KPMG

WORLD VISION INTERNATIONAL
AND CONSOLIDATED AFFILIATES

Consolidated Financial Statements

September 30, 2015 and 2014

(With Independent Auditors' Report Thereon)

KPMG LLP
Suite 700
20 Pacifica
Irvine, CA 92618-3391

Independent Auditors' Report

The Board of Directors
World Vision International:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of World Vision International and consolidated affiliates (the Organization), which comprise the consolidated statements of financial position as of September 30, 2015 and 2014, and the related consolidated statements of activities 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 audits 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 International and consolidated affiliates as of September 30, 2015 and 2014, and the changes in their net assets and their cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

KPMG LLP

Irvine, California
May 11, 2016

WORLD VISION INTERNATIONAL
AND CONSOLIDATED AFFILIATES

Consolidated Statements of Financial Position

September 30, 2015 and 2014

(Amounts in thousands)

Assets		**2015**	**2014**
Cash and cash equivalents	$	324,238	277,313
Investments (note 4)		89,319	93,313
Due from unconsolidated affiliates (note 5)		41,568	79,030
Accounts receivable		9,311	15,543
Microfinance loans receivable, net (note 6)		470,848	433,169
Inventories		109,043	161,125
Prepaid expenses		34,112	34,231
Land, buildings and equipment, net (note 7)		94,374	95,616
Foreign exchange contracts (notes 4 and 8)		27,950	21,854
Other assets		14,247	17,153
Assets of subsidiary held for sale (note 15)		—	185,855
Total assets	$	1,215,010	1,414,202
Liabilities and Net Assets			
Liabilities:			
Accounts payable	$	93,789	93,998
Accrued expenses		94,018	98,358
Deposits from microfinance institution clients		39,877	30,113
Due to unconsolidated affiliates (note 5)		619	7,106
Notes payable (note 9)		300,518	263,187
Foreign exchange contracts (notes 4 and 8)		12,872	6,535
Other liabilities		18,475	23,733
Liabilities of subsidiary held for sale (note 15)		—	146,356
Total liabilities		560,168	669,386
Net assets (note 10):			
Unrestricted:			
Noncontrolling financial interest in subsidiaries		6,236	10,127
Other unrestricted		307,729	323,487
Total unrestricted net assets		313,965	333,614
Temporarily restricted		340,877	411,202
Total net assets		654,842	744,816
Total liabilities and net assets	$	1,215,010	1,414,202

See accompanying notes to consolidated financial statements.

WORLD VISION INTERNATIONAL
AND CONSOLIDATED AFFILIATES

Consolidated Statements of Activities

Year ended September 30, 2015

(Amounts in thousands)

		Unrestricted	Temporarily restricted	Total
Revenues, gains, and other support from donors (note 12):				
Contributions	$	153,314	1,454,935	1,608,249
Gifts-in-kind		—	413,531	413,531
Net assets released from restrictions		1,938,791	(1,938,791)	—
Total revenues from donors		2,092,105	(70,325)	2,021,780
Other revenue and gains		176,718	—	176,718
Change in cumulative unrealized gain (loss) on foreign exchange contracts (note 8)		(241)	—	(241)
Total revenues, gains, and other support		2,268,582	(70,325)	2,198,257
Expenses:				
Program services:				
International relief and community development		1,935,319	—	1,935,319
Microenterprise development		170,227	—	170,227
Program support services		83,009	—	83,009
Total program services		2,188,555	—	2,188,555
Administrative costs:				
Supporting services		71,571	—	71,571
Fund-raising		24,791	—	24,791
Total administrative costs		96,362	—	96,362
Total expenses		2,284,917	—	2,284,917
Change in net assets before the pension actuarial gain (loss)		(16,335)	(70,325)	(86,660)
Pension actuarial gain (loss) (note 13)		(8,613)	—	(8,613)
Change in net assets before discontinued operations		(24,948)	(70,325)	(95,273)
Net income from discontinued operations (note 15)		—	—	—
Gain on sale of subsidiary (note 15)		5,299	—	5,299
Change in net assets		(19,649)	(70,325)	(89,974)
Net assets at beginning of year		333,614	411,202	744,816
Net assets at end of year	$	313,965	340,877	654,842

See accompanying notes to consolidated financial statements.

