**WORLD VISION INTERNATIONAL**
**AND CONSOLIDATED AFFILIATES**

Consolidated Financial Statements

September 30, 2023 and 2022

(With Independent Auditors' Report Thereon)

KPMG LLP
Suite 1500
550 South Hope Street
Los Angeles, CA 90071-2629

# Independent Auditors' Report

The Board of Directors
World Vision International:

*Opinion*

We have audited the consolidated financial statements of World Vision International and consolidated affiliates (the Organization), which comprise the consolidated statements of financial position as of September 30, 2023 and 2022, 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.

In our opinion, based on our audits and the report of the other auditors, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of September 30, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

We did not audit the financial statements of Banco VisionFund Ecuador S.A. ( VF Ecuador), a wholly owned subsidiary, which statements reflect total assets constituting 7.7 percent and 6.5 percent of consolidated total assets as of September 30, 2023 and 2022, respectively and total revenues constituting 1.0 percent and 0.9 percent of consolidated total revenues for the years ended September 30, 2023 and 2022, respectively. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for VF Ecuador, is based solely on the report of the other auditors.

*Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Emphasis of Matter*

As discussed in Note 2 and Note 16 to the consolidated financial statements, effective October 1, 2021, the Organization adopted the provisions of Accounting Standards Update 2016-02, *Leases*. Our opinion is not modified with respect to this matter.

*Responsibilities of Management for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

*Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

KPMG LLP

Los Angeles, California
June 15, 2024

**WORLD VISION INTERNATIONAL**
**AND CONSOLIDATED AFFILIATES**

Consolidated Statements of Financial Position

September 30, 2023 and 2022

(Amounts in thousands)

| **Assets** | | **2023** | **2022** |
|---|---|---|---|
| Cash, cash equivalents, and restricted cash | $ | 780,169 | 765,483 |
| Investments (note 5) | | 34,628 | 28,244 |
| Due from unconsolidated affiliates (note 6) | | 13,517 | 7,661 |
| Accounts receivable | | 43,028 | 30,967 |
| Microfinance loans receivable, net (note 7) | | 551,854 | 444,303 |
| Inventories | | 66,513 | 81,309 |
| Prepaid expenses | | 57,727 | 52,472 |
| Foreign exchange contracts (notes 5 and 9) | | 16,649 | 45,992 |
| Other assets | | 17,243 | 17,454 |
| Land, buildings and equipment, net (note 8) | | 77,056 | 74,015 |
| Operating lease right-of-use asset | | 34,483 | 46,183 |
| Assets of subsidiary held for sale (note 18) | | — | 25,388 |
| Total assets | $ | 1,692,867 | 1,619,471 |
| **Liabilities and Net Assets** | | | |
| Liabilities: | | | |
| Accounts payable | $ | 129,614 | 125,125 |
| Accrued expenses | | 98,567 | 93,964 |
| Deposits from microfinance institution clients | | 122,357 | 80,753 |
| Due to unconsolidated affiliates (note 6) | | 132 | 11,656 |
| Notes payable (note 10) | | 303,756 | 267,770 |
| Foreign exchange contracts (notes 5 and 9) | | 16,515 | 10,515 |
| Operating lease liabilities | | 36,514 | 46,129 |
| Other liabilities | | 27,598 | 26,563 |
| Liabilities of subsidiary held for sale (note 18) | | — | 19,295 |
| Total liabilities | | 735,053 | 681,770 |
| Net assets (note 11): | | | |
| Net assets without donor restrictions | | 600,854 | 554,349 |
| Net assets with donor restrictions | | 356,960 | 383,352 |
| Total net assets | | 957,814 | 937,701 |
| Total liabilities and net assets | $ | 1,692,867 | 1,619,471 |

See accompanying notes to consolidated financial statements.

**WORLD VISION INTERNATIONAL**
**AND CONSOLIDATED AFFILIATES**

Consolidated Statement of Activities

Year ended September 30, 2023

(Amounts in thousands)

| | Without donor restrictions | With donor restrictions | Total |
|---|---|---|---|
| Revenues, gains, and other support from donors (note 13): | | | |
| Contributions | $ 147,282 | 1,644,972 | 1,792,254 |
| Gifts-in-kind (notes 13 and 14) | — | 729,736 | 729,736 |
| Net assets released from restrictions | 2,401,100 | (2,401,100) | — |
| Total revenues from donors | 2,548,382 | (26,392) | 2,521,990 |
| Other revenue and gains | 244,550 | — | 244,550 |
| Unrealized loss on foreign exchange contracts (note 9) | (35,343) | — | (35,343) |
| Total revenues, gains, and other support | 2,757,589 | (26,392) | 2,731,197 |
| Expenses: | | | |
| Program services: | | | |
| International relief and community development | 2,443,002 | — | 2,443,002 |
| Microenterprise development | 181,978 | — | 181,978 |
| Total program services | 2,624,980 | — | 2,624,980 |
| Supporting activities: | | | |
| Management and general activities | 56,569 | — | 56,569 |
| Fundraising | 29,465 | — | 29,465 |
| Total supporting activities | 86,034 | — | 86,034 |
| Total expenses | 2,711,014 | — | 2,711,014 |
| Change in net assets before other gains and losses | 46,575 | (26,392) | 20,183 |
| Other gains and losses: | | | |
| Pension plan adjustments (note 15) | (70) | — | (70) |
| Change in net assets | 46,505 | (26,392) | 20,113 |
| Net assets at beginning of year | 554,349 | 383,352 | 937,701 |
| Net assets at end of year | $ 600,854 | 356,960 | 957,814 |

See accompanying notes to consolidated financial statements.

**WORLD VISION INTERNATIONAL**
**AND CONSOLIDATED AFFILIATES**

Consolidated Statement of Activities

Year ended September 30, 2022

(Amounts in thousands)

| | | Without donor restrictions | With donor restrictions | Total |
|---|---|---|---|---|
| Revenues, gains, and other support from donors (note 13): | | | | |
| Contributions | $ | 135,032 | 1,574,692 | 1,709,724 |
| Gifts-in-kind (notes 13 and 14) | | — | 503,768 | 503,768 |
| Net assets released from restrictions | | 2,030,173 | (2,030,173) | — |
| Total revenues from donors | | 2,165,205 | 48,287 | 2,213,492 |
| Other revenue and gains | | 196,131 | — | 196,131 |
| Unrealized gains on foreign exchange contracts (note 9) | | 22,819 | — | 22,819 |
| Total revenues, gains, and other support | | 2,384,155 | 48,287 | 2,432,442 |
| Expenses: | | | | |
| Program services: | | | | |
| International relief and community development | | 2,058,883 | — | 2,058,883 |
| Microenterprise development | | 173,114 | — | 173,114 |
| Total program services | | 2,231,997 | — | 2,231,997 |
| Supporting activities: | | | | |
| Management and general activities | | 55,467 | — | 55,467 |
| Fundraising | | 31,331 | — | 31,331 |
| Total supporting activities | | 86,798 | — | 86,798 |
| Total expenses | | 2,318,795 | — | 2,318,795 |
| Change in net assets before other gains and losses | | 65,360 | 48,287 | 113,647 |
| Other gains and losses: | | | | |
| Pension plan adjustments (note 15) | | (1,133) | — | (1,133) |
| Loss on deconsolidation (note 1) | | (6,930) | (33,420) | (40,350) |
| Impairment loss on value of subsidiaries (note 18) | | (962) | — | (962) |
| Change in net assets | | 56,335 | 14,867 | 71,202 |
| Net assets at beginning of year | | 498,014 | 368,485 | 866,499 |
| Net assets at end of year | $ | 554,349 | 383,352 | 937,701 |

See accompanying notes to consolidated financial statements.

**WORLD VISION INTERNATIONAL**
**AND CONSOLIDATED AFFILIATES**

Consolidated Statement of Functional Expenses

Year ended September 30, 2023

(Amount in thousands)

| | Program services | | | Supporting activities | | | |
|---|---|---|---|---|---|---|---|
| | International relief and community development | Microenterprise development | Total program services | Management and general activities | Fundraising | Total supporting activities | Total |
| Funding of World Vision International programs: | | | | | | | |
| Relief and rehabilitation, community development | $ 1,425,975 | — | 1,425,975 | — | — | — | 1,425,975 |
| Microenterprise development | — | 4,608 | 4,608 | — | — | — | 4,608 |
| Gifts-in-kind | 742,898 | — | 742,898 | — | — | — | 742,898 |
| Salaries and benefits | 189,771 | 78,051 | 267,822 | 39,229 | 15,235 | 54,464 | 322,286 |
| Travel | 27,945 | 7,744 | 35,689 | 2,530 | 1,416 | 3,946 | 39,635 |
| Professional fees | 5,399 | 8,787 | 14,186 | 2,904 | 5,427 | 8,331 | 22,517 |
| Interest expense (note 10) | — | 31,246 | 31,246 | — | — | — | 31,246 |
| Occupancy | 14,631 | 6,824 | 21,455 | 1,354 | 413 | 1,767 | 23,222 |
| Fees and taxes (note 4) | 12,928 | 5,582 | 18,510 | 524 | 1,224 | 1,748 | 20,258 |
| Provision for loan losses (note 7) | — | 14,486 | 14,486 | — | — | — | 14,486 |
| Utilities | 5,262 | 2,395 | 7,657 | 1,020 | 291 | 1,311 | 8,968 |
| Depreciation and amortization (note 8) | 3,912 | 4,266 | 8,178 | 1,587 | 188 | 1,775 | 9,953 |
| Equipment, repairs, and maintenance | 6,723 | — | 6,723 | 3,592 | 461 | 4,053 | 10,776 |
| Advertising | 1,246 | — | 1,246 | 101 | 3,382 | 3,483 | 4,729 |
| Foreign currency losses | — | 6,629 | 6,629 | 7 | — | 7 | 6,636 |
| Other | 6,312 | 11,360 | 17,672 | 3,721 | 1,428 | 5,149 | 22,821 |
| Total | $ 2,443,002 | 181,978 | 2,624,980 | 56,569 | 29,465 | 86,034 | 2,711,014 |

See accompanying notes to consolidated financial statements.

