Building a better world for children

WORLD VISION, INC. AND AFFILIATES

Consolidated Financial Statements

September 30, 2014 and 2015

(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, 2014 and 2015, 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.

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, 2014 and 2015, 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 14, 2015

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WORLD VISION, INC. AND AFFILIATES

Consolidated Statements of Financial Position

September 30, 2014 and 2015

(In thousands of dollars)

Assets		**2014**	**2015**
Current assets:			
Cash and cash equivalents	$	5,946	12,242
Grants receivable		18,005	11,950
Accounts, notes, and other receivables, net		2,550	5,612
Marketable securities (note 3)		12,461	10,194
Investments in pooled funds (note 3)		32,500	20,502
Other assets		8,342	11,573
Inventory, net (note 5)		56,966	53,817
Total current assets		136,770	125,890
Noncurrent assets:			
Marketable securities (note 3)		7,412	7,503
Investments in pooled funds (note 3)		7,980	8,597
Donated real estate		2,685	2,482
Fixed assets, net (note 6)		55,473	52,815
Other assets		8,265	1,481
Charitable trusts receivable (note 3)		10,432	10,025
Assets held in trust (note 3)		12,682	12,411
Total noncurrent assets		104,929	95,314
Total assets	$	241,699	221,204
Liabilities and Net Assets			
Current liabilities:			
Accounts payable and accrued expenses	$	25,263	27,943
Due to World Vision International (note 7)		48,786	10,210
Deferred revenue		4,514	8,296
Notes payable (note 8)		5,528	4,317
Total current liabilities		84,091	50,766
Noncurrent liabilities:			
Deferred revenue		1,092	818
Charitable gift annuities		4,978	4,911
Amounts held for others (note 10)		9,037	8,957
Accrued pension liability (note 16)		—	9,890
Notes payable, net of current portion (note 8)		—	24,705
Total noncurrent liabilities		15,107	49,281
Total liabilities		99,198	100,047
Net assets (note 11):			
Unrestricted		62,966	30,458
Temporarily restricted		71,841	82,583
Permanently restricted		7,694	8,116
Total net assets		142,501	121,157
Total liabilities and net assets	$	241,699	221,204

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
Operating support and revenue:					
Contributions, primarily private cash	$	41,304	558,457	—	599,761
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		6,564	1,556	85	8,205
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 operating support and revenue		1,020,404	14,254	85	1,034,743
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 from operating activities		(5,458)	14,254	85	8,881
Non-operating activities:					
Investment and other income		1,787	—	—	1,787
Unrealized gain on investments		1,320	—	—	1,320
Discontinued business operations		33	—	—	33
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 Activities

Year ended September 30, 2015

(In thousands of dollars)

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Operating support and revenue:					
Contributions, primarily private cash	$	47,038	523,866	202	571,106
Public cash and food commodity grants (note 12)		171,950	—	—	171,950
Gifts-in-kind (note 13)		53,894	200,748	—	254,642
Other income, net		3,630	723	220	4,573
Net assets released from restriction:					
Due to expiration of time (split-interest agreements)		469	(469)	—	—
Due to satisfaction of program restrictions		714,126	(714,126)	—	—
Total operating support and revenue		991,107	10,742	422	1,002,271
Operating expenses:					
Program services (note 1):					
International programs		760,340	—	—	760,340
Domestic programs		75,007	—	—	75,007
Public awareness and education		4,062	—	—	4,062
Total program services		839,409	—	—	839,409
Supporting services (note 1):					
Management and general		58,109	—	—	58,109
Fundraising		96,006	—	—	96,006
Total supporting services		154,115	—	—	154,115
Total operating expenses		993,524	—	—	993,524
Change in net assets from operating activities		(2,417)	10,742	422	8,747
Non-operating activities:					
Investment and other income		2,776	—	—	2,776
Unrealized loss on investments		(13,697)	—	—	(13,697)
Interest expense		(330)	—	—	(330)
Pension actuarial loss (note 16)		(18,840)	—	—	(18,840)
Change in net assets		(32,508)	10,742	422	(21,344)
Net assets, beginning of year		62,966	71,841	7,694	142,501
Net assets, end of year	$	30,458	82,583	8,116	121,157

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			Total
	International programs	Domestic programs	Public awareness and education	Total program services	Management and general	Fundraising	Total supporting services	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 Statement of Functional Expenses

Year ended September 30, 2015

(In thousands of dollars)