WORLD VISION INTERNATIONAL
AND CONSOLIDATED AFFILIATES

Consolidated Statements of Activities

Year ended September 30, 2014

(Amounts in thousands)

		Unrestricted	Temporarily restricted	Total
Revenues, gains, and other support from donors (note 12):				
Contributions	$	151,523	1,417,945	1,569,468
Gifts-in-kind		—	400,001	400,001
Net assets released from restrictions		1,927,976	(1,927,976)	—
Total revenues from donors		2,079,499	(110,030)	1,969,469
Other revenue and gains		182,437	—	182,437
Change in cumulative unrealized gain (loss) on foreign exchange contracts (note 8)		14,887	—	14,887
Total revenues, gains, and other support		2,276,823	(110,030)	2,166,793
Expenses:				
Program services:				
International relief and community development		1,909,209	—	1,909,209
Microenterprise development		150,789	—	150,789
Program support services		83,972	—	83,972
Total program services		2,143,970	—	2,143,970
Administrative costs:				
Supporting services		58,568	—	58,568
Fund-raising		22,921	—	22,921
Total administrative costs		81,489	—	81,489
Total expenses		2,225,459	—	2,225,459
Change in net assets before the pension actuarial gain (loss)		51,364	(110,030)	(58,666)
Pension actuarial gain (loss) (note 13)		211	—	211
Change in net assets before discontinued operations		51,575	(110,030)	(58,455)
Net income from discontinued operations (note 15)		11,125	—	11,125
Gain on sale of subsidiary (note 15)		—	—	—
Change in net assets		62,700	(110,030)	(47,330)
Net assets at beginning of year		270,914	521,232	792,146
Net assets at end of year	$	333,614	411,202	744,816

See accompanying notes to consolidated financial statements.

WORLD VISION INTERNATIONAL
AND CONSOLIDATED AFFILIATES

Consolidated Statements of Cash Flows

Years ended September 30, 2015 and 2014

(Amounts in thousands)

		2015	2014
Cash flows from operating activities:			
Change in net assets	$	(89,974)	(47,330)
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Gain on sale of subsidiary		(5,299)	—
Net income from discontinued operations		—	(11,125)
Pension actuarial loss (gain)		8,613	(211)
Gifts-in-kind, net		52,082	1,658
Unrealized and realized loss on investments		894	1,451
Change in cumulative unrealized loss (gain) on foreign exchange contracts		241	(14,887)
Depreciation		12,539	8,854
Provision for loan losses		13,398	7,062
Foreign currency revaluation		23,795	6,385
Loss on disposal of equipment		180	299
Changes in assets and liabilities:			
Accounts receivable		9,577	4,694
Due from/to unconsolidated affiliates		30,975	18,676
Prepaid expenses		(485)	354
Other assets		2,906	(1,905)
Accounts payable and accrued expenses		(13,162)	28,583
Other liabilities		(5,258)	6,743
Net cash provided by (used in) operating activities		41,022	9,301
Cash flows from investing activities:			
Purchases of investments		(88,197)	(147,389)
Proceeds from sales and maturities of investments		91,297	149,449
Proceeds from repayment of microfinance loans		662,101	639,886
Issuance of microfinance loans		(746,994)	(711,737)
Purchase of land, buildings, and equipment		(12,720)	(36,545)
Proceeds from sale of equipment		1,243	12,089
Proceeds from sale of subsidiary		53,500	—
Taxes and settlement costs from sale of subsidiary		(11,443)	—
Net cash used in investing activities		(51,213)	(94,247)
Cash flows from financing activities:			
Payments on notes payable		(88,663)	(56,665)
Proceeds received on notes payable		136,015	107,662
Deposits from microfinance institution clients		9,764	9,842
Net cash provided by financing activities		57,116	60,839
Net change in cash and cash equivalents		46,925	(24,107)
Cash and cash equivalents, beginning of year		277,313	301,420
Cash and cash equivalents, end of year	$	324,238	277,313
Supplemental cash flow disclosures:			
Cash paid during the year for interest	$	21,161	21,626
Cash paid during the year for taxes		3,646	4,337

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 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 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 Ministry Offices. WVI is also the operating entity in many Ministry Office countries, and some Support Office countries.

Ministry Offices – Primarily carry out the relief aid and community development work in their respective countries. Some Ministry 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 WVI'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.

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 MFIs not owned by VFI.

Microfinance Institutions (MFIs) – The MFIs' primary purpose is making small loans to individuals who lack access to normal banking facilities. These loans are used to set up small businesses from which individuals can earn a living for themselves and their families.

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):

Ministry offices:

Afghanistan
Americas Shared Service Center
Angola
Armenia*
Azerbaijan*
Bangladesh
Bosnia-Herzegovina
Burundi
Cambodia
Central African Republic
Chad
Chile
China
Colombia
Congo – Democratic Republic of
Cyprus
Dominican Republic
East Timor***
Ethiopia
Georgia*
Haiti
Iraq
Jordan
Kosovo**
Laos
Lebanon
Lesotho
Mali
Mauritania
Mongolia
Mozambique
Myanmar
Nepal
Nicaragua
Niger
North Korea
Pakistan
Rwanda
Senegal
Sierra Leone
Somalia
South Caucasus
South Sudan
Sudan
Turkey
Vietnam
Zimbabwe

* reported as World Vision South Caucasus

** reported as World Vision Albania & Kosovo

*** reported as Pacific Timor Leste

Regional offices:
- East Africa
- East Asia
- Latin America
- Middle East & East Europe
- South Asia & Pacific
- Southern Africa
- West Africa