**WORLD VISION INTERNATIONAL**
**AND CONSOLIDATED AFFILIATES**

Consolidated Statement of Functional Expenses

Year ended September 30, 2022

(Amount in thousands)

| | Program services | | | Supporting activities | | | |
|---|---|---|---|---|---|---|---|
| | International relief and community development | Microenterprise development | Total program services | Management and general activities | Fundraising | Total supporting activities | Total |
| Funding of World Vision International programs: | | | | | | | |
| Relief and rehabilitation, community development | $ 1,317,524 | — | 1,317,524 | — | — | — | 1,317,524 |
| Microenterprise development | — | 2,434 | 2,434 | — | — | — | 2,434 |
| Gifts-in-kind | 480,707 | — | 480,707 | — | — | — | 480,707 |
| Salaries and benefits | 186,858 | 74,031 | 260,889 | 44,617 | 16,008 | 60,625 | 321,514 |
| Travel | 16,315 | 6,110 | 22,425 | 1,179 | 914 | 2,093 | 24,518 |
| Professional fees | 5,760 | 6,724 | 12,484 | 2,799 | 8,074 | 10,873 | 23,357 |
| Interest expense (note 10) | — | 27,533 | 27,533 | — | — | — | 27,533 |
| Occupancy | 13,743 | 6,793 | 20,536 | 1,675 | 610 | 2,285 | 22,821 |
| Fees and taxes (note 4) | 11,458 | 5,135 | 16,593 | 400 | 1,127 | 1,527 | 18,120 |
| Provision for loan losses (note 7) | — | 4,827 | 4,827 | — | — | — | 4,827 |
| Utilities | 5,672 | 2,691 | 8,363 | 513 | 423 | 936 | 9,299 |
| Depreciation and amortization (note 8) | 3,281 | 4,274 | 7,555 | 662 | 152 | 814 | 8,369 |
| Equipment, repairs, and maintenance | 5,846 | — | 5,846 | 1,940 | 668 | 2,608 | 8,454 |
| Advertising | 1,056 | — | 1,056 | 100 | 2,344 | 2,444 | 3,500 |
| Foreign currency losses | — | 14,881 | 14,881 | — | — | — | 14,881 |
| Other | 10,663 | 17,681 | 28,344 | 1,582 | 1,011 | 2,593 | 30,937 |
| Total | $ 2,058,883 | 173,114 | 2,231,997 | 55,467 | 31,331 | 86,798 | 2,318,795 |

See accompanying notes to consolidated financial statements.

**WORLD VISION INTERNATIONAL**
**AND CONSOLIDATED AFFILIATES**

Consolidated Statements of Cash Flows

Years ended September 30, 2023 and 2022

(Amounts in thousands)

| | | 2023 | 2022 |
|---|---|---|---|
| Cash flows from operating activities: | | | |
| Change in net assets | $ | 20,113 | 71,202 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | | |
| Impairment loss on subsidiary held for sale | | — | 693 |
| Pension plan adjustments | | 70 | 1,133 |
| Gifts-in-kind, net | | 14,796 | (22,022) |
| Amortization of operating lease right-of-use assets | | 18,605 | 17,234 |
| Unrealized and realized (gain) loss on investments | | (108) | 327 |
| Unrealized (gain) loss on foreign exchange contracts | | 35,343 | (22,819) |
| Depreciation and amortization | | 9,953 | 8,369 |
| Provision for loan losses | | 14,486 | 4,827 |
| Foreign currency revaluation | | 7,260 | 25,052 |
| (Gain) loss on disposal of equipment | | 236 | (59) |
| Changes in assets and liabilities: | | | |
| Accounts receivable | | (12,061) | (5,774) |
| Due from/to unconsolidated affiliates | | (17,380) | 5,118 |
| Prepaid expenses | | (5,255) | (11,937) |
| Other assets | | 211 | 7,236 |
| Accounts payable and accrued expenses | | 9,022 | 23,415 |
| Operating lease liabilities | | (16,520) | (17,289) |
| Other liabilities | | 1,035 | 2,963 |
| Net cash provided by operating activities | | 79,806 | 87,669 |
| Cash flows from investing activities: | | | |
| Purchases of investments | | (38,577) | (13,945) |
| Proceeds from sales and maturities of investments | | 32,301 | 28,727 |
| Proceeds from repayment of microfinance loans | | 647,197 | 625,516 |
| Issuance of microfinance loans | | (776,493) | (727,190) |
| Purchase of land, buildings, and equipment | | (15,595) | (4,248) |
| Proceeds from sale of equipment | | 2,364 | 630 |
| Proceeds from sale of subsidiary | | 5,593 | — |
| Net cash used in investing activities | | (143,210) | (90,510) |
| Cash flows from financing activities: | | | |
| Payments on notes payable | | (118,973) | (152,845) |
| Proceeds received on notes payable | | 155,459 | 192,902 |
| Deposits from microfinance institution clients | | 41,604 | 17,557 |
| Net cash provided by financing activities | | 78,090 | 57,614 |
| Net increase in cash, cash equivalents, and restricted cash | | 14,686 | 54,773 |
| Cash, cash equivalents, and restricted cash, beginning of year | | 765,483 | 713,106 |
| Cash, cash equivalents, and restricted cash of subsidiary held for sale, end of year | | — | (2,396) |
| Cash, cash equivalents, and restricted cash, end of year | $ | 780,169 | 765,483 |
| Supplemental cash flow disclosures: | | | |
| Cash paid during the year for interest | $ | 31,253 | 26,367 |
| Cash paid during the year for taxes | | 7,020 | 3,495 |

See accompanying notes to consolidated financial statements.

## (1) Organization

World Vision International (WVI) and its consolidated affiliates (collectively, the Organization) is a network of international not-for-profit organizations, and some related for-profit organizations, organized exclusively for purposes which are both religious and charitable, namely to witness to Jesus Christ by life, deed, word and sign by rendering holistic Christian service throughout the world among the poor without regard to race, color, creed or sex.

WVI follows the vision statement below:

> "Our vision for every child, life in all its fullness;
>
> Our prayer for every heart, the will to make it so."

WVI is the lead organization in a network of worldwide affiliated organizations which use the World Vision trademark (except for the microfinance entities) and which are referred to as "the Partnership." (The word Partnership is used in a broad, informal sense, rather than in a technical legal sense).

Offices in this Partnership can be viewed in two ways: by function and type. Function refers to the roles the offices play in the operation of the Partnership. Type describes an entity's legal and accounting relationship within the Partnership.

Major functions in the Partnership include:

**WVI** – Provides the formal international structure for the Partnership. WVI establishes global governance and standards, and consolidates donations, the majority of which are received from Support Offices. WVI uses donations received for relief aid and community development work in Field Offices. WVI is also the operating entity in many Field Office countries, and some Support Office countries.

**Field Offices** – Primarily carry out the relief aid and community development work in their respective countries. Some Field Offices also raise local funds for relief aid and community development.

**Regional and International Offices** – Carry out the regional and global functions of WVI.

**Support Offices** – Raise funds to support the Partnership's programs outside of their home countries, provide technical and other forms of support, and in many cases assume contractual liability for the programs they fund. Some also perform relief or development programs within their own countries. Most of the Support Offices are not consolidated into these financial statements. Refer to pages 10 to 14 for affiliates WVI elects to consolidate or is required to consolidate.

**VisionFund International (VFI)** – VFI is a not-for-profit corporation that was established for the purpose of developing and administering the Partnership's microfinance network. The activities of VFI involve ownership of certain microfinance institutions (MFIs), and lending of funds and providing oversight to all MFIs affiliated with World Vision.

**Microfinance Institutions (MFIs)** – MFIs serve micro-entrepreneurs, smallholder farmers, and small businesses in disadvantaged and typically rural markets through the provision of basic financial services, such as credit, savings, and insurance, predominantly to women.