	Program services				Supporting services			Total
	International programs	**Domestic programs**	**Public awareness and education**	**Total program services**	**Management and general**	**Fundraising**	**Total supporting services**	**2015**
Funding of World Vision International and U.S. domestic programs:								
Child sponsorship	$ 240,792	—	—	240,792	—	—	—	240,792
Relief and rehabilitation, community development, and Christian impact and leadership projects	262,284	—	—	262,284	—	—	—	262,284
Gifts-in-kind	179,275	56,226	—	235,501	—	—	—	235,501
Other international relief and development programs	49,510	—	—	49,510	—	—	—	49,510
Gifts to other ministries	—	8,525	—	8,525	—	—	—	8,525
Community development and subgrantee expenses	—	76	—	76	—	—	—	76
Salaries and benefits	19,641	6,133	2,761	28,535	30,666	43,895	74,561	103,096
Professional services	2,399	349	398	3,146	6,327	13,104	19,431	22,577
Media and advertising	20	17	155	192	4,790	12,213	17,003	17,195
Freight and postage	220	17	54	291	517	7,409	7,926	8,217
Printing	127	28	31	186	207	6,897	7,104	7,290
Travel	2,095	393	335	2,823	1,267	4,945	6,212	9,035
Occupancy	1,081	1,145	119	2,345	2,595	3,271	5,866	8,211
Equipment, repairs, and maintenance	230	467	42	739	3,431	1,014	4,445	5,184
Depreciation	485	1,081	3	1,569	2,316	2,030	4,346	5,915
Other	2,181	550	164	2,895	5,993	1,228	7,221	10,116
Totals	$ 760,340	75,007	4,062	839,409	58,109	96,006	154,115	993,524

See accompanying notes to consolidated financial statements.

WORLD VISION, INC. AND AFFILIATES

Consolidated Statements of Cash Flows

Years ended September 30, 2014 and 2015

(In thousands of dollars)

		2014	2015
Cash flows from operating activities:			
Change in net assets	$	13,853	(21,344)
Adjustment to reconcile change in net assets to net cash (used in) provided by operating activities:			
Pension actuarial (gain)/loss		(1,832)	18,840
Depreciation and amortization		6,265	5,915
Net realized and unrealized (gain)/loss on marketable securities and investments in pooled funds		(2,033)	14,554
Loss on disposal of equipment		367	131
Loss on sale of donated real estate		—	117
Noncash contributions		(20,000)	(13,703)
Proceeds from the sale of donated marketable securities		17,101	6,192
Noncash decrease in inventory, net		3,546	3,149
Accrued pension contribution increase		(1,865)	(2,429)
Contributions restricted for investment in endowment		—	(202)
Other changes in operating assets and liabilities:			
Grants receivable		(947)	6,055
Accounts and other receivables		(521)	844
Other assets		1,867	(2,954)
Charitable trusts receivable		1,426	1,697
Assets held in trust		(2,778)	271
Accounts payable and accrued expenses		1,758	2,680
Due to World Vision International		(28,320)	(38,576)
Charitable gift annuities		(208)	(67)
Deferred revenue		877	3,508
Amount held for others		2,709	(80)
Net cash used in operating activities		(8,735)	(15,402)
Cash flows from investing activities:			
Purchase of marketable securities		(6,402)	(2,685)
Proceeds from the sale of marketable securities		6,836	3,457
Purchase of investment in pooled funds		(102,000)	(29,379)
Proceeds from the sale of investment in pooled funds		104,377	28,761
Acquisition of fixed assets		(2,933)	(3,434)
Proceeds from sale of equipment		47	46
Proceeds from sales of donated real estate		244	886
Principal collected on notes receivable		64	345
Net cash provided by (used in) investing activities		233	(2,003)
Cash flows from financing activities:			
Contributions restricted for investment in endowment		—	202
Proceeds from notes payable		5,639	30,330
Principal payments on notes payable		(111)	(6,831)
Net cash provided by financing activities		5,528	23,701
Net change in cash and cash equivalents		(2,974)	6,296
Cash and cash equivalents, beginning of year		8,920	5,946
Cash and cash equivalents, end of year	$	5,946	12,242
Cash paid during the year for interest	$	1	330

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 2014 and 2015:

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, local non-profit organizations, 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, partners, 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.

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.

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

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), and World Vision Real Properties LLC (WVRPLLC). 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.

(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).

(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) Financial Instruments

Financial instruments included cash and cash equivalents, accounts, notes, and other receivables, donated real estate, accounts payable, accrued expenses, and notes payable, and are stated at carrying cost at year-end, which approximates fair value. Other financial instruments held at year-end are investments, which are stated at fair value.