International offices:
- Dubai
- Gibraltar
- Johannesburg
- Kuala Lumpur
- London
- Los Angeles
- Manila
- New York
- Seattle
- Washington, DC

Support offices:
- Singapore

Microfinance programs:

Name	Country
Senegal Micro Finance	Senegal
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):

Ministry offices:
- Albania**
- Bolivia
- Costa Rica
- Ecuador
- Ghana
- Jerusalem West Bank Gaza
- Malawi
- Papua New Guinea*
- Solomon Islands*
- Vanuatu*

*reported as Pacific Timor Leste
**reported as World Vision Albania & Kosovo

International offices:
- Geneva

Support offices:
- Spain

VisionFund International (VFI)

(Continued)

Microfinance Institutions (consolidated by VFI):

Name	Country
VisionFund Albania LLC	Albania
SEF International Universal Credit Organization LLC	Armenia
VisionFund Azercredit LLC	Azerbaijan
VisionFund Cambodia Ltd.	Cambodia
VisionFund Republica Dominicana SAS	Dominican Republic
Microfinance Organization Credo LLC	Georgia
VisionFund Caucasus LLC	Georgia
VisionFund Credo Foundation	Georgia
VisionFund Ghana Money Lending Ltd.	Ghana
FUNED VisionFud OPDF	Honduras
VisionFund Kenya Ltd.	Kenya
VisionFund Ltd.	Malawi
Vision F Mexico, S.A. DE C.V., SOFOM E.N.R.	Mexico
VisionFund Mongolia	Mongolia
MFI Monte Credit LLC	Montenegro
VisionFund AgroInvest LLC	Montenegro
VisionFund Myanmar Company Limited	Myanmar
VisionFund Netherlands I B.V.	Netherlands
VisionFund Netherlands II B.V.	Netherlands
EDPYME Credivision S.A.	Peru
VisionFund Rwanda Ltd.	Rwanda
AgroInvest Fond LLC	Serbia
AgroInvest Foundation Serbia	Serbia
VisionFund Holdings (Private) Ltd.	Sri Lanka
VisionFund Lanka Ltd.	Sri Lanka
VisionFund Tanzania MFC Limited	Tanzania
VisionFund Uganda Ltd.	Uganda
VisionFund Zambia Ltd.	Zambia

Microfinance Institutions (not consolidated by VFI):

Name	Country
Fundación Boliviana para el Desarrollo	Bolivia
Micro Credit Organization 'EKI' Sarajevo	Bosnia
Agencia Nacional de Desenvolvimento Microempresarial	Brazil
Fondo de Inversions para el Desarrollo de la Microempresa	Dominican Republic
Fundación Fondo de Desarrollo Microempresarial	Ecuador
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
Fundacion 4i-2000	Nicaragua
Entidad de Desarrollo de la Pequeña y Micro Empresa Credivison	Peru
Community Economic Ventures, Inc.	Philippines
World Vision International Serbia I Crane Gora Beograd	Serbia
VisionFund Lanka (Gte.) Ltd.	Sri Lanka
VisionFund Tanzania, Trust	Tanzania
World Vision Foundation of Thailand	Thailand

Affiliates WVI elects to consolidate – Separate affiliated entities, which are not for legal or accounting purposes 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:

Ministry offices:

- Brazil
- El Salvador
- Guatemala
- Honduras
- India
- Indonesia
- Kenya
- Mexico
- Peru
- Philippines
- Romania
- South Africa
- Sri Lanka
- Swaziland
- Tanzania
- Thailand
- Uganda
- Zambia

(Continued)

Affiliates, which are not consolidated – Members of the Partnership, which are not owned or controlled by WVI and are not consolidated:

Support offices:

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

(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) Financial Instruments

Financial instruments include cash and cash equivalents, accounts and microfinance loans receivable, accounts due from/to unconsolidated affiliates, accounts payable, accrued expenses, and notes payable, and are stated at carrying cost at year-end. Other financial instruments held at year-end are investments and forward exchange contracts, which are stated at fair value.

(d) Cash and Cash Equivalents

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.

(e) Investments

Investments are recorded at fair value and consist of time deposits 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 ministry offices around the world. Ministry 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.

(Continued)

(f) Accounts and Microfinance Loans Receivable

Accounts and microfinance loans receivable are carried at the outstanding receivable amount, less an estimate made for uncollectible receivables. Management determines the allowance for uncollectible accounts and microfinance loans receivable by identifying troubled accounts, considering the debtor's financial condition, current economic conditions, and using historical experience applied to an aging of the accounts and microfinance loans receivable. Recoveries of receivables previously written off are recorded when received.

Microfinance loans receivable primarily consist of amounts loaned to the entrepreneurial poor who lack access to normal banking facilities. Microfinance loans receivable represent the unpaid principal balance of loans, less an allowance for uncollectible loans. Interest is accrued based on the rate stated in the note and accrued on microfinance loans receivable unless the receivables are deemed uncollectible. If a loan becomes over 180 days past due, and is deemed uncollectible, it is written off. The ultimate recovery of all loans is susceptible to future market factors beyond the Organization's control. These factors may result in losses or recoveries differing significantly from those provided for in the consolidated financial statements.