**Parallel Organizations (POs)** – POs are separately incorporated entities created for specialized purposes, which are controlled by or significantly influenced by another entity in the Organization.

There are four types of entities in the Partnership:

**WVI** – The legal entity of WVI (i.e., including its branch offices around the world, all consolidated into these financial statements):

Field Offices:

| | |
|---|---|
| Afghanistan | Lesotho |
| Angola | Mali |
| Armenia | Mauritania |
| Bangladesh | Moldova |
| Bosnia-Herzegovina | Mongolia |
| Burkina Faso | Mozambique |
| Burundi | Myanmar |
| Cambodia | Nepal |
| Central African Republic | Nicaragua |
| Chad | Niger |
| Chile | Rwanda |
| Colombia | Senegal |
| Congo – Democratic Republic of | Sierra Leone |
| East Timor | Somalia |
| Ethiopia | South Sudan |
| Georgia | Sudan |
| Haiti | Turkey |
| Iraq | Ukraine |
| Jordan | Vietnam |
| Laos | Venezuela |
| Lebanon | Zimbabwe |

Regional Offices:

- East Africa
- East Asia
- Latin America and the Caribbean
- Middle East & Eastern Europe
- South Asia & Pacific
- Southern Africa
- West Africa

International Offices:

- Americas Shared Service Center
- Dubai
- Geneva
- Kuala Lumpur
- London
- Los Angeles
- Manila
- New York

Support Offices:

- Singapore

Microfinance program:

| Name | Country |
|---|---|
| World Vision Vietnam Micro Enterprise Development Program | Vietnam |

**Subsidiaries of WVI** – Separate legal entities, which WVI owns or controls, or which are owned or controlled by an entity which is consolidated into these financial statements. These entities are consolidated with WVI as required by U.S. Generally Accepted Accounting Principles (U.S. GAAP):

Field Offices:

- Bolivia
- Costa Rica
- Dominican Republic
- Ecuador
- Jerusalem West Bank Gaza
- Malawi
- Papua New Guinea
- Solomon Islands
- Vanuatu

International Offices:

- Geneva

Parallel Organizations:

| Name | Country |
|---|---|
| WV Armenia Foundation | Armenia |
| World Vision BH Fondacija | Bosnia-Herzegovina |
| Organización No Gubernamental de Desarrollo y Centro de Capacitación y Desarrollo Económico Social (“ONG CECADES”) | Chile |
| Cecades y Cía Ltda. (“OTEC”) | Chile |
| Asociacion Para El Desarrollo Integral (“ASODESI”) | Colombia |
| ¡Smart360 Srl | Costa Rica |
| WV Cyprus Foundation | Cyprus |
| WV Georgia Foundation | Georgia |
| Samtskhe-Javakheti Area Development Center | Georgia |
| Kakheti Area Development Center | Georgia |
| Imereti Area Development Center | Georgia |

VisionFund International (VFI)

Microfinance Institutions (consolidated by VFI):

| Name | Country |
|---|---|
| SEF International Universal Credit Organization LLC (notes 18 and 19) | Armenia |
| VisionFund DRC | Congo – Democratic Republic of |
| VisionFund Republica Dominicana SAS | Dominican Republic |
| Banco VisionFund Ecuador S.A. | Ecuador |
| VFC Foundation | Georgia |
| VisionFund Caucasus LLC | Georgia |
| VisionFund Ghana Micro Credit Limited | Ghana |
| VisionFund Guatemala, S.A. | Guatemala |
| FUNED VisionFund OPDF | Honduras |
| VisionFund India Private Limited | India |
| VisionFund Kenya Limited | Kenya |
| VisionFund Ltd. | Malawi |
| VisionFund Mexico S.A. de C.V., SOFOM E.N.R. | Mexico |
| VisionFund NBFI LLC | Mongolia |
| MFI Monte Credit LLC | Montenegro |



(Continued)

| Name | Country |
|---|---|
| VisionFund AgroInvest LLC | Montenegro |
| VisionFund Myanmar Company Limited | Myanmar |
| EDPYME Credivision S.A. (note 19) | Peru |
| VisionFund Rwanda PLC | Rwanda |
| VisionFund Sénégal Microfinance, SA | Senegal |
| AgroInvest Fond LLC | Serbia |
| AgroInvest Foundation Serbia | Serbia |
| VisionFund Holdings (Private) Ltd. | Sri Lanka |
| VisionFund Lanka Ltd. | Sri Lanka |
| VisionFund Tanzania MFB Limited | Tanzania |
| VisionFund Uganda Limited | Uganda |
| VisionFund Zambia Ltd. | Zambia |

Microfinance Institutions (consolidated by WVI), continued:

| Name | Country |
|---|---|
| Fundación Boliviana para el Desarrollo Institución Financiera de Desarrollo | Bolivia |
| Agencia Nacional de Desenvolvimento Microempresarial | Brazil |
| Fondo de Inversions para el Desarrollo de la Microempresa | Dominican Republic |
| Fundación Salvadoreña para El Desarrollo | El Salvador |
| VisionFund Microfinance Institution (S.C.) | Ethiopia |
| Association of Productive Entrepreneurship Development | Ghana |
| Asociación Gutemalteca para del Desarrollo | Guatemala |
| Fundación para el Desarrollo de Honduras OPD | Honduras |
| Innovative Microfinance for Poverty Alleviation and Community Transformation | India |
| Mitra Masyarakat Sejahtera Foundation | Indonesia |
| PT. VisionFund Indonesia | Indonesia |
| KosInvest | Kosovo |
| Reseau de Micro Institutions de Croissance de Revenue | Mali |
| Fundación Realidad, A.C. | Mexico |
| AgroInvest NVO Podgorica | Montenegro |
| Community Economic Ventures, Inc. | Philippines |
| World Vision International Servia I Crane Gora Beograd | Serbia |
| VisionFund Lanka (Gte.) Ltd. | Sri Lanka |
| VisionFund Tanzania, Trust | Tanzania |

**Affiliates WVI elects to consolidate** – Separate affiliated entities, which under the relevant accounting standards are not owned or controlled by WVI. WVI has elected to include these affiliated entities as a permissive discretionary consolidation allowed under U.S. GAAP where WVI has a level of control and economic interest in these entities and consolidation is considered meaningful to WVI's financial statements:

Field Offices:

- Albania
- Brazil
- China
- El Salvador
- Eswatini
- Ghana
- Guatemala
- Honduras
- India
- Indonesia
- Kenya
- Mexico
- Peru
- Philippines
- Romania
- South Africa
- Sri Lanka
- Tanzania
- Uganda
- Zambia

Parallel Organizations:

| Name | Country |
|---|---|
| World Vision Holding Company | Cambodia |
| Asociacion De Desarrollo El Conacaste | Guatemala |
| Vision Lebanon | Lebanon |
| Agrovision | Romania |

**Affiliates which are not consolidated** – Separate affiliated entities, which under the relevant accounting standards are not owned or controlled by WVI, and which WVI is not required to consolidate:

Support Offices:

- Australia
- Austria
- Brussels & European Union Representation
- Canada
- Finland
- France
- Germany
- Hong Kong
- Ireland
- Italy
- Japan
- Korea
- Malaysia
- Netherlands
- New Zealand
- Spain
- Switzerland
- Taiwan
- United Kingdom
- United States

Field Office:

- Thailand

During the year ended September 30, 2022, WV Thailand achieved a level of financial self-sustainability such that WVI no longer has an economic interest in the entity as defined under ASC 958-810, thus WVI can no longer elect to consolidate WV Thailand in its consolidated financial statements. The net assets for WV Thailand as of September 30, 2022 of $40.3M is reported as loss on deconsolidation in the statement of activities.

## (2) Significant Accounting Policies

### *(a) Basis of Presentation*

The consolidated financial statements of the Organization are prepared on the accrual basis of accounting in accordance with U.S. GAAP.

### *(b) Consolidation*

All significant intercompany accounts and transactions among the consolidated entities have been eliminated in the accompanying consolidated financial statements.

### *(c) Cash, Cash Equivalents, and Restricted Cash*

Cash and cash equivalents consist of demand deposit accounts, certificates of deposit, and money market accounts with original maturities of 90 days or less at the date of acquisition.

***(d) Investments***

Investments are recorded at fair value and consist of time deposits and mutual funds with financial institutions as well as debt and equity securities. Current investment policy for domestically held securities is to purchase investments with a credit rating of A or better. Other investments are held locally at Field Offices around the world. Field Offices have similar credit quality policies and these investments are designed to preserve capital. Gains and losses on investments are recorded to other revenue and gains in the consolidated statements of activities.

***(e) Accounts and Microfinance Loans Receivable***

Accounts receivable are carried at the outstanding receivable amount, less an estimate made for uncollectible receivables.

Microfinance loans receivable primarily consist of amounts loaned to the entrepreneurial poor who lack access to normal banking facilities. For loans to MFI clients, the management of the respective MFI determines the adequacy of the allowance for loan losses each month. The adequacy is determined by evaluating the aged outstanding balances of loans receivable and recording a provision for loan loss as necessary. The provisions are based on the MFI’s past experience and historical performance of the portfolio. Loans deemed uncollectible (write-offs) are removed from the outstanding loan portfolio and deducted from the allowance. The ultimate recovery of all loans is susceptible to future market factors often beyond the Organization’s control. These factors may result in losses or recoveries differing significantly from those provided in the accompanying consolidated financial statements.