(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, 2014 and 2015. 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) Grants and Accounts Receivable

Grants receivable consist mainly of grant funds receivable from the United States Agency for International Development (USAID), the United States Department of Agriculture (USDA), and other grantors. 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, 2015, the Organization had outstanding $40,953 in conditional promises to give. Of the conditional promises to give outstanding, $37,000 was conditioned upon the raising of matching funds and $3,953 was conditioned upon the completion of specific programmatic performance milestones. The Organization also had outstanding $318,807 in conditional promises to give directly related to grants receivable as of September 30, 2015. Of the outstanding conditional promises to give, $280,597 was awarded by US government donors and $38,210 was awarded by multi-lateral agencies or other donors.

(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 is 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 money market instruments, 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. No impairment losses were recognized during the years ending September 30, 2014 and 2015.

(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 $2,509 and $2,319 at September 30, 2014 and 2015, 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 placed by the donor 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 as a contribution in the period the Organization incurs reimbursable program expenditures. Grant 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. As of September 30, 2015, the Organization had outstanding conditional promises to give as noted under grants and accounts receivable.

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 interest and dividend revenue, program fees, as well as realized and unrealized income, gains, and losses from planned gift instruments.

(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 these services provided do not meet the required criteria for recognition of revenue. However, for the year ended September 30, 2015 the Organization recognized at fair value, $181 of professional services that met the required criteria.

(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, 2014 and 2015. 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.

(Continued)

(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, 2014 and 2015.

(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.

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.

(Continued)

(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)
Marketable securities:				
Government securities	$ 331	—	331	—
Equity securities	134	134	—	—
Mutual funds:				
Domestic equities	8,316	8,316	—	—
International equities	2,950	2,950	—	—
Domestic bonds	8,142	8,142	—	—
Total marketable securities	$ 19,873	19,542	331	—
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	—	—
Other assets	304	—	—	304
Total investments in pooled funds	$ 40,480	40,103	73	304
Charitable trusts receivable	$ 10,432	—	—	10,432

(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)
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	$	12,461	7,412	19,873
Investments in pooled funds		32,500	7,980	40,480

(In thousands of dollars)

The following table presents assets that are measured at fair value on a recurring basis at September 30, 2015:

	September 30, 2015	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	$ 328	—	328	—
Equity securities	113	113	—	—
Mutual funds:				
Domestic equities	7,681	7,681	—	—
International equities	2,778	2,778	—	—
Domestic bonds	6,797	6,797	—	—
Total marketable securities	$ 17,697	17,369	328	—
Investments in pooled funds:				
Cash equivalents	$ 182	182	—	—
Equity securities	12,550	12,550	—	—
Mutual funds:				
Domestic equities	4,144	4,144	—	—
International equities	1,495	1,495	—	—
Domestic bonds	2,321	2,321	—	—
Real estate investment trusts	2,107	2,107	—	—
Residential mortgage-backed securities	8	—	8	—
Master limited partnerships	5,988	5,988	—	—
Other assets	304	—	—	304
Total investments in pooled funds	$ 29,099	28,787	8	304
Charitable trusts receivable	$ 10,025	—	—	10,025

(Continued)

(In thousands of dollars)

		September 30, 2015	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	$	337	337	—	—
Mutual funds:					
Domestic equities		4,259	4,259	—	—
International equities		2,088	2,088	—	—
Domestic bonds		5,727	5,727	—	—
Total assets held in trust	$	12,411	12,411	—	—

Investments are presented in the statement of financial position as of September 30, 2015 as follows:

		Current investments	Investments held for long-term purposes	Total
Marketable securities	$	10,194	7,503	17,697
Investments in pooled funds		20,502	8,597	29,099

The majority of the investments held by the Organization have been classified within Level 1. The Organization holds some investments and marketable securities 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 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 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, 2015.

(In thousands of dollars)

		Investments	Charitable trusts receivable
Balance at September 30, 2013	$	2,373	9,680
New contributions		262	2,178
Sales		(2,331)	—
Net change in value		—	(1,426)
Balance at September 30, 2014		304	10,432
New contributions		1,663	1,290
Sales		(1,663)	—
Net change in value		—	(1,697)
Balance at September 30, 2015	$	304	10,025

(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, 2014, the Organization had five donor-restricted endowment funds totaling $7,715 and one board-designated endowment fund totaling $250. During the year ended September 30, 2015, the Organization had five donor-restricted endowment funds totaling $8,288 and one board-designated endowment fund totaling $304. During the years ended September 30, 2014 and 2015, these endowments had a net investment return of $355 and $791, and amounts appropriated for expenditure of $386 and $388, respectively.

