



Letter from the CFO

Financial results for 2016
(Fiscal year ended September 30)

Doug Treff
Chief Financial Officer

World Vision is deeply grateful to God for His faithfulness throughout 2016, and to our supporters for their ongoing commitment to efforts that are bearing lasting fruit in the lives of children, their families, and their communities. Overall operating revenue for the year increased 1% to \$1.014 billion. This revenue increase, combined with improved efficiencies throughout the organization, produced an increase in net assets from operating activities of more than \$26 million.

2016 financial results

Private cash revenue. Overall revenue from private cash donations declined 4% in 2016 to \$550 million. Revenue from sponsorship in particular declined, corresponding to a continuing decrease in the number of child sponsors which began in 2014. At the same time, we continued to build on the momentum created during the For Every Child campaign. Revenue growth from our philanthropy partners accelerated in 2016, making it possible to deliver more resources to field programs.

Grants and gifts-in-kind. Grants from the U.S. government and the World Food Program increased 28% in 2016 to \$220 million, due primarily to an increase in food commodities, while gift-in-kind revenue from corporate partners decreased 7%. These important revenue streams add valuable resources to the communities of children where World Vision works. However, these revenue streams tend to fluctuate based on government funding decisions and corporate inventory levels. In the case of government grants, revenue recognition is also affected by the rate at which programs are implemented in the field.

Program services. Funding to World Vision affiliates around the world, as well as U.S. ministry partners, was \$835 million in 2016, representing 85% of operating expenses. We believe the most important measure of a charity is its effectiveness in accomplishing its mission. We continually monitor and evaluate World Vision's programs to determine how the lives of children are being improved, using measures of child well-being such as access to clean water, health and nutrition levels, and educational achievement.

Our effectiveness has earned the trust and support of nearly 1 million donors, thousands of churches, and hundreds of corporations in the U.S., as well as institutions and government agencies around the globe. To learn more, visit worldvision.org/our-work.

Fundraising and administrative expenses. Fundraising, management, and general expenses (generally referred to as overhead expenses) were reduced by over \$1 million in 2016. Our overhead rate (overhead expenses as a percent of operating revenue) remained steady at 15%.

Increase in net assets. Net assets from operating activities grew \$26 million during the year. World Vision's objective related to financial liquidity and reserves is to operate in a prudent range of stability, while recognizing the imperative to distribute funds for program services as quickly as possible. World Vision U.S. remains financially strong, with sufficient liquid assets to discharge ongoing ministry commitments and other obligations.

Summary financial results (Year ended September 30; \$ millions)	Fiscal 2016	Fiscal 2015	% Change
Operating revenue			
Private cash	\$550	\$571	(4%)
Public grants	220	172	28%
Gifts-in-kind	236	255	(7%)
Other (interest & dividends)	8	4	100%
Total operating revenue	\$1,014	\$1,002	1%
Program services			
Cash	\$501	\$527	(5%)
GIK & food commodities	334	312	7%
Total program services	\$835	\$839	0%
Total fundraising & administrative expenses	\$153	\$154	(1%)
Surplus (change in net assets from operations)	\$26	\$9	
Overhead rate	15%	15%	

Financial accountability and stewardship

World Vision is committed to the highest standards of financial stewardship. We recognize that the resources we receive are a sacred trust from God and our donors, grantors, and partners on behalf of those we serve. World Vision is able to multiply the cash gifts we receive by adding gifts-in-kind and food resources to sponsorship programs and other community activities funded with cash donations. As a result, each dollar of cash donated to World Vision yields *more than a dollar* of value for the communities we serve, even after factoring in fundraising and administrative costs. If you'd like to learn more about World Vision's economics of mission, see the [brief video](#) on financial stewardship found on our website under the About Us/Financial Accountability tab.



Doug Treff
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