The Organization evaluates the credit quality of its loan portfolio based on local regulatory requirements and on the aging of loans. Loans over 30 days past due are considered to be non-performing. Loans aged over 91 days are considered to be impaired and are placed on non-accrual status. Loans on non-accrual status are not restored to accrual status unless they become current and full payment is expected. The Organization evaluates its loans receivable collectively for impairment.

***(f) Inventories***

The Organization’s inventories consist of emergency relief supplies for disaster response, donated goods (i.e., clothing, books, pharmaceuticals, etc.), food commodities held for monetization and distribution, and other materials for humanitarian programs. Purchased inventory is stated at the lower of cost or net realizable value. Cost is principally determined by an average-cost method applied to a physical inventory. Donated inventory is recorded at the estimated fair value at the time of donation.

***(g) Land, Buildings and Equipment, Net***

Land, buildings and equipment are recorded at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets. Buildings and improvements are depreciated over 3 to 25 years, furniture and equipment 3 to 10 years, computers and software 2 to 10 years and vehicles 5 years. Due to the conditions associated with the Organization operating across the world, equipment purchased for projects at the Field Offices is expensed in the year of acquisition. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred. When assets are disposed of or sold, the related costs and accumulated depreciation are removed from the accounts and any gain or loss upon disposition is included in the consolidated statements of activities.

Land, buildings and equipment are reviewed for impairment 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 the carrying value.

***(h) Leases***

A contract is determined to be a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Organization does not have any finance leases but does have operating leases which are included in the consolidated statement of financial position.

Operating lease right-of-use assets represent the right to use the leased asset for the lease term and operating lease liabilities are the present value of remaining lease payments owed over such term. Right-of-use assets and liabilities are recognized at the commencement date based on the lease term and extension options reasonably certain to be exercised, discounted by the risk-free rate to determine present value. Lease expense for minimum operating lease payments is amortized on a straight-line basis over the lease term. The Organization elected to combine lease and non-lease components as a single lease component and to exclude short term leases with an original term of 12 months or less, from its consolidated statement of financial position.

***(i) Self-Insurance***

The Organization is self-insured for certain 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. Actual results could differ from those estimates.

***(j) Contribution Revenue Recognition***

WVI receives unconditional promises to give funds from unconsolidated Support Offices. Unconditional promises to give are recorded as revenue in the year the promises are made. All unconditional promises to give that were not yet fulfilled as of September 30, 2023 and 2022 are recorded in due from unconsolidated affiliates and detailed in note 6. WVI also receives cash donations from affiliated entities and unaffiliated donors. Revenue is recognized on these donations at the time of the donation.

Conditional promises to give are not included as revenue or pledges receivable until such time as the conditions are substantially met. A donor-imposed condition must include both a barrier and a right of asset return or pledge cancellation. As of September 30, 2023, the Organization had outstanding $5,388 in conditional promises to give, excluding public grants, which are conditioned upon the completion of specific programmatic performance milestones. The Organization also had outstanding $18,957 in conditional promises to give directly related to public grants as of September 30, 2023. Of the outstanding conditional promises to give related to public grants, $3,045 was awarded by government donors and $15,912 was awarded by multilateral agencies or other donors.

***(k) Gifts-in-Kind***

Gifts-in-kind (GIK) received through private donations are recorded in accordance with U.S. GAAP and industry standards, referred to as the Interagency GIK Standards, as developed by an interagency task force appointed by Accord Network. Accord Network is an industry network which collaborates to eliminate poverty and establish common reporting and operating principles. 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 their principal exit markets considering the goods condition and utility for use at the time of contribution. The Organization monetizes GIK when the generation of cash funding through the sale (monetization) of those gifts supports best practice program design and is permitted by the donors.

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 reliable third-party sources, representing principal exit markets where such products are approved for sale.

Non-pharmaceutical 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 wholesale market 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.

***(l) Other Revenue and Gains***

Other revenue and gains consists primarily of interest on microfinance loans and investment gains and losses.

***(m) Functional Expenses***

The Organization categorizes its activities into the following categories for the fiscal years ended September 30, 2023 and 2022:

*International Relief and Community Development* – The Organization employs effective development, relief and advocacy practices to empower families and communities to overcome poverty and injustice by addressing issues such as preventable diseases, malnutrition, clean water, education, food security, child protection and emergency relief. This category represents the costs incurred by the Organization in delivering these programs in country and the associated technical expertise regionally and globally to ensure programs are implemented consistently and to a high standard.

*Microenterprise Development* – The Organization implements microfinance and microenterprise programs to promote financial inclusion in rural areas and vulnerable communities so that families are empowered to generate their own income and break free from the cycle of poverty. This category represents the costs incurred by the Organization in delivering these programs in country and the associated technical expertise regionally and globally to ensure programs are implemented consistently and to a high standard.

*Management and General Activities* – The Organization invests 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 to fund the life-changing programs of the Organization.

***(n) Allocation Methodology***

The Organization allocates expenses on a functional basis among its various programs and supporting services. Expenses, such as employee related costs, are identified as related to a specific program or supporting service and are directly classified accordingly. Centralized costs are allocated to the specific program or supporting service for services performed, the basis of which may be head count, square footage, number of licenses or other appropriate drivers. Costs that cannot be practically allocated to a specific functional category are categorized as Management and General Activities.

***(o) Foreign Currency Translation Adjustments***

The assets and liabilities of non-U.S. WVI branch offices and consolidated affiliates, whose functional currencies are the respective country's local currency, are translated into U.S. dollars at year-end exchange rates and revenue and expenses are translated at weighted average rates during the year. The resulting translation adjustment is included in program services expense in the consolidated statements of activities.

***(p) 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 and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates relate primarily to the determination of the allowance for loan losses and the valuation of GIK.

***(q) Accounting Pronouncements***

(i) The Organization adopted ASU 2016-02, *Leases (Topic 842)* for its fiscal year ended September 30, 2023. The guidance requires lessees to recognize assets and liabilities for leases classified as operating leases. Under the new standard, a lessee will recognize a liability on the balance sheet representing the present value of remaining lease payments owed and a right-of-use (ROU) asset representing its right to use the underlying asset for the lease term.

The Organization applied Topic 842 using the modified retrospective approach and elected to adjust comparative periods. The statement of financial position, statement of activities, statement of cash flows, and statement of functional expenses have been restated to conform with the requirements of this statement and the current year presentation. This resulted in a $154 increase to the net assets as of September 30, 2022. The Organization also elected the practical expedient transition package whereby the following were not reassessed: whether existing contracts were or contained a lease, lease classification, and initial direct costs for any existing leases. The adoption of this standard resulted in recognition of operating lease right-of-use assets of $52,415 and corresponding operating lease liabilities of $52,415 at the adoption date of October 1, 2021.

*(ii)* In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The amendments in this update replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The statement is effective at fiscal year ending September 30, 2024. The Organization is currently evaluating the effects of the adoption of this standard will have on the consolidated financial statements.

### *(r) Reclassifications*

Certain reclassifications have been made to 2022 amounts to conform to the 2023 presentation.

## (3) Liquidity and Availability

The following reflects the Organization’s financial assets at September 30, 2023 and 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions. The Organization manages its fiscal resources primarily to ensure the preservation of capital and adequate liquidity in order to meet the funding requirements of ongoing field commitments. The Organization is substantially supported by contributions with donor restrictions. These restrictions include requirements for resources to be used for a particular purpose or in a future period. The Organization must manage its financial assets in such a way that it meets these donor restrictions and have sufficient funds available as its general expenditures, liabilities, and other obligations come due.

(Amounts in thousands)

The following table presents the financial assets available to meet cash needs for general expenditures within one year at September 30, 2023 and 2022:

| Assets | | 2023 | 2022 |
|---|---|---|---|
| Cash, cash equivalents, and restricted cash | $ | 780,169 | 765,483 |
| Investments | | 34,628 | 28,244 |
| Due from unconsolidated affiliates | | 13,517 | 7,661 |
| Accounts receivable | | 43,028 | 30,967 |
| Financial assets at year-end | | 871,342 | 832,355 |
| Less those unavailable for general expenditures within one year, due to: | | | |
| Contractual or donor imposed restrictions: | | | |
| Restricted investments | | (7,001) | (2,901) |
| Cash and investments held for pensions | | (75,410) | (68,871) |
| Financial assets available to meet cash needs for general expenditures within one year | $ | 788,931 | 760,583 |

While microfinance loans receivable are programmatic in nature, the Organization designates these for future programming activity, not for operational or general expenditures. The principal use of funds for MFIs are for net operating cash flows, loans to clients, debt repayments, demand deposit repayments and capital expenditures. Each MFI adheres to VFI's liquidity policy, however each MFI also must adhere to their respective in country regulatory environment, and operating model requirements which vary by country. If an MFI needs additional liquidity they will typically disburse fewer loans in order to increase liquidity and cover their liabilities. However, if necessary, management and VFI will work together to find a suitable solution, which can include providing a loan or equity from VFI to the MFI as well as other strategic solutions. The maturity dates of the MFI loans to clients are generally managed to match or precede the maturity dates of notes payable to various lenders.

