# VISIONFUND INTERNATIONAL AND SUBSIDIARIES

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
VisionFund International and Subsidiaries:

*Opinion*

We have audited the consolidated financial statements of VisionFund International and Subsidiaries, a wholly controlled subsidiary of World Vision International (the Organization), which comprise the consolidated statements of financial position as of September 30, 2023 and 2022, and the related consolidated statements of activities 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 consolidated financial statements of Banco VisionFund Ecuador S.A. (Banco VF Ecuador), a wholly owned subsidiary of VisionFund International and Subsidiaries, which statements reflect total assets constituting 31.7 percent of consolidated total assets as of September 30, 2023 and total revenues constituting 18.9 percent of consolidated total revenues for the year then ended. 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 Banco 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 14 to the consolidated financial statements, In January 2023, the Organization sold its 100% ownership in SEF International Universal Credit Organization. In addition, as discussed in Note 2 and Note 12 to the consolidated financial statements, effective October 1, 2021, the Organization adopted the provisions of Accounting Standards Update No. 2016-02, Leases (Topic 842). Our opinion is not modified with respect to these matters.

*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.

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Net Worth Certificate in Schedule I is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional

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procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

Los Angeles, California
May 26, 2024

**VISIONFUND INTERNATIONAL AND SUBSIDIARIES**

Consolidated Statements of Financial Position

September 30, 2023 and 2022

(In thousands)

| **Assets** | | **2023** | **2022** |
|---|---|---|---|
| Cash and cash equivalents (note 13) | $ | 54,869 | 56,400 |
| Investments (notes 3, 4 and 13) | | 7,153 | 9,471 |
| Interest receivable | | 7,851 | 6,813 |
| Accounts receivable | | 1,642 | 2,227 |
| Loans to affiliated microfinance institutions, net of allowance for loan losses of $606 and $435 as of September 30, 2023 and 2022, respectively (note 5a) | | 17,397 | 14,641 |
| Loans to microfinance institution clients, net of allowance for loan losses of $10,657 and $8,351 as of September 30, 2023 and 2022, respectively (note 5b) | | 293,363 | 247,611 |
| Restricted investments (notes 3 and 4) | | 7,001 | 2,901 |
| Operating lease right-of-use assets (note 12) | | 5,825 | 7,609 |
| Property, plant and equipment, net (note 6) | | 8,116 | 7,587 |
| Other assets | | 8,945 | 9,047 |
| Assets held for sale (note 14) | | — | 25,388 |
| Total assets | $ | 412,162 | 389,695 |
| **Liabilities** | | | |
| Accounts payable and accrued expenses | $ | 16,822 | 12,174 |
| Operating lease liabilities (note 12) | | 5,755 | 7,478 |
| Interest payable | | 2,909 | 2,700 |
| Deposits from microfinance institution clients | | 34,691 | 34,457 |
| Notes payable (note 7) | | 186,038 | 160,682 |
| Other liabilities | | 15,985 | 13,368 |
| Liabilities held for sale (note 14) | | — | 19,295 |
| Total liabilities | $ | 262,200 | 250,154 |
| **Net Assets** | | | |
| Net assets without donor restrictions – controlling interest (note 8) | $ | 133,267 | 130,842 |
| Net assets without donor restrictions – non-controlling interest (note 8) | | 4,293 | 4,139 |
| Total net assets without donor restrictions | | 137,560 | 134,981 |
| Net assets with donor restrictions | | 12,402 | 4,560 |
| Total net assets | | 149,962 | 139,541 |
| Total liabilities and net assets | $ | 412,162 | 389,695 |

See accompanying notes to consolidated financial statements.

**VISIONFUND INTERNATIONAL AND SUBSIDIARIES**

Consolidated Statements of Activities

Years ended September 30, 2023 and 2022

(In thousands)