(g) 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.

(h) 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 Ministry 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.

(i) 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. Actual results could differ from those estimates.

(j) Contribution Revenue Recognition

WVI receives unconditional promises to give funds from unconsolidated national 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, 2015 and 2014 are recorded in due from unconsolidated affiliates and detailed in note 5. WVI also receives cash donations from affiliated entities and unaffiliated donors. Revenue is recognized on these donations at the time of the donation.

(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. 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 the goods are contributed by the donor. The Organization does not sell donated GIK and only distributes the goods for program use.

Pharmaceutical contributions are valued using a hierarchy of pricing inputs that approximates 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 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 income.

(m) 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 have been allocated proportionately among program and administrative costs primarily based upon direct costs.

(n) Administrative Costs

Administrative costs are categorized into supporting services and fund-raising activities. Supporting services are activities that are not identifiable with a single program or fund-raising activity but that are indispensable to the conduct of those activities and to the Organization's existence. They include oversight, business management, general record-keeping, budgeting, financing, and all general management and administration activities. Fund-raising activities are those activities that encourage potential donors to contribute money, securities, services, materials, facilities, and other assets or time.

(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) Reclassifications

Certain amounts in the 2014 financial statements have been reclassified for comparative purposes to conform to the presentation in the 2015 financial statements.

(3) 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. Many of the deposits held at institutions outside of the United States are not covered by local depository insurance. In the event of nonperformance by the other parties to investment transactions, the Organization is exposed to loss for the amount of cash in excess of the insurance coverage. To date, the Organization has not sustained a loss due to nonperformance of a financial institution.

(b) Net Assets

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

Unrestricted net assets – Unrestricted net assets represent those resources of the Organization that are not subject to donor-imposed restrictions or law. The only limits on unrestricted net assets 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.

Temporarily restricted net assets – Temporarily restricted net assets 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 unrestricted net assets. Expiration of donor-imposed restrictions that simultaneously increase one class of net assets and decrease another is reported as reclassifications between the applicable classes of net assets. Temporarily restricted contributions are recorded as restricted revenue 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, 2015 and 2014.

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.

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 $3,461 and $3,120 for the years ended September 30, 2015 and 2014, 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.

(Continued)

(4) 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, 2015:

		Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
Assets:				
Investments:				
Certificates of deposit	$	69,842	—	69,842
Domestic government securities		8,834	—	8,834
Foreign government securities		3,914	3,914	—
Foreign corporate stocks		13	13	—
Mutual funds and other		3,447	3,447	—
Domestic corporate debt		3,269	—	3,269
Total investments	$	89,319	7,374	81,945
Foreign exchange currency contracts	$	27,950	—	27,950
Liabilities:				
Foreign exchange currency contracts	$	12,872	—	12,872

(Amounts in thousands)

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

		Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
Assets:				
Investments:				
Certificates of deposit	$	66,211	—	66,211
Domestic government securities		9,585	—	9,585
Foreign government securities		4,123	4,123	—
Foreign corporate stocks		9	9	—
Mutual funds and other		4,203	4,203	—
Domestic corporate debt		9,182	—	9,182
Total investments	$	93,313	8,335	84,978
Foreign exchange currency contracts	$	21,854	—	21,854
Liabilities:				
Foreign exchange currency contracts	$	6,535	—	6,535

Level 2 investments primarily consist of certificates of deposit held at the National Offices' local banks. Level 2 investments also include time deposits held with the National Offices' local government and debt securities held at the Global Center. 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.).

(Amounts in thousands)

(5) 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, 2015 and 2014 are as follows:

		2015	2014
Due from unconsolidated affiliates:			
World Vision Korea	$	25,866	20,900
World Vision United States		11,710	48,786
World Vision Germany		3,139	8,712
World Vision France		413	341
World Vision Netherlands		398	—
World Vision Italy		35	19
World Vision Austria		7	141
World Vision Canada		—	125
World Vision Malaysia		—	6
Total due from unconsolidated affiliates	$	41,568	79,030

		2015	2014
Due to unconsolidated affiliates:			
World Vision Germany	$	482	528
World Vision Canada		137	—
World Vision United Kingdom		—	6,578
Total due to unconsolidated affiliates	$	619	7,106

(6) Microfinance Loans Receivable

WVI operates microenterprise development activities in many countries primarily through microfinance institutions. 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.

Microfinance loans receivable, net at September 30, 2015 and 2014, consist of the following:

		2015	2014
Microfinance loans receivable, gross	$	483,987	442,685
Less loan loss allowance		(13,139)	(9,516)
Microfinance loans receivable, net	$	470,848	433,169

(Amounts in thousands)

The average loan amount varies by country from less than three hundred dollars to four thousand dollars. The average loan terms commonly range from 3 to 42 months with a weighted average maturity of approximately 16 months.