## (4) Other Disclosures

### *(a) Concentration of Credit Risk*

The Organization maintains certain cash accounts at various financial institutions in the United States and foreign countries. The total deposits at institutions in the United States at times exceed the amount covered by bank deposit insurance up to $250. As of September 30, 2023, the total deposits at institutions exceeded the amount covered by the bank deposit insurance by $509,591. For deposits outside the United States, the Organization is exposed to a maximum of $269,688 in the event of non-performance of the banks as of September 30, 2023. Many of the deposits held at institutions outside of the United States are not covered by local depository insurance. In the event of non-performance by the other parties to investment transactions, the Organization is exposed to loss for the amount of cash in excess of the insurance coverage.

***(b) Net Assets***

Net assets of the Organization are reported within the following categories:

*Net Assets without Donor Restrictions* – Net assets without donor restrictions represent those resources of the Organization that are not subject to donor-imposed restrictions or law. The only limits on net assets without donor restrictions are broad limits resulting from the nature of the Organization and the purposes specified in its articles of incorporation or bylaws, and limitations resulting from contractual agreements, if any.

*Net Assets with Donor Restrictions* – Net assets with donor restrictions represent contributions and other inflows of assets that are subject to donor-imposed restrictions or law, which can be fulfilled by actions of the Organization pursuant to those stipulations or by the passage of time.

Expenses are reported as decreases in net assets without donor restrictions. Expiration of donor-imposed restrictions that simultaneously increase one class of net assets and decrease another are reported as reclassifications between the applicable classes of net assets. Contributions with donor restrictions are recorded in net assets with donor restrictions when received and when the restriction expires, the net assets are shown as released from restriction on the consolidated statements of activities.

***(c) Tax Status***

WVI is a not-for-profit organization exempt from federal income and California state franchise taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Section 23701d of the California Revenue and Taxation Code. However, WVI remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the consolidated financial statements as a whole. Accounting Standards Codification (ASC) Topic 740 (ASC 740), *Income Taxes*, prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and provides guidance on derecognition, classification, interest and penalties, disclosure, and transition. Management believes there are no such uncertain tax positions for the Organization for the years ended September 30, 2023 or 2022.

The foreign World Vision offices that are not part of the entity of WVI (as defined in note 1) are separate not-for-profit organizations organized within their respective countries. They are subject to the respective local tax laws. Taxes recorded in program services expense and supporting services expense in the accompanying consolidated statements of activities consist entirely of non-U.S. taxes related to the operations of the foreign consolidated entities.



(Continued)

MFIs are subject to their respective local tax laws, pursuant to which some are taxable and some are not taxable (or tax-exempt). Taxes totaling $5,582 and $5,135 for the years ended September 30, 2023 and 2022, respectively, are recorded in program services expense in the accompanying consolidated statements of activities and consist entirely of non-U.S. taxes related to the operations of the foreign consolidated entities.

## (5) Fair Value

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 or most advantageous market of the asset. A three-tier hierarchy was established by the Financial Accounting Standards Board (FASB) to classify measurement inputs for determining fair value for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use 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 or liabilities.

In some cases, the inputs used to measure fair value might fall in different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the asset in its entirety 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.

(Amounts in thousands)

The following table presents assets that are measured at fair value on a recurring basis at September 30, 2023:

| | | Total | Quoted prices in active markets for identical assets (Level 1) | Significant other observable inputs (Level 2) |
|---|---|---|---|---|
| Assets: | | | | |
| Investments: | | | | |
| Certificates of deposit | $ | 25,967 | — | 25,967 |
| Foreign government securities | | 1,157 | — | 1,157 |
| Mutual funds and other | | 7,504 | 7,504 | — |
| Total investments | $ | 34,628 | 7,504 | 27,124 |
| Foreign exchange contracts | $ | 16,649 | — | 16,649 |
| Liabilities: | | | | |
| Foreign exchange contracts | $ | 16,515 | — | 16,515 |

The following table presents assets that are measured at fair value on a recurring basis at September 30, 2022:

| | | Total | Quoted prices in active markets for identical assets (Level 1) | Significant other observable inputs (Level 2) |
|---|---|---|---|---|
| Assets: | | | | |
| Investments: | | | | |
| Certificates of deposit | $ | 19,221 | — | 19,221 |
| Foreign government securities | | 2,038 | — | 2,038 |
| Mutual funds and other | | 6,985 | 6,985 | — |
| Total investments | $ | 28,244 | 6,985 | 21,259 |
| Foreign exchange currency contracts | $ | 45,992 | — | 45,992 |
| Liabilities: | | | | |
| Foreign exchange currency contracts | $ | 10,515 | — | 10,515 |



(Continued)

(Amounts in thousands)

Level 2 investments primarily consist of certificates of deposit held at the Field Offices' local banks. Level 2 investments also include time deposits held with the Field Offices' local government and debt securities held by WVI's global offices in the markets of developed countries. The fair value of these investments is determined through the use of other significant observable inputs (including quoted prices for similar investments, interest rates, etc.).

## (6) Due from/to Unconsolidated Affiliates

Amounts due from/to unconsolidated affiliates arise from short-term transactions relating to project commitments and investments held for unconsolidated affiliates. Amounts due from/to unconsolidated affiliates at September 30, 2023 and 2022 are as follows:

| | | 2023 | 2022 |
|---|---|---|---|
| Due from unconsolidated affiliates: | | | |
| World Vision United States | $ | 5,634 | — |
| World Vision Korea | | 4,957 | 3,810 |
| World Vision Thailand | | 1,102 | 690 |
| World Vision Austria | | 602 | 814 |
| World Vision Canada | | 518 | 667 |
| World Vision Taiwan | | 390 | — |
| World Vision Hong Kong | | 252 | — |
| World Vision Switzerland | | 45 | 16 |
| World Vision Italy | | 17 | 20 |
| World Vision Germany | | — | 956 |
| World Vision Australia | | — | 630 |
| World Vision Spain | | — | 58 |
| Total due from unconsolidated affiliates | $ | 13,517 | 7,661 |

| | | 2023 | 2022 |
|---|---|---|---|
| Due to unconsolidated affiliates: | | | |
| World Vision Spain | $ | 132 | — |
| World Vision United States | | — | 11,656 |
| Total due to unconsolidated affiliates | $ | 132 | 11,656 |

## (7) Microfinance Loans Receivable

The Organization operates microenterprise development activities in many countries primarily through MFIs. These community-based loan programs are designed to assist individuals without access to normal banking resources with loans for the development of small business enterprises. These loans consist of funds lent to entrepreneurial individuals, solidarity groups, and community banks for the purpose of furthering economic development in the communities served. Amounts in microfinance loans receivable represent funds lent to the entrepreneurial poor in the respective areas of operation.

(Amounts in thousands)

Microfinance loans receivable, net at September 30, 2023 and 2022, consist of the following:

| | | 2023 | 2022 |
|---|---|---|---|
| Microfinance loans receivable, gross | $ | 564,694 | 455,273 |
| Less loan loss allowance | | (12,840) | (10,970) |
| Microfinance loans receivable, net | $ | 551,854 | 444,303 |

The average loan amount varies by country from one hundred seventeen dollars to two thousand six hundred thirty-five dollars. The average loan terms commonly range from 3 to 51 months with a weighted average maturity of approximately 23 months.

Interest rates on the outstanding loans vary by country due to varying inflation rates and operating environments. For the years ending September 2023 and 2022, the weighted average annual interest rates charged was 29% and 28%, respectively. In 2023 and 2022, the average loan portfolio for the Organization's consolidated MFIs was $20,915 and $16,862, respectively, with the largest consolidated MFI loan portfolio being $159,512 and $106,547, respectively.

Microfinance loans receivable were concentrated in the following regions as of September 30, 2023 and 2022:

| Region of operations | | 2023 | 2022 |
|---|---|---|---|
| Latin America/Caribbean | $ | 259,283 | 224,301 |
| Africa | | 248,457 | 175,218 |
| Asia/Pacific | | 44,206 | 42,891 |
| Middle East/Eastern Europe | | 12,748 | 12,863 |
| Total | $ | 564,694 | 455,273 |

(Amounts in thousands)

An aging analysis of microfinance loans receivable at September 30, 2023 and 2022, is as follows:

| | | 2023 | 2022 |
|---|---|---|---|
| Current or less than 30 days past due | $ | 553,486 | 442,502 |
| 31–60 days past due | | 2,765 | 2,251 |
| 61–90 days past due | | 1,948 | 1,567 |
| 91 days or more past due | | 6,495 | 8,953 |
| | $ | 564,694 | 455,273 |

As of September 30, 2023 and 2022, loans 91 days or more past due totaling $6,495 and $8,953, respectively, were not accruing interest.