(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:

		2014	2015
GIK inventory	$	55,740	51,575
Food received for distribution		1,474	2,425
		57,214	54,000
Provision for GIK obsolescence		(248)	(183)
	$	56,966	53,817

(6) Fixed Assets

Fixed assets comprised the following at September 30:

		2014	2015
Land	$	6,830	6,830
Buildings and leasehold improvements		52,523	52,816
Equipment		26,432	20,289
Computer software		48,440	49,244
		134,225	129,179
Less accumulated depreciation and amortization		(78,752)	(76,364)
	$	55,473	52,815

Depreciation and amortization expense for the years ended September 30, 2014 and 2015 was $6,265 and $5,915, 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.

(Continued)

(In thousands of dollars)

(8) Notes Payable

Notes payable consisted of the following as of September 30, 2014 and 2015:

		2014	2015
Margin loan, interest at 2.75%; secured by marketable securities; paid in full October 2014	$	5,528	—
Note payable, due in monthly installments of $390 including interest at 2.5%; final payment due May 2022		—	28,707
Charitable notes payable, interest only at 1.0% - 2.5%		—	300
Charitable note payable, interest at 0%, $5 is released to revenue annually		—	15
		5,528	29,022
Less current portion		(5,528)	(4,317)
Long-term portion of notes payable	$	—	24,705

Scheduled principal payments are due as follows:

Year ending September 30:		
2016	$	4,317
2017		4,106
2018		4,212
2019		4,319
2020		4,430
Thereafter		7,638
	$	29,022

The Organization obtained a note payable on April 23, 2015 from a bank secured by lands and buildings. The Organization utilized the proceeds to reduce the outstanding payable due to World Vision International.

The Organization's loan agreement includes covenants that require the Organization to maintain certain levels of financial ratios. The Organization was in compliance with its covenant requirements as of and for the year ending September 30, 2015.

Charitable notes payable are loans from donors where the repayment obligation of any unpaid principal or interest payable will be cancelled at the donor's death.

(9) Obligations under Operating Leases

The Organization has commitments related to operating leases for building facilities and equipment at September 30, 2014 and 2015. All operating leases are noncancelable and expire on various dates by 2021.

(In thousands of dollars)

Future minimum lease payments under noncancelable operating leases with initial or remaining terms of one year or more at September 30, 2015 are as follows:

		Operating leases
Year ending September 30:		
2016	$	1,574
2017		1,611
2018		799
2019		492
2020		323
Thereafter		191
	$	4,990

Lease and rent expenses for the years ended September 30, 2014 and 2015 were $3,015 and $2,635, 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:

		2014	**2015**
Exchange portion of charitable lead trusts, charitable remainder trusts, and life estates	$	8,898	8,833
Refundable advances of revocable trusts and missions agreements		139	124
	$	9,037	8,957

(In thousands of dollars)

(11) Net Assets

Unrestricted net assets comprise the following at September 30:

		2014	2015
Working capital and net fixed assets	$	(5,859)	(7,642)
Donor advised funds and designated funds		36,192	30,587
Charitable gift annuities		2,607	2,682
Undistributed GIK contributions		23,505	14,721
Over (under) funded status of pension plan		6,521	(9,890)
	$	62,966	30,458

The deficit position for working capital and net fixed assets represents unrealized losses on investments and 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:

		2014	2015
Child sponsorship and childcare ministries	$	5,141	5,210
Relief and rehabilitation, community development, and Christian impact and leadership projects		20,277	25,626
Domestic programs		486	695
Term endowments, the income from which is expendable to support World Vision programs		1,056	1,876
Split-interest agreements, the income from which is unrestricted upon the expiration of certain time restrictions		11,458	10,902
Designated funds		1,436	1,613
Undistributed GIK contributions		31,987	36,661
	$	71,841	82,583

(Continued)

(In thousands of dollars)

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

		2014	2015
Endowments invested in perpetuity, the income from which is expendable to support World Vision programs	$	6,150	6,352
Perpetual trusts		1,544	1,764
	$	7,694	8,116

(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:

		2014	2015
Cash grants:			
Cash awards from USAID	$	91,048	83,252
Cash awards from other agencies		32,441	34,559
Total cash grants		123,489	117,811
Food monetization grants:			
Cash and freight awards from USAID		(25)	—
Cash and freight awards from other agencies		(14)	—
Total food monetization grants		(39)	—
Commodity distribution grants:			
Food commodities from USAID		5,729	6,174
Food commodities from World Food Program		44,923	35,547
Food commodities from other agencies		644	721
Nonfood commodities from USAID		6,361	—
Cash freight awards from USAID		1,240	1,184
Cash freight awards from World Food Program		11,791	9,770
Cash freight awards from other agencies		413	743
Total commodity distribution grants		71,101	54,139
Total	$	194,551	171,950