Interest rates on the outstanding loans vary by country due to varying inflation rates and operating environments. For the years ending September 2015 and 2014, the weighted average annual interest rates charged were 29% and 32%, respectively.

The Organization’s weighted average interest rate of 29% is within the normal range for the microfinance industry. In 2015, the average loan portfolio for the Organization’s consolidated MFIs was $13,136, with the largest consolidated MFI loan portfolio being $119,000.

Loans to MFI clients were concentrated in the following regions as of September 30, 2015 and 2014:

Region of operations		2015	2014
Africa	$	57,115	52,017
Latin America/Caribbean		103,146	99,151
Middle East/Eastern Europe		161,322	178,589
Asia/Pacific		162,404	112,928
Total	$	483,987	442,685

An aging analysis of microfinance loans receivable at September 30, 2015 and 2014, is as follows:

		2015	2014
Current or less than 30 days past due	$	467,792	435,914
31–60 days past due		5,246	1,909
61–90 days past due		3,491	1,213
91 days or more past due		7,458	3,649
	$	483,987	442,685

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. Impaired loans are $4,513 and $3,656 as of September 30, 2015 and 2014, respectively. There were no loans accruing interest included in 91 days or more past due.

(Amounts in thousands)

Changes in the allowance for loan losses for the years ended September 30, 2015 and 2014 are as follows:

Allowance for loan loss		**2015**	**2014**
Beginning of year	$	9,516	8,847
Loans written off		(7,324)	(5,536)
Provision for loan loss		13,398	7,062
Currency valuation change		(2,451)	(857)
End of year	$	13,139	9,516

In the years ending September 30, 2015 and 2014, funds recovered from loans written off totaled $3,899 and $4,984, respectively. These amounts are included within other revenue and gains on the accompanying consolidated statements of activities. As of September 30, 2015, based on historical loan performance and aging analysis, the risks related to losses on the loan portfolio are limited and are sufficiently covered by the allowance for loan losses.

(7) Land, Buildings and Equipment, Net

Land, buildings and equipment, net at September 30, 2015 and 2014, consist of the following:

		2015	**2014**
Land	$	16,963	15,505
Buildings and improvements		47,746	47,166
Computers and software		62,729	59,904
Vehicles		9,397	9,829
Furniture and other equipment		9,348	11,227
Total land, buildings and equipment		146,183	143,631
Less accumulated depreciation		(51,809)	(48,015)
Total land, buildings and equipment, net	$	94,374	95,616

(8) Foreign Exchange Contracts

The Organization receives most of its funds from unconsolidated national support offices throughout the world (as discussed in note 12, Contributions and GIK Revenues). Planned fundings are made annually by these entities 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, 2015 and 2014. Any unrealized gains or losses as of September 30, 2015 and 2014 are recognized in the consolidated statements of activities. Any realized gains or losses as of September 30, 2015 and 2014 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.

(Continued)

(Amounts in thousands)

For the years ended September 30, 2015 and 2014, the Organization recorded a change in cumulative unrealized gains (losses) of $(241) and $14,887, respectively, on FOREX contracts held.

At September 30, 2015 and 2014, the Organization had in place foreign currency contracts for purchases of U.S. dollars with notional amounts totaling $583,950 and $617,716, respectively, and sales of U.S. dollars for foreign currencies with notional amounts totaling $311,626 and $302,010, respectively. At September 30, 2015 and 2014, the fair values of FOREX contracts held recognized in the consolidated statements of financial position are assets of $27,950 and $21,854 and liabilities of $12,872 and $6,535, respectively.

(9) Notes Payable

Notes payable represent amounts received from various foundations, individuals, unconsolidated national support offices, and banking organizations, which extended loans to the Organization to provide funding for its activities. At September 30, 2015 and 2014, a total of $300,518 and $263,187, respectively, in loans was outstanding. All of these loans were issued in relation to World Vision’s microfinance activities. Interest rates generally range from 0% to 15%. These loans are scheduled for repayment as follows:

Fiscal year:		
2016	$	145,757
2017		91,008
2018		41,790
2019		11,080
2020		2,810
2021 and thereafter		8,073
Total	$	300,518

Notes payable are unsecured with the exception of aggregate loans of $6,248 and $6,530 at September 30, 2015 and 2014, respectively, in loans that have been guaranteed by the assets of microfinance institutions. Each of these collateral agreements represents a first priority guarantee on the assets of a particular microfinance institution. Interest expense totaling $28,563 and $23,341 for the years ended September 30, 2015 and 2014, respectively, is recorded in the consolidated statements of activities as microenterprise development program services expense.