The Organization generally evaluates credit quality based on the aging of loans and considers loans over 91 days as impaired. Loans are evaluated collectively for impairment.

Changes in the allowance for loan losses for the years ended September 30, 2023 and 2022 are as follows:

| Allowance for loan loss | | 2023 | 2022 |
|---|---|---|---|
| Beginning of year | $ | 10,970 | 42,767 |
| Loans written off | | (14,723) | (33,973) |
| Provision for loan losses | | 14,486 | 4,827 |
| Currency valuation change | | 2,107 | (1,814) |
| Allowance for loan losses for Asset held for sale | | — | (837) |
| End of year | $ | 12,840 | 10,970 |

In the years ended September 30, 2023 and 2022, funds recovered from loans written off totaled $5,737 and $5,266, respectively. These amounts are included within other revenue and gains in the accompanying consolidated statements of activities.



(Continued)

(Amounts in thousands)

## (8) Land, Buildings and Equipment, Net

Land, buildings and equipment, net at September 30, 2023 and 2022, consist of the following:

| | | 2023 | 2022 |
|---|---|---|---|
| Land | $ | 19,202 | 20,198 |
| Buildings and improvements | | 58,164 | 56,453 |
| Computers and software | | 52,054 | 51,271 |
| Vehicles | | 7,993 | 9,399 |
| Furniture and other equipment | | 11,307 | 10,022 |
| Total land, buildings and equipment | | 148,720 | 147,343 |
| Less accumulated depreciation | | (71,664) | (73,328) |
| Total land, buildings and equipment, net | $ | 77,056 | 74,015 |

Assets are located in countries the Organization's operations are located, which includes developed and developing countries and fragile contexts.

Depreciation and amortization expense for the years ended September 30, 2023 and 2022 was $9,953 and $8,369, respectively.

## (9) Foreign Exchange Contracts

The Organization receives most of its funds from unconsolidated Support Offices throughout the world (as discussed in note 13, Contributions and Gifts-in-Kind Revenue). Planned funding is made annually by the Organization to Field Offices and MFIs in the local currency of the respective countries. In order to protect against adverse fluctuations in such currencies, the Organization may enter into foreign currency forward (FOREX) contracts, which provide for the future exchange of funds at agreed-upon rates. These agreements are recorded at fair value at September 30, 2023 and 2022. Any realized gains or losses as of September 30, 2023 and 2022 are recognized in contributions revenue in the consolidated statements of activities. It is the Organization's general policy and practice to hold such contracts until maturity.

For the years ended September 30, 2023 and 2022, the Organization recorded unrealized loss of $35,343 and unrealized gain of $22,819, respectively, on FOREX contracts held.

At September 30, 2023 and 2022, the Organization had in place foreign currency contracts for purchases of U.S. dollars with notional amounts totaling $664,351 and $670,703, respectively, and sales of U.S. dollars for foreign currencies with notional amounts totaling $198,831 and $238,762, respectively. At September 30, 2023 and 2022, the fair values of FOREX contracts held recognized in the consolidated statements of financial position are assets of $16,649 and $45,992 and liabilities of $16,515 and $10,515, respectively.



(Continued)

(Amounts in thousands)

## (10) Notes Payable

Notes payable represent amounts received from various foundations, individuals, unconsolidated Support Offices, and banking organizations, which extended loans to the Organization to provide funding for its activities. At September 30, 2023 and 2022, a total of $30,37,576 and $267,770, respectively, in loans was outstanding. All of these loans were issued in relation to World Vision's microfinance activities except for a loan issued in relation to a purchase of a capital asset with an outstanding balance of $231 at September 30, 2022. Interest rates generally range from 0% to over 15%. These loans are scheduled for repayment as follows:

| | | |
|---|---|---|
| Fiscal year: | | |
| 2024 | $ | 114,410 |
| 2025 | | 100,079 |
| 2026 | | 58,029 |
| 2027 | | 22,556 |
| 2028 | | 1,586 |
| 2029 and thereafter | | 7,096 |
| Total | $ | 303,756 |

Notes payable are unsecured with the exception of aggregate loans of $14,176 and $10,587 at September 30, 2023 and 2022, respectively, in loans that have been collateralized by the assets of individual MFIs. Each of these collateral agreements represents a first priority guarantee on the assets of a particular MFI. Interest expense totaling $31,246 and $27,533 for the years ended September 30, 2023 and 2022, respectively, is recorded in the consolidated statements of activities as microenterprise development program services expense.

VFI has one available unused line of credit of $5,000 as of September 30, 2023. The $5,000 credit line is to address liquidity needs for the Organization and its MFIs. At September 30, 2022, VFI had two available unused lines of credit totaling $17,000.

(Amounts in thousands)

## (11) Net Assets

Consolidated net assets at September 30, 2023 are restricted or designated for the following purposes:

| | Net assets without donor restrictions | Net assets with donor restrictions | Total |
|---|---|---|---|
| Contributions received restricted for international relief and community development | $ — | 290,447 | 290,447 |
| Contributions of gifts-in-kind restricted for international programs | — | 66,513 | 66,513 |
| Other revenue received for international relief and community development | 317,507 | — | 317,507 |
| Other revenue received for microenterprise development | 188,875 | — | 188,875 |
| Other designated amounts: | | | |
| Christian endowment | 14,019 | — | 14,019 |
| Net unrealized gain on foreign exchange contracts | 134 | — | 134 |
| Represented by fixed assets and investments: | | | |
| Land, buildings, and equipment, net | 79,629 | — | 79,629 |
| Investment in captive insurance company | 690 | — | 690 |
| | $ 600,854 | 356,960 | 957,814 |

Consolidated net assets at September 30, 2022 are restricted or designated for the following purposes:

| | Net assets without donor restrictions | Net assets with donor restrictions | Total |
|---|---|---|---|
| Contributions received restricted for international relief and community development | $ — | 316,254 | 316,254 |
| Contributions of gifts-in-kind restricted for international programs | — | 67,098 | 67,098 |
| Other revenue received for international relief and community development | 268,999 | — | 268,999 |
| Other revenue received for microenterprise development | 158,953 | — | 158,953 |

(Amounts in thousands)

| | | Net assets without donor restrictions | Net assets with donor restrictions | Total |
|---|---|---|---|---|
| Other designated amounts: | | | | |
| Christian endowment | $ | 14,045 | — | 14,045 |
| Net unrealized gain on foreign exchange contracts | | 35,477 | — | 35,477 |
| Represented by fixed assets and investments: | | | | |
| Land, buildings, and equipment, net | | 76,185 | — | 76,185 |
| Investment in captive insurance company | | 690 | — | 690 |
| | $ | 554,349 | 383,352 | 937,701 |

## (12) Endowments

Most states (including California) have adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA governs the appropriation of expenditures from donor-designated endowments, subject to the intent of the donor as expressed in the gift instrument. UPMIFA is not applicable to board-designated endowments. WVI has one board-designated endowment and does not have any donor-restricted endowments. WVI has a policy for the board-designated endowment allowing that, annually, the board may appropriate and expend all or part of the accumulated income. The following table provides the endowment activity for 2022 and 2023:

| | | |
|---|---|---|
| Balance, September 30, 2021 | $ | 14,572 |
| Net investment return | | 18 |
| Appropriated expenditures | | (545) |
| Balance, September 30, 2022 | | 14,045 |
| Net investment return | | 429 |
| Appropriated expenditures | | (455) |
| Balance, September 30, 2023 | $ | 14,019 |

(Amounts in thousands)

### (13) Contributions and Gifts-in-Kind Revenue

Contributions and gifts-in-kind revenues for the year ended September 30, 2023 are from the following:

| | Without donor restrictions | With donor restrictions | Total |
|---|---|---|---|
| Contributions: | | | |
| World Vision United States | $ 56,623 | 714,904 | 771,527 |
| World Vision Canada | 18,800 | 135,810 | 154,610 |
| World Vision Australia | 15,948 | 131,751 | 147,699 |
| World Vision Germany | 860 | 126,256 | 127,116 |
| World Vision Korea | 11,211 | 84,132 | 95,343 |
| World Vision United Kingdom | 4,530 | 55,380 | 59,910 |
| World Vision Taiwan | 5,698 | 54,196 | 59,894 |
| World Vision Hong Kong | 6,506 | 46,947 | 53,453 |
| World Vision Japan | 2,813 | 33,009 | 35,822 |
| World Vision New Zealand | 2,292 | 23,999 | 26,291 |
| World Vision Netherlands | 499 | 19,290 | 19,789 |
| World Vision Switzerland | 1,729 | 13,387 | 15,116 |
| World Vision France | 306 | 10,887 | 11,193 |
| World Vision Finland | 238 | 10,278 | 10,516 |
| World Vision Austria | 289 | 9,741 | 10,030 |
| World Vision Malaysia | 437 | 7,555 | 7,992 |
| World Vision Ireland | 154 | 7,791 | 7,945 |
| World Vision Spain | 49 | 3,062 | 3,111 |
| World Vision Italy | 6 | 532 | 538 |
| Contributions received from nonaffiliated sources through: | | | |
| World Vision Singapore | — | 12,855 | 12,855 |
| Other subsidiaries | 18,294 | 143,210 | 161,504 |
| Subtotal | 147,282 | 1,644,972 | 1,792,254 |
| Gifts-in-kind: | | | |
| World Vision United States | — | 314,726 | 314,726 |
| World Vision Canada | — | 138,563 | 138,563 |
| World Vision Australia | — | 87,022 | 87,022 |
| World Vision Korea | — | 48,863 | 48,863 |
| World Vision Taiwan | — | 34,462 | 34,462 |
| World Vision Germany | — | 31,541 | 31,541 |
| World Vision Hong Kong | — | 16,723 | 16,723 |

