. As a result, World Vision, Inc. incurs a payable to World Vision International and satisfies this payable by remitting cash throughout the year.

(8) Margin Loan

The Organization obtained a margin loan bearing interest at 2.75% on September 29, 2014, which is secured by marketable securities held in accounts at the same financial institution. At September 30, 2014, the loan balance was $5,528. The loan was paid in full on October 2, 2014.

(Continued)

(In thousands of dollars)

(9) Obligations under Operating Leases

The Organization has commitments related to operating leases for building facilities and equipment at September 30, 2013 and 2014. All operating leases are noncancelable and expire on various dates by 2021.

Future minimum lease payments under noncancelable operating leases with initial or remaining terms of one year or more at September 30, 2014 are as follows:

		Operating leases
Year ending September 30:		
2015	$	1,482
2016		1,438
2017		1,457
2018		657
2019		350
Thereafter		498
	$	5,882

Lease and rent expenses for the years ended September 30, 2013 and 2014 were $3,393 and $3,015, respectively.

(10) Amounts Held for Others

The Organization has entered into a variety of trusts for which the Organization is the trustee. Amounts held for others represents 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 commensurate with the risks involved, which have ranged between 2.8% and 7.0%. The amounts held belong to various investment funds held in trust by the Organization and were as follows at September 30:

		2013	**2014**
Exchange portion of charitable lead trusts, charitable remainder trusts, and life estates	$	6,192	8,898
Refundable advances of revocable trusts and missions agreements		136	139
	$	6,328	9,037

(In thousands of dollars)

(11) Net Assets

Unrestricted net assets comprise the following at September 30:

		2013	2014
Working capital and net fixed assets	$	(8,807)	(5,101)
Donor advised funds and designated funds		32,588	35,434
Charitable gift annuities		2,243	2,607
Undistributed GIK contributions		34,604	23,505
Overfunded status of pension plan		2,824	6,521
	$	63,452	62,966

The deficit position for working capital and net fixed assets represents a decision to increase cash funding to programs benefiting families and communities despite a shortfall in donations. The Organization expects to recover this shortfall in future years. The Organization’s objective for financial liquidity and reserves is to operate in a prudent range of stability, while recognizing the imperative of distributing maximum funds to mission as quickly as possible. In doing so, the Organization takes into account available borrowings for real estate, which has been purchased outright rather than financed.

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

		2013	2014
Child sponsorship and childcare ministries	$	—	5,141
Relief and rehabilitation, community development, and Christian impact and leadership projects		17,309	20,277
Domestic programs		1,038	486
Term endowments, the income from which is expendable to support World Vision programs		1,094	1,056
Split-interest agreements, the income from which is unrestricted upon the expiration of certain time restrictions		10,700	11,458
Designated funds		1,538	1,436
Undistributed GIK contributions		25,908	31,987
	$	57,587	71,841

(In thousands of dollars)

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

		2013	2014
Endowments invested in perpetuity, the income from which is expendable to support World Vision programs	$	6,150	6,150
Perpetual trusts		1,459	1,544
	$	7,609	7,694

(12) 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 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 sold. Sales proceeds are used to fund international relief and development programs.

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

		2013	2014
Cash grants:			
Cash awards from USAID	$	82,397	91,048
Cash awards from other agencies		24,249	32,441
Total cash grants		106,646	123,489
Food monetization grants:			
Cash and freight awards from USAID		1,895	(25)
Cash and freight awards from other agencies		55	(14)
Total food monetization grants		1,950	(39)
Food distribution grants:			
Food commodities from USAID		7,885	5,729
Food commodities from World Food Program		43,832	44,923
Food commodities from other agencies		2,748	644
Nonfood commodities from USAID		—	6,361
Cash freight awards from USAID		768	1,240
Cash freight awards from World Food Program		12,218	11,791
Cash freight awards from other agencies		2,637	413
Total food distribution grants		70,088	71,101
Total cash and food commodity grants	$	178,684	194,551

(In thousands of dollars)

(13) Gifts-in-Kind Revenue

GIK revenue has been allocated for use as follows:

		2013	2014
World Vision programs	$	154,775	204,567
Other nonprofit organizations		41,225	27,659
	$	196,000	232,226

GIK revenue for the year consisted of donations of:

		2013	2014
Pharmaceuticals	$	80,193	90,417
Clothing and household goods		55,954	78,991
Books		33,571	27,783
Building supplies		9,541	12,984
Office supplies		4,481	6,076
Medical supplies		6,985	5,903
Other		5,275	10,072
	$	196,000	232,226

(14) Program Services

Program services have been funded by the following resources:

		2013			2014		
		International programs	Domestic programs	Public awareness and education	International programs	Domestic programs	Public awareness and education
Cash	$	530,320	21,749	5,035	547,311	20,042	4,451
Gifts-in-kind		156,878	32,634	—	193,866	50,060	—
Food commodities		57,839	—	—	52,655	—	—
Total program services	$	745,037	54,383	5,035	793,832	70,102	4,451

(In thousands of dollars)

(15) 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 international programs, public awareness, fundraising, or management and general. These expenses were allocated by their functional classification as follows at September 30:

		2013	2014
Management and general	$	1,425	1,581
Fundraising		3,959	3,343
Public awareness and education		591	400
International programs		985	1,341
	$	6,960	6,665

(16) Cash Balance Retirement Plan

The Organization participates jointly with World Vision International in a noncontributory Cash Balance Retirement Plan (the Plan). The Plan covers substantially all regular full-time employees of the Organization. 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.

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

	2013	2014
Discount rate	4.00%	3.60%
Expected return on plan assets	7.00	7.00
Rate of compensation increase	4.00	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 expected return on plan assets represents the long-term rate of return that the Organization assumes will be earned over the life of the plan assets. Management believes the assumed rate is conservative based on historical returns.

(In thousands of dollars)

The following table provides a reconciliation of benefit obligations, plan assets, and funded status of the Plan for the years ended September 30:

		2013		2014	
		World Vision, Inc.	**Total Plan**	**World Vision, Inc.**	**Total Plan**
Change in projected benefit obligations:					
Projected benefit obligations at beginning of year	$	78,893	114,172	78,764	112,731
Service cost		4,859	7,087	4,909	7,131
Interest cost		2,106	3,192	2,803	4,219
Changes in assumptions		(4,688)	(7,651)	4,224	3,672
Actuarial loss (gain)		706	1,011	(10)	(14)
Benefits paid		(2,996)	(4,915)	(3,882)	(6,243)
Expenses paid		(116)	(165)	(141)	(197)
Projected benefit obligations at end of year	$	78,764	112,731	86,667	121,299
Accumulated benefit obligations at end of year	$	70,392	100,748	77,758	108,828
Change in plan assets:					
Plan assets at fair value at beginning of year	$	71,067	102,847	81,588	116,772
Actual return on plan assets		7,515	10,755	9,748	13,643
Employer contributions		5,500	8,250	4,300	6,450
Benefits paid		(2,996)	(4,915)	(3,882)	(6,243)
Expenses paid		(116)	(165)	(141)	(197)
Changes in assumptions		618	—	1,575	—
Plan assets at fair value at end of year	$	81,588	116,772	93,188	130,425
Funded status	$	2,824	4,041	6,521	9,126
Asset recognized in the statement of financial position as accrued pension other noncurrent assets	$	2,824		6,521	
Pension actuarial gain recognized in the change in unrestricted net assets under ASC 715	$	(8,421)		(1,832)	

(In thousands of dollars)

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

		2013		2014	
		World Vision, Inc.	**Total Plan**	**World Vision, Inc.**	**Total Plan**
Service cost	$	4,859	7,087	4,909	7,131
Interest cost		2,106	3,192	2,803	4,219
Expected return on plan assets		(4,502)	(6,821)	(5,277)	(7,942)
Amortization of net loss		808	1,223	—	—
Net periodic benefit cost	$	3,271	4,681	2,435	3,408

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

(a) Fair Value of Plan Assets

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

		September 30, 2013	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Cash equivalents	$	414	414	—	—
Mutual funds:					
Domestic equities		50,646	45,676	4,970	—
International equities		14,866	14,866	—	—
Domestic bond		22,558	22,558	—	—
Equity securities		14,518	14,518	—	—
Real estate investment trusts		1,564	1,564	—	—
Corporate bonds		1,101	—	1,101	—
Master limited partnerships		10,537	10,537	—	—
Other assets		567	567	—	—
Total plan assets	$	116,771	110,700	6,071	—

(In thousands of dollars)

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

		September 30, 2014	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Cash equivalents	$	389	389	—	—
Mutual funds:					
Domestic equities		58,139	52,207	5,932	—
International equities		17,444	17,444	—	—
Domestic bond		21,005	21,005	—	—
Equity securities		17,385	17,385	—	—
Real estate investment trusts		1,952	1,952	—	—
Corporate bonds		1,132	—	1,132	—
Master limited partnerships		12,442	12,442	—	—
Other assets		537	537	—	—
Total plan assets	$	130,425	123,361	7,064	—

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

(In thousands of dollars)

(b) Estimated Future Payments

The Plan contribution for the year ending September 30, 2015 is expected to be $5,500 and $8,250 for World Vision, Inc. and the total Plan, respectively. Assuming all participants commenced benefit payments at the end of their employment in the form of an immediate lump-sum payout, the following schedule estimates future benefit payments, including expected future service, in the years ended September 30:

	World Vision, Inc.	Total Plan
2015	$ 10,210	15,314
2016	7,619	11,429
2017	8,053	12,080
2018	8,394	12,591
2019	7,223	10,834
Thereafter	36,235	54,352
	$ 77,734	116,600

(17) Defined Contribution Retirement Plan

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. The Organization contributed $1,416 and $1,514 for the years ended September 30, 2013 and 2014, respectively.

(18) Contingencies

Claims arise for the Organization 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 2013, the Organization's management believes costs disallowed and claims remitted, if ultimately any, would not materially affect the financial position, changes in net assets, or cash flows of the Organization.

(19) Subsequent Events

Subsequent events have been evaluated through December 15, 2014, which is the date the consolidated financial statements were available to be issued. The Organization determined that no additional disclosures were required.

World Vision®

Building a better world for children

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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.

CHARTER ECFA MEMBER

BBB ACCREDITED CHARITY

CHARITY NAVIGATOR

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