| | | 2023 | 2022 |
|---|---|---|---|
| Net assets without donor restrictions: | | | |
| Operating revenue: | | | |
| Interest, fees, and commission revenue | $ | 117,788 | 106,589 |
| Interest, fees, and commission expense (note 9) | | (17,648) | (18,528) |
| Net financial income | | 100,140 | 88,061 |
| Provision for loan losses (notes 5 and 9) | | (10,096) | (4,583) |
| Funds recovered from loans written off | | 5,222 | 4,711 |
| Net financial income after provision for loan losses and loan recoveries | | 95,266 | 88,189 |
| Other operating income | | 875 | 3,557 |
| Total revenue from operations | | 96,141 | 91,746 |
| Operating expenses (note 9): | | | |
| Salaries and benefits | | 56,102 | 56,046 |
| Supplies, copying, and printing | | 3,023 | 3,223 |
| Professional fees | | 7,432 | 6,315 |
| Communication expense | | 1,950 | 2,264 |
| Occupancy expense | | 2,155 | 2,891 |
| Lease expense | | 3,067 | 2,750 |
| Travel and transportation | | 5,894 | 4,637 |
| Depreciation | | 2,255 | 3,119 |
| Training and technical assistance | | 1,055 | 586 |
| Other operating expenses | | 5,579 | 11,439 |
| Total operating expenses | | 88,512 | 93,270 |
| Operating gain (loss) before taxes and other non-operating changes in net assets without donor restrictions | | 7,629 | (1,524) |
| Tax expense (note 9) | | 4,545 | 4,274 |
| Net operating gain (loss) | | 3,084 | (5,798) |
| Other non-operating changes in net assets without donor restrictions: | | | |
| Unrestricted contributions (note 10) | | 3,330 | 9,828 |
| Amounts granted to affiliated microfinance institutions | | (4,608) | (2,625) |
| Foreign currency transaction losses (note 2) | | (2,444) | (6,347) |
| Foreign currency translation losses (note 2) | | (4,277) | (6,791) |
| Net assets released from restriction (note 8) | | 7,240 | 4,331 |
| Gain (loss) on sale of subsidiary (note 14) | | — | (962) |
| Other non-operating gains | | 254 | 3 |
| Net change in net assets without donor restrictions | | 2,579 | (8,361) |
| Net assets with donor restrictions: | | | |
| Restricted contributions (note 10) | | 15,082 | 2,023 |
| Net assets released from restriction (note 8) | | (7,240) | (4,331) |
| Net change in net assets with donor restrictions | | 7,842 | (2,308) |
| Change in net assets | | 10,421 | (10,669) |
| Net assets, beginning of year | | 139,541 | 150,210 |
| Net assets, end of year | $ | 149,962 | 139,541 |

See accompanying notes to consolidated financial statements.

**VISIONFUND INTERNATIONAL AND SUBSIDIARIES**

Consolidated Statements of Cash Flows

Years ended September 30, 2023 and 2022

(In thousands)

| | | 2023 | 2022 |
|---|---|---|---|
| Cash flows from operating activities: | | | |
| Change in net assets | $ | 10,421 | (10,669) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | | |
| Impairment loss on held for sale subsidiaries | | — | 693 |
| Depreciation expense | | 2,255 | 3,119 |
| Amortization of operating leases right-of-use assets | | 2,717 | 2,335 |
| Provision for loan losses | | 10,096 | 4,583 |
| Foreign currency revaluation | | 3,533 | 4,810 |
| Loss on forward contracts | | 3,535 | 1,632 |
| Loss (gain) on disposal of equipment | | 71 | (131) |
| Change in assets and liabilities: | | | |
| Interest receivable | | (1,038) | 1,844 |
| Accounts receivable | | 585 | 1,142 |
| Other assets | | 102 | 2,307 |
| Accounts payable and accrued expenses | | 4,648 | (4,851) |
| Operating lease liabilities | | (2,849) | (2,450) |
| Interest payable | | 209 | 1,766 |
| Other liabilities | | (926) | 4,368 |
| Net cash provided by operating activities | | 33,359 | 10,498 |
| Cash flows from investing activities: | | | |
| Purchase of equipment | | (3,476) | (4,293) |
| Proceeds from sales of equipment | | 167 | 163 |
| Distribution of loans | | (487,255) | (461,980) |
| Proceeds from loan portfolio repayment | | 428,904 | 425,523 |
| Purchases of investments | | (16,522) | (13,045) |
| Proceeds from sales of investments | | 13,737 | 10,071 |
| Net proceeds from sale of subsidiary | | 5,593 | — |
| Net cash used in investing activities | | (58,852) | (43,561) |
| Cash flows from financing activities: | | | |
| Debt issuance cost | | 42 | (101) |
| Proceeds from notes payable | | 65,217 | 91,135 |
| Payments on notes payable | | (41,530) | (70,633) |
| Deposits from microfinance institution clients | | 233 | 4,239 |
| Net cash provided by financing activities | | 23,962 | 24,640 |
| Net decrease in cash and cash equivalents | | (1,531) | (8,423) |
| Cash and cash equivalents, including amount for the subsidiary held for sale, beginning of year | | 56,400 | 67,219 |
| Less: Cash and cash equivalents for the subsidiary held for sale, end of year | | — | (2,396) |
| Cash and cash equivalents, end of year | $ | 54,869 | 56,400 |
| Supplemental disclosures of cash flow information: | | | |
| Cash paid during the year for interest | $ | 17,500 | 16,761 |
| Cash paid during the year for taxes | | 4,884 | 2,846 |

See accompanying notes to consolidated financial statements.

## (1) Organization and Principal Activities

VisionFund International (VFI) and its consolidated subsidiaries (collectively, the Organization) is a wholly controlled subsidiary of World Vision International (World Vision), a corporation that is organized exclusively for purposes that 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.

To deliver sustainable development, World Vision began the microenterprise development loan program through local microfinance institutions (MFIs). World Vision established VFI for the purpose of providing central governance, financial, and technical support for all affiliated MFIs. These 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.