(Amounts in thousands)

| | Without donor restrictions | With donor restrictions | Total |
|---|---|---|---|
| World Vision New Zealand | $ — | 12,451 | 12,451 |
| World Vision Japan | — | 11,324 | 11,324 |
| World Vision Switzerland | — | 8,223 | 8,223 |
| World Vision United Kingdom | — | 5,565 | 5,565 |
| World Vision Ireland | — | 3,623 | 3,623 |
| World Vision Italy | — | 2,991 | 2,991 |
| World Vision Austria | — | 2,477 | 2,477 |
| World Vision Netherlands | — | 1,138 | 1,138 |
| World Vision France | — | 986 | 986 |
| Gifts-in-kind received from non-affiliated sources through: | | | |
| World Vision Singapore | — | 1,743 | 1,743 |
| Other subsidiaries | — | 7,315 | 7,315 |
| Subtotal | — | 729,736 | 729,736 |
| Total | $ 147,282 | 2,374,708 | 2,521,990 |

Contributions and gifts-in-kind revenues for the year ended September 30, 2022 are from the following:

| | Without donor restrictions | With donor restrictions | Total |
|---|---|---|---|
| Contributions: | | | |
| World Vision United States | $ 52,404 | 634,562 | 686,966 |
| World Vision Canada | 18,263 | 154,430 | 172,693 |
| World Vision Australia | 15,290 | 153,821 | 169,111 |
| World Vision Germany | 799 | 106,574 | 107,373 |
| World Vision Korea | 10,944 | 85,340 | 96,284 |
| World Vision Hong Kong | 6,970 | 54,904 | 61,874 |
| World Vision Taiwan | 5,438 | 54,439 | 59,877 |
| World Vision United Kingdom | 4,527 | 44,049 | 48,576 |
| World Vision Japan | 2,592 | 41,191 | 43,783 |
| World Vision New Zealand | 2,165 | 28,844 | 31,009 |
| World Vision Netherlands | 454 | 24,129 | 24,583 |
| World Vision Switzerland | 1,724 | 13,930 | 15,654 |
| World Vision France | 285 | 8,894 | 9,179 |
| World Vision Malaysia | 428 | 8,649 | 9,077 |

(Amounts in thousands)

| | | Without donor restrictions | With donor restrictions | Total |
|---|---|---|---|---|
| World Vision Austria | $ | 277 | 8,753 | 9,030 |
| World Vision Finland | | 217 | 8,194 | 8,411 |
| World Vision Ireland | | 151 | 6,928 | 7,079 |
| World Vision Spain | | 45 | 4,191 | 4,236 |
| World Vision Italy | | 6 | 650 | 656 |
| Contributions received from non-affiliated sources through: | | | | |
| World Vision Singapore | | — | 13,618 | 13,618 |
| Other subsidiaries | | 12,053 | 118,602 | 130,655 |
| Subtotal | | 135,032 | 1,574,692 | 1,709,724 |
| Gifts-in-kind: | | | | |
| World Vision United States | | — | 204,985 | 204,985 |
| World Vision Canada | | — | 103,965 | 103,965 |
| World Vision Australia | | — | 59,678 | 59,678 |
| World Vision Korea | | — | 30,593 | 30,593 |
| World Vision Taiwan | | — | 23,606 | 23,606 |
| World Vision Hong Kong | | — | 12,720 | 12,720 |
| World Vision Germany | | — | 12,499 | 12,499 |
| World Vision New Zealand | | — | 9,242 | 9,242 |
| World Vision United Kingdom | | — | 9,142 | 9,142 |
| World Vision Japan | | — | 8,725 | 8,725 |
| World Vision Austria | | — | 3,182 | 3,182 |
| World Vision Switzerland | | — | 3,094 | 3,094 |
| World Vision Netherlands | | — | 2,731 | 2,731 |
| World Vision Italy | | — | 1,836 | 1,836 |
| World Vision France | | — | 59 | 59 |
| Gifts-in-kind received from nonaffiliated sources through: | | | | |
| World Vision Singapore | | — | 1,577 | 1,577 |
| Other subsidiaries | | — | 16,134 | 16,134 |
| Subtotal | | — | 503,768 | 503,768 |
| Total | $ | 135,032 | 2,078,460 | 2,213,492 |

(Amounts in thousands)

## (14) Gifts-in-Kind Revenue

Contributed non-financial assets received during the years ended September 30 were as follows:

| | | 2023 | 2022 |
|---|---|---|---|
| Food | $ | 671,149 | 449,981 |
| Clothing | | 23,733 | 13,725 |
| Household goods | | 12,076 | 8,359 |
| Pharmaceuticals | | 5,391 | 8,001 |
| Medical supplies | | 5,232 | 15,974 |
| School and office supplies | | 2,614 | 784 |
| Toys | | 1,539 | 676 |
| Building supplies | | 850 | 1,221 |
| Books | | 735 | 251 |
| Other | | 6,417 | 4,796 |
| | $ | 729,736 | 503,768 |

Food commodities are either distributed directly to beneficiaries or monetized based on donor requirements. Sales proceeds are used to fund international relief and development programs.

Food revenue granted for distribution is generally recognized when the commodities are delivered to the ultimate destination. Revenue is recognized on the proceeds for food granted for monetization when the proceeds are utilized for program activities.

None of the GIK were monetized in 2023 or 2022. Please refer to note 2(k) for description of the GIK valuation techniques and inputs. All donations will be used according to the donor restrictions, or in their absence, according to programmatic needs.

Contributions may be held in inventory at year-end, resulting in timing differences between their receipt and utilization in programs.

## (15) Retirement Plans

### *(a) Defined Contribution Retirement Plans*

*(i) Plan for non-U.S. and non-U.K. Employees*

WVI has an international defined contribution plan covering substantially all non-U.S. and non-U.K. citizens on an International Assignment (outside their home country) who are not included in the US or UK plans referred to below. Total contributions to this plan for the years ended September 30, 2023 and 2022 were $2,045 and $1,955, respectively.

(Amounts in thousands)

*(ii) Plan for U.S. Employees*

WVI also provides U.S. eligible employees a defined contribution plan, which is a qualified plan under Section 403 (b) of the Internal Revenue Code.

WVI contributed $2,341 and $2,602 for the years ended September 30, 2023 and 2022, respectively. Effective October 1, 2018, employees began receiving enhanced benefits in existing 403(b) plans in lieu of further contributions to the Cash Balance Retirement Plan referred to in 15(b) below. Some of these enhanced benefits were transition provisions that ended on September 30, 2023.

*(iii) Plan for UK Employees*

For UK employees, WVI has an international defined contribution plan. Total contributions to this plan for the years ended September 30, 2023 and 2022 were $607 and $693, respectively.

***(b) Defined Benefit Retirement Plan***

WVI participates jointly with World Vision, Inc. (also known as World Vision United States), an unconsolidated affiliate, in a non-contributory Cash Balance Retirement Plan (the Plan) for substantially all regular full-time WVI staff working in the U.S. or who are U.S. taxpayers. The assets of the Plan are held in trust by an external trustee. Under the Plan, an annual pay credit and interest credit are added to a participant's balance 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 currently is established as the 30-year US Treasury rate. The amount of employer contributions is determined based on actuarial valuations and recommendations as to the amounts required to fund benefits under this Plan. Effective September 30, 2018, the plan was frozen and no additional pay credits will be earned after that date.

WVI and World Vision, Inc. established a grandfathered minimum guaranteed benefit provision for participants covered under the prior plan at September 1, 1998. Upon withdrawing from the Plan, those participants will receive the greater of the minimum guaranteed benefit or the accrued benefit under the Cash Balance Plan. Participants that have terminated prior to January 1, 1999, are only covered by the grandfathered benefit and can only be paid out with a normal monthly pension.

The following table sets forth the actuarial assumptions related to the Plan. Assumptions as of September 30, 2023 and 2022 are as follows:

| | 2023 | 2022 |
|---|---|---|
| Discount rate | 5.55 % | 5.05 % |
| Expected return on Plan assets | 5.50 | 5.00 |
| Assumed interest crediting rate to participants | 3.55 | 1.94 |

(Amounts in thousands)

Each year, the discount rate is determined 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 Joint Pension Committee assumes will be earned over the life of the pension assets. Management believes the assumed rate is appropriate based on historical returns.