Due to restrictions on the bank accounts related to an ongoing investigation (note 16), beginning in October, 2014, VF Azercredit was not able to pay its debt obligations to foreign lenders according to the initial contractual terms. As a result, certain financial and nonfinancial covenants stipulated in the borrowing agreements with the lenders were breached during the year ended September 30, 2015. However, the lenders agreed not to take any enforcement action against VF Azercredit in relation to any facility agreement by signing Standstill Agreements. The First Standstill Agreement was signed on December 24, 2014. According to this agreement, lenders had assented to standstill in relation to their contractual rights until the earliest date the situation was clarified or February 28, 2015 (Final date). Further, due to extension of the investigation process, three amendments were made to the Standstill Agreement which extended the due date to March 31, 2016. The $66,049 of notes payable of VF Azercredit are recorded as all due within fiscal 2016 as the extension of the Standstill Agreement has not been finalized as of May 11, 2016 (note 18).

(Amounts in thousands)

(10) Net Assets

Consolidated net assets at September 30, 2015 are restricted or designated for the following purposes:

	Unrestricted	Temporarily restricted	Total
Contributions received designated for future program services	$ 230,172	—	230,172
Contributions of gifts-in-kind restricted for international programs	—	109,043	109,043
Contributions received restricted for international relief and community development	—	231,834	231,834
Other designated amounts:			
Christian endowment	13,386	—	13,386
Unrealized gain on foreign exchange contracts	15,078	—	15,078
Undesignated deficit	(45,971)	—	(45,971)
Represented by noncontrolling financial interest in subsidiaries	6,236	—	6,236
Represented by fixed assets and investments:			
Land, buildings, and equipment, net	94,374	—	94,374
Investment in captive insurance company	690	—	690
	$ 313,965	340,877	654,842

(Continued)

(Amounts in thousands)

Consolidated net assets at September 30, 2014 are restricted or designated for the following purposes:

	Unrestricted	Temporarily restricted	Total
Contributions received designated for future program services	$ 236,778	—	236,778
Contributions of gifts-in-kind restricted for international programs	—	161,125	161,125
Contributions received restricted for international relief and community development	—	250,077	250,077
Other designated amounts:			
Christian endowment	13,096	—	13,096
Unrealized gain on foreign exchange contracts	15,319	—	15,319
Undesignated deficit	(38,012)	—	(38,012)
Represented by noncontrolling financial interest in subsidiaries	10,127	—	10,127
Represented by fixed assets and investments:			
Land, buildings, and equipment, net	95,616	—	95,616
Investment in captive insurance company	690	—	690
	$ 333,614	411,202	744,816

(11) 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. The Organization has one board-designated endowment and does not have any donor-restricted endowments. The Organization 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 provides the endowment activity for 2014 and 2015:

(Amounts in thousands)

Balance, September 30, 2013	$	13,202
Net investment return		166
Appropriated expenditures		(276)
Return of decommitted funds		4
Balance, September 30, 2014		13,096
Net investment return		428
Appropriated expenditures		(138)
Return of decommitted funds		—
Balance, September 30, 2015	$	13,386

(12) Contributions and Gift-in-Kind Revenue

Contributions and gift-in-kind revenues for the year ended September 30, 2015 are as follows:

		Unrestricted	Temporarily restricted	Total
Contributions:				
World Vision United States	$	57,401	399,077	456,478
World Vision Australia		21,956	194,298	216,254
World Vision Canada		23,354	162,426	185,780
World Vision Korea		7,411	117,493	124,904
World Vision Hong Kong		6,766	90,701	97,467
World Vision United Kingdom		6,787	81,146	87,933
World Vision Germany		948	80,083	81,031
World Vision Taiwan		4,092	52,455	56,547
World Vision Switzerland		3,209	30,437	33,646
World Vision Japan		3,146	29,988	33,134
World Vision New Zealand		2,893	27,226	30,119
World Vision Netherlands		470	12,640	13,110
World Vision Malaysia		274	10,734	11,008
World Vision Finland		443	10,526	10,969
World Vision Ireland		389	8,928	9,317
World Vision Austria		11	5,985	5,996
World Vision France		—	5,687	5,687
World Vision Italy		—	523	523

(Continued)

(Amounts in thousands)

	Unrestricted	Temporarily restricted	Total
Contributions received from nonaffiliated sources through:			
World Vision Singapore	$ —	13,124	13,124
World Vision Spain	—	3,281	3,281
Other subsidiaries	13,764	118,177	131,941
Subtotal	153,314	1,454,935	1,608,249
Gift-in-kind:			
World Vision United States	—	227,337	227,337
World Vision Canada	—	89,889	89,889
World Vision Australia	—	48,352	48,352
World Vision Switzerland	—	8,197	8,197
World Vision Taiwan	—	6,075	6,075
World Vision Hong Kong	—	5,673	5,673
World Vision Germany	—	4,974	4,974
World Vision New Zealand	—	4,659	4,659
World Vision Korea	—	4,351	4,351
World Vision United Kingdom	—	4,207	4,207
World Vision Japan	—	3,022	3,022
World Vision Austria	—	683	683
World Vision France	—	23	23
Gift-in-kind received from nonaffiliated sources through:			
Other subsidiaries	—	6,089	6,089
Subtotal	—	413,531	413,531
Total	$ 153,314	1,868,466	2,021,780

(Continued)

(Amounts in thousands)

Contributions and gift-in-kind revenues for the year ended September 30, 2014 are as follows:

	Unrestricted	Temporarily restricted	Total
Contributions:			
World Vision United States	$ 63,719	427,904	491,623
World Vision Australia	20,290	179,431	199,721
World Vision Canada	18,567	179,909	198,476
World Vision Korea	4,940	100,596	105,536
World Vision Hong Kong	6,015	84,283	90,298
World Vision Germany	211	83,760	83,971
World Vision United Kingdom	6,523	75,058	81,581
World Vision Taiwan	4,433	50,828	55,261
World Vision Japan	2,216	35,118	37,334
World Vision Switzerland	3,366	32,200	35,566
World Vision New Zealand	2,936	24,545	27,481
World Vision Malaysia	183	11,086	11,269
World Vision Ireland	263	9,943	10,206
World Vision Netherlands	315	8,973	9,288
World Vision Finland	295	7,729	8,024
World Vision France	—	6,436	6,436
World Vision Austria	208	5,592	5,800
World Vision Italy	—	232	232
Contributions received from nonaffiliated sources through:			
World Vision Singapore	—	13,041	13,041
World Vision Spain	—	3,996	3,996
Other subsidiaries	17,043	77,285	94,328
Subtotal	151,523	1,417,945	1,569,468

 (Continued)

(Amounts in thousands)

	Unrestricted	Temporarily restricted	Total
Gift-in-kind:			
World Vision United States	$ —	233,454	233,454
World Vision Canada	—	92,710	92,710
World Vision Australia	—	28,753	28,753
World Vision Taiwan	—	10,202	10,202
World Vision Switzerland	—	10,124	10,124
World Vision United Kingdom	—	5,495	5,495
World Vision Germany	—	4,236	4,236
World Vision Hong Kong	—	3,720	3,720
World Vision New Zealand	—	2,353	2,353
World Vision Korea	—	2,307	2,307
World Vision Japan	—	1,623	1,623
World Vision Austria	—	1,026	1,026
World Vision France	—	228	228
Gift-in-kind received from nonaffiliated sources through:			
Other subsidiaries	—	3,770	3,770
Subtotal	—	400,001	400,001
Total	$ 151,523	1,817,946	1,969,469

(13) Retirement Plans

World Vision International has an international defined contribution plan covering substantially all non-U.S. non-U.K. citizens, on an International Assignment (outside their home country) who are not included in the noncontributory Cash Balance Retirement Plan referred to below. Total contributions to this plan for the years ended September 30, 2015 and 2014 were $2,593 and $2,579, respectively.

WVI participates jointly with World Vision, Inc. (also known as World Vision United States), an unconsolidated affiliate, in a noncontributory Cash Balance Retirement Plan (the Plan) for all WVI staff working in the U.S. The assets of the Plan are held in trust and WVI and World Vision, Inc. act as trustees of the Plan. Under the Plan, an annual pay credit and interest credit are added 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.

(Amounts in thousands)

The following table sets forth the actuarial assumptions related to the Plan. Assumptions as of September 30, 2015 and 2014 are as follows:

	2015	2014
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 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 Organization assumes will be earned over the life of the pension assets. Management believes the assumed rate is conservative 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, 2015 and 2014:

	2015		2014	
	WVI	Total plan	WVI	Total plan
Change in benefit obligations:				
Projected benefit obligations at beginning of year	$ 34,632	121,299	33,967	112,731
Service cost	2,510	7,487	2,222	7,131
Interest cost	1,397	4,091	1,416	4,219
Changes in assumptions	5,098	2,610	(552)	3,672
Actuarial loss (gain)	435	1,339	(4)	(14)
Benefits paid	(1,654)	(6,232)	(2,361)	(6,243)
Expenses paid	(73)	(224)	(56)	(197)
Projected benefit obligations at end of year	$ 42,345	130,370	34,632	121,299
Accumulated benefit obligations at end of year	$ 38,241	117,736	31,070	108,828

(Amounts in thousands)

		2015		2014	
		WVI	Total Plan	WVI	Total Plan
Change in Plan assets:					
Plan assets at fair value at beginning of year	$	37,237	130,425	35,184	116,772
Actual return on Plan assets		(4,774)	(14,697)	3,895	13,643
Employer contributions		2,150	6,450	2,150	6,450
Benefits paid		(1,654)	(6,232)	(2,361)	(6,243)
Expenses paid		(73)	(224)	(56)	(197)
Changes in assumptions		4,701	—	(1,575)	—
Plan assets at fair value at end of year	$	37,587	115,722	37,237	130,425
Funded status	$	(4,758)	(14,648)	2,605	9,126

		2015	2014
Amounts recognized in the statements of financial position consist of:			
Funded status asset (liability)	$	(4,758)	2,605
Total amount recognized	$	(4,758)	2,605
Amounts recognized in unrestricted net assets consist of:			
Pension actuarial gain/(loss)	$	(8,613)	211

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

		2015	2014
Service cost	$	2,510	2,222
Interest cost		1,397	1,416
Expected return on plan assets		(3,007)	(2,665)
Net periodic benefit cost	$	900	973

World Vision employs an asset allocation investment strategy designed to achieve a diversified portfolio mix that will maximize return while minimizing risk. The objective is to maintain a moderate risk profile. The

(Amounts in thousands)

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 total plan 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)
Cash equivalents	$	2,530	2,530	—
Mutual funds:				
Domestic		55,984	50,101	5,883
International		15,006	15,006	—
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

(Amounts in thousands)

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)
Cash equivalents	$ 389	389	—
Mutual funds:			
Domestic	58,139	52,207	5,932
International	17,444	17,444	—
Bond	21,005	21,005	—
Equity securities	17,385	17,385	—
Real estate investment trusts	1,952	1,952	—
Corporate bonds	1,132	—	1,132
Master limited partnerships	12,442	12,442	—
Other assets	537	537	—
Total Plan assets	$ 130,425	123,361	7,064

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

(b) Estimated Future Payments

The Plan contribution for the year ending September 30, 2016 is expected to be $2,150 and $6,450 for WVI and the total Plan, respectively. 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, including expected future service:

	WVI	Total plan
2015–16	$ 5,685	17,056
2016–17	4,048	12,144
2017–18	4,220	12,660
2018–19	4,333	12,999
2019–20	3,807	11,423
Thereafter	18,766	56,297
	$ 40,859	122,579

(Amounts in thousands)

(14) Leases

The Organization has commitments related to operating leases for building facilities, equipment, and land at September 30, 2015 and 2014.

Future minimum lease payments for the Organization with remaining terms of one year or more at September 30, 2015 are as follows:

Fiscal year:		
2016	$	13,039
2017		6,796
2018		3,782
2019		3,027
2020		2,491
2021 and Thereafter		3,008
	$	32,143

Lease and rent expense for the years ended September 30, 2015 and 2014 was $18,320 and $16,530, respectively.

(15) Discontinued Operations

In October 2014, VFI sold its 100% ownership in MFO Credo and received cash proceeds of $53,500. As a result of the sale, the Organization paid taxes and settlement costs totaling $11,443. After deducting prepaid selling expenses of $603, the Organization recognized a gain on the sale of MFO Credo totaling $5,299. The decision to exit operations in Georgia was made as a part of the Organization's broader strategy to focus on growth of operations in Africa and Asia.

(16) Azerbaijan Criminal Investigation

In October 2014, a number of local nongovernmental organizations (NGOs) in the country of Azerbaijan, including representatives and branches of international NGOs, became the subject of a criminal investigation by the government of Azerbaijan. As part of the investigation into World Vision Azerbaijan, VF Azercredit's main bank accounts were blocked for the period of investigation pursuant to court orders received in October, 2014. VF Azercredit is 52% owned by VFI. In October 2015, the bank accounts of VF Azercredit were unfrozen (note 18). As part of the Azerbaijan government investigation, WVI and VF Azercredit were not accused of involvement in any criminal activity.

(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.

(18) Subsequent Events

The Organization has evaluated subsequent events from September 30, 2015 through May 11, 2016 the date on which the consolidated financial statements were available for issuance.

In October 2015, the restricted bank accounts of VF Azercredit were released in accordance with new Court Orders (note 16). Beginning in October 2015, VF Azercredit started to pay its debt obligations to all foreign lenders. The lenders and VFI Azercredit are currently negotiating a further extension of the Standstill Agreement which has not been finalized as of May 11, 2016 (note 9).

In December 2015, the Central Bank of the Republic of Azerbaijan announced a devaluation of its currency from 1.05 to 1.55 manats to the U.S. dollar. The Organization believes that this devaluation, combined with general market and economic uncertainty in the country of Azerbaijan, represents a significant deterioration in the operating environment for VF Azercredit. This deterioration has impacted the ability of VF Azercredit to collect loans issued to MFI clients. The Organization believes that these factors, and uncertainty over further extensions to the lender Standstill Agreement, may raise doubts about the ability of VF Azercredit to continue operating as a going concern, and could force the MFI into an orderly liquidation. As of September 30, 2015, VF Azercredit's reported total assets and liabilities were $87,900, and $74,900, respectively. Due to market uncertainty and as liquidation is not considered imminent, the liquidation value of assets has not been quantified. It is possible that the liquidation value of assets may not be sufficient to cover outstanding liabilities, which could result in a loss of VF Azercredit's net assets. As of September 30, 2015, the reported net assets of VF Azercredit totaled $13,000, of which $6,800 related to the Organization's controlling interest and $6,200 related to noncontrolling interest.