The majority of World Vision's affiliated MFIs are directly owned and controlled by VFI. These consolidated financial statements include the following entities:

| Name | Country |
|---|---|
| SEF International Universal Credit Organization LLC (note 14) | Armenia |
| VisionFund DRC | Democratic Republic of the Congo |
| 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 Vision Fund 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 |
| VisionFund AgroInvest LLC | Montenegro |
| MFI Monte Credit LLC | Montenegro |
| VisionFund Myanmar Company Limited | Myanmar |


(Continued)

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

The primary activity of the subsidiaries is to provide commercially oriented microfinance services aiming to alleviate poverty and stimulate the creation of employment opportunities and economic growth for the poor and their surrounding communities, particularly in areas of World Vision ministry.

## (2) Summary of Significant Accounting Policies

### *(a) Basis of Consolidation*

The consolidated financial statements of the Organization include the accounts of VFI and its subsidiaries, which are controlled and majority owned by VFI. All significant intercompany accounts and transactions have been eliminated.

### *(b) Basis of Presentation*

The consolidated financial statements of the Organization are prepared on the accrual basis of accounting. Net assets of the Organization are reported within the following categories:

*Net Assets without donor restrictions, controlling interest* – represent those resources of the Organization that are not subject to donor-imposed restrictions. The only limits on net assets without donor restrictions are broad limits that are consistent with the nature of the Organization and the purposes specified in its articles of incorporation or bylaws.

*Net Assets without donor restrictions, non-controlling interest* – represent the portion of the Organization’s resources attributable to non-controlling shareholders of consolidated subsidiaries. The value of the non-controlling interest is based on the ownership percentage of the non-controlling shareholders in the respective subsidiaries.

*Net Assets with donor restrictions* – represent contributions and other inflows of assets which are subject to donor-imposed restrictions that can be fulfilled by actions of the Organization or by the passage of time. As of September 30, 2023 and 2022, net assets with donor restrictions relate to project use restrictions on contributions received.

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. A restriction expires when the stipulated time period has elapsed, when the purpose for which the resource was restricted has been fulfilled or both.

***(c) Revenue Recognition and Net Asset Contributions***

Revenue is recognized when it is realized or realizable, and earned. This concept is applied to the key revenue generating activities of the Organization as follows:

*Interest, Fees, and Commissions* – interest from interest-bearing assets is recognized on the accrual basis over the life of the asset based on an effective-interest rate. Fees and commissions are recognized as income using the effective-interest method.

*Contributions* – contributions and unconditional promises to give are recognized as revenues in the period received. Contributions that contain donor-imposed conditions are not recorded until the condition is substantially met or when the possibility that the condition will not be met is remote. A donor-imposed condition must include both a barrier and a right of asset return or pledge cancellation.

*Contributed Net Assets* – contributed net assets result from contributions or transfers of ownership of World Vision affiliated MFIs to VFI. The net asset contribution is recorded at carrying value on the date of acquisition or transfer. VFI reflects the net carrying value of these contributed MFIs as non-operating increases to net assets in the accompanying consolidated statements of activities. There were no contributed net assets during the years ended September 30, 2023 and 2022.

***(d) Amounts Granted to Affiliated MFIs***

VFI contributes funds to unconsolidated affiliated MFIs for the purpose of funding lending activities, operations, and acquisition of capital assets by the MFIs. These expenses are recognized when promised.

***(e) Geographic Area of Operations***

VFI's mission of providing financial services to the poor involves the Organization operating in various foreign geographic regions. Included in the accompanying consolidated statements of financial position are the net assets of each entity, which are located in the following countries with the following net asset/(deficit) balances as of September 30, 2023 and 2022:

(In thousands)

| Country | | 2023 | 2022 |
|---|---|---|---|
| United States (VFI registered office) | $ | 66,763 | 54,999 |
| Ecuador | | 21,122 | 20,241 |
| Mexico | | 12,636 | 9,287 |
| Tanzania | | 9,470 | 8,876 |
| Senegal | | 4,740 | 4,464 |
| Malawi | | 4,329 | 3,313 |
| Serbia & Montenegro | | 4,172 | 3,581 |
| Uganda | | 3,833 | 2,799 |
| Mongolia | | 3,386 | 3,338 |
| Ghana | | 3,294 | 3,340 |
| India | | 3,100 | 3,044 |
| Zambia | | 3,065 | 3,554 |
| Kenya | | 2,856 | 2,596 |
| Guatemala | | 2,721 | 2,218 |
| Dominican Republic | | 2,613 | 2,528 |
| Honduras | | 2,142 | 3,813 |
| Rwanda | | 2,115 | 2,191 |
| Peru | | 111 | 402 |
| Georgia | | 11 | 190 |
| Democratic Republic of the Congo | | (595) | (153) |
| Sri Lanka | | (885) | 323 |
| Myanmar