The following tables provide a reconciliation of benefit obligations, Plan assets, and funded status of the Plan for the years ended September 30, 2023 and 2022:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | **WVI** | **Total plan** | **WVI** | **Total plan** |
| Change in benefit obligations: | | | | |
| Projected benefit obligations at beginning of year | $ 30,029 | 99,041 | 33,339 | 121,050 |
| Service cost | 49 | 170 | 61 | 200 |
| Interest cost | 1,317 | 4,555 | 774 | 2,553 |
| Changes in assumptions | (1,609) | (2,924) | (1,743) | (20,577) |
| Actuarial loss | 304 | 1,051 | 788 | 2,606 |
| Benefits paid | (2,633) | (6,985) | (1,803) | (3,802) |
| Settlements | — | — | (1,326) | (2,789) |
| Expenses paid | (49) | (170) | (61) | (200) |
| Projected benefit obligations at end of year | $ 27,408 | 94,738 | 30,029 | 99,041 |
| Accumulated benefit obligations at end of year | $ 27,408 | 94,738 | 30,029 | 99,041 |

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | **WVI** | **Total plan** | **WVI** | **Total plan** |
| Change in Plan assets: | | | | |
| Plan assets at fair value at beginning of year | $ 31,958 | 105,400 | 36,460 | 132,384 |
| Actual return on Plan assets | (43) | 2,796 | (1,326) | (20,236) |
| Benefits paid | (2,634) | (6,985) | (1,802) | (3,801) |
| Settlements | — | — | (1,326) | (2,789) |
| Expenses paid | (64) | (221) | (48) | (158) |
| Plan assets at fair value at end of year | $ 29,217 | 100,990 | 31,958 | 105,400 |
| Funded status | $ 1,809 | 6,252 | 1,929 | 6,359 |

(Amounts in thousands)

| | | 2023 | 2022 |
|---|---|---|---|
| Asset recognized in the consolidated statement of financial position as funded status asset | $ | 1,809 | 1,929 |
| Amounts recognized in the consolidated statements of activities as other gains and (losses) consist of: | | | |
| Pension plan adjustments | $ | (70) | (1,133) |

For the years ended September 30, 2023 and 2022, the benefit obligation declined primarily due to the increase in the discount rate.

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

| | | 2023 | 2022 |
|---|---|---|---|
| Service cost | $ | 49 | 61 |
| Interest cost | | 1,317 | 774 |
| Expected return on plan assets | | (1,393) | (1,512) |
| Amortization of net loss | | 242 | — |
| Net periodic benefit credit cost | $ | 215 | (677) |

### *(c) Fair Value of Plan Assets*

The Plan 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 policy from investing in derivative financial instruments.

The following table presents total plan assets that are measured at fair value at September 30, 2023:

| | | 2023 | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|---|
| Cash equivalents | $ | 1,492 | 1,489 | 3 | — |
| Equity securities | | 3,884 | 3,884 | — | — |
| Mutual funds: | | | | | |
| Equities | | 2,433 | 2,433 | — | — |
| Other fixed income | | 93,181 | 93,181 | — | — |
| Total plan assets measured at fair value | $ | 100,990 | 100,987 | 3 | — |

(Amounts in thousands)

The following table presents total plan assets that are measured at fair value at September 30, 2022:

| | | 2022 | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|---|
| Cash equivalents | $ | 536 | 533 | 3 | — |
| Equity securities | | 4,997 | 4,997 | — | — |
| Mutual funds: | | | | | |
| Equities | | 2,269 | 2,269 | — | — |
| Other fixed income | | 97,598 | 97,598 | — | — |
| Total plan assets measured at fair value | $ | 105,400 | 105,397 | 3 | — |

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

### *(d) Estimated Future Payments*

Due to the funded status of the Plan, the Plan contribution for the year ending September 30, 2023 is expected to be $0. Assuming all participants commenced benefit payments at age 65 in the form of an immediate lump-sum payout, the following schedule estimates future benefit payments, in the years ended September 30:

| | | WVI | Total plan |
|---|---|---|---|
| 2024 | $ | 3,460 | 10,379 |
| 2025 | | 2,762 | 8,286 |
| 2026 | | 2,721 | 8,163 |
| 2027 | | 2,714 | 8,143 |
| 2028 | | 2,669 | 8,007 |
| 2029–2033 | | 12,186 | 36,560 |
| | $ | 26,512 | 79,538 |

## (16) Leases

The Organization has commitments related to operating leases for building facilities, equipment, and land at September 30, 2023 and 2022. The leases expire on various dates through April 2032.

(Amounts in thousands)

Lease costs and other related information were as follows for the years ended September 30:

| | | 2023 | 2022 |
|---|---|---|---|
| Lease cost: | | | |
| Operating lease costs | $ | 21,494 | 20,117 |
| Other information: | | | |
| Weighted average discount rate – operating leases | | 6.20% | 5.97% |
| Weighted average remaining lease term – operating leases | | 3.39 years | 3.71 years |

Supplemental cash flow information related to the leases is as follows at September 30:

| | | 2023 | 2022 |
|---|---|---|---|
| Cash paid for operating leases | $ | 18,256 | 17,859 |
| Right-of-use assets obtained in exchange for new operating lease liabilities | | 7,016 | 63,644 |

As of September 30, 2023, the future maturities of operating lease liabilities were as follows:

| | | Operating leases |
|---|---|---|
| Year ending September 30: | | |
| 2024 | $ | 17,019 |
| 2025 | | 10,416 |
| 2026 | | 7,405 |
| 2027 | | 2,922 |
| 2028 | | 1,250 |
| 2029 and thereafter | | 1,379 |
| Total minimum lease payments | | 40,391 |
| Present value of the cash flows | | 36,514 |
| Difference between discounted and undiscounted cash flows | $ | 3,877 |

(Amounts in thousands)

As of September 30, 2022, the future maturities of operating lease liabilities were as follows:

| | | Operating leases |
|---|---|---|
| Year ending September 30: | | |
| 2023 | $ | 18,876 |
| 2024 | | 16,957 |
| 2025 | | 10,417 |
| 2026 | | 7,412 |
| 2027 | | 2,925 |
| 2028 and thereafter | | 2,640 |
| Total minimum lease payments | | 59,227 |
| Present value of the cash flows | | 46,129 |
| Difference between discounted and undiscounted cash flows | $ | 13,098 |

## (17) Commitments and Contingencies

The Organization is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Organization's financial position.

Grant programs funded by various governments, multilateral entities, and other grantors are subject to review by the grantor agencies, which could result in requests for reimbursement to grantor agencies for disallowed expenditures. Management believes that it has adhered to the terms of its grants and that any disallowed expenditures resulting from such reviews would not have a material effect on the financial position of the Organization.

WV India, a separate legal entity which is included in WVI's financial statements as a permissive consolidation, has been issued tax assessments for five prior tax years, consisting of alleged back taxes owed and interest, in amounts totaling approximately $30,000. WV India is pursuing appeals and other legal challenges, and it likely will be several years before a final decision is issued. The outcome of such matters is not expected to have a material adverse effect on WVI's financial position or changes in net assets.

## (18) Sale of Subsidiary

In January 2023, VFI sold its 100% ownership in SEF International Universal Credit Organization LLC for a cash consideration. An impairment loss provision of $962 was provided in fiscal year 2022. SEF International Universal Credit Organization LLC had $212 changes in net assets from discontinued operations during fiscal year 2023 before it was sold. The decision to exit operations in Armenia was made



(Continued)

(Amounts in thousands)

as part of continuing efforts to focus the Organization's network on countries and areas which will result in the most impact via the largest number of children being reached.

The balances relating to SEF International Universal Credit Organization LLC as of and for the years ended September 2023 and 2022 are as follows:

| | 2023 | 2022 |
|---|---|---|
| Assets classified as held for sale: | | |
| Cash, cash equivalents and restricted cash | $ — | 2,396 |
| Investments | — | 1,500 |
| Interest receivable | — | 1,023 |
| Accounts receivable | — | 234 |
| Loans to microfinance institution clients, net of allowance for loan losses of $837 | — | 19,329 |
| Expected impairment loss on sale | — | (693) |
| Property, plant and equipment, net | — | 1,576 |
| Other assets | — | 23 |
| Total | $ — | 25,388 |

| | 2023 | 2022 |
|---|---|---|
| Liabilities classified as held for sale: | | |
| Accounts payable and accrued expenses | $ — | 58 |
| Interest payable | — | 142 |
| Notes payable | — | 17,947 |
| Other liabilities | — | 1,148 |
| Total | $ — | 19,295 |
| Results of discontinued operations: | | |
| Revenue | $ 2,045 | — |
| Expenses | 2,257 | — |
| Changes in net assets from discontinued operations | $ (212) | — |

## (19) Subsequent Events

Subsequent events have been evaluated from September 30, 2023 through June 15, 2024, which is the date these consolidated financial statements were available to be issued.