(Continued)

(In thousands of dollars)

(13) Gifts-in-Kind Revenue

GIK revenue has been allocated for use as follows:

		2014	2015
World Vision programs	$	204,567	221,545
Other nonprofit organizations		27,659	33,097
	$	232,226	254,642

GIK revenue for the year consisted of donations of:

		2014	2015
Pharmaceuticals	$	90,417	103,306
Clothing and household goods		78,991	71,808
Books		27,783	21,622
Building supplies		12,984	24,054
Office supplies		6,076	4,451
Medical supplies		5,903	9,540
Other		10,072	19,861
	$	232,226	254,642

(14) Program Services

Program services have been funded by the following resources:

		2014			2015		
		International programs	Domestic programs	Public awareness and education	International programs	Domestic programs	Public awareness and education
Cash	$	535,226	20,042	4,451	504,067	18,781	4,062
Gifts-in-kind		187,505	50,060	—	202,134	56,226	—
Grant commodities		71,101	—	—	54,139	—	—
Total program services	$	793,832	70,102	4,451	760,340	75,007	4,062

(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:

(In thousands of dollars)

		2014	2015
Management and general	$	1,581	1,116
Fundraising		3,343	2,328
Public awareness and education		400	277
International programs		1,341	942
	$	6,665	4,663

(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, 2014 and 2015 are as follows:

	2014	2015
Discount rate	3.60%	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:

		2014		2015	
		World Vision, Inc.	**Total Plan**	**World Vision, Inc.**	**Total Plan**
Change in projected benefit obligations:					
Projected benefit obligations at beginning of year	$	78,764	112,731	86,667	121,299
Service cost		4,909	7,131	4,977	7,487
Interest cost		2,803	4,219	2,694	4,091
Changes in assumptions		4,224	3,672	(2,488)	2,610
Actuarial (gain) loss		(10)	(14)	904	1,339
Benefits paid		(3,882)	(6,243)	(4,578)	(6,232)
Expenses paid		(141)	(197)	(151)	(224)
Projected benefit obligations at end of year	$	86,667	121,299	88,025	130,370
Accumulated benefit obligations at end of year	$	77,758	108,828	79,495	117,736
Change in plan assets:					
Plan assets at fair value at beginning of year	$	81,588	116,772	93,188	130,425
Actual return on plan assets		9,748	13,643	(9,923)	(14,697)
Employer contributions		4,300	6,450	4,300	6,450
Benefits paid		(3,882)	(6,243)	(4,578)	(6,232)
Expenses paid		(141)	(197)	(151)	(224)
Changes in assumptions		1,575	—	(4,701)	—
Plan assets at fair value at end of year	$	93,188	130,425	78,135	115,722
Funded status	$	6,521	9,126	(9,890)	(14,648)
Asset (liability) recognized in the statement of financial position as other assets/accrued pension liability	$	6,521		(9,890)	
Pension actuarial (gain) loss recognized in the change in unrestricted net assets under ASC 715	$	(1,832)		18,840	

(In thousands of dollars)

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

		2014		2015	
		World Vision, Inc.	**Total Plan**	**World Vision, Inc.**	**Total Plan**
Service cost	$	4,909	7,131	4,977	7,487
Interest cost		2,803	4,219	2,694	4,091
Expected return on plan assets		(5,277)	(7,942)	(5,800)	(8,807)
Net periodic benefit cost	$	2,435	3,408	1,871	2,771

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, 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	—

(Continued)

(In thousands of dollars)

The following table presents assets that are measured at fair value on a recurring basis at September 30, 2015:

	September 30, 2015	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Cash equivalents	$ 2,530	2,530	—	—
Mutual funds:				
Domestic equities	55,984	50,101	5,883	—
International equities	15,006	15,006	—	—
Domestic bond	17,952	17,952	—	—
Equity securities	14,509	14,509	—	—
Real estate investment trusts	2,215	2,215	—	—
Corporate bonds	935		935	—
Master limited partnerships	6,570	6,570	—	—
Other assets	21	21	—	—
Total plan assets	$ 115,722	108,904	6,818	—

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, 2016 is expected to be $4,300 and $6,450 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
2016	$	11,371	17,056
2017		8,096	12,144
2018		8,440	12,660
2019		8,666	12,999
2020		7,616	11,423
Thereafter		37,531	56,297
	$	81,720	122,579

(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 $1,514 and $1,566 for the years ended September 30, 2014 and 2015, 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 2014, 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 14, 2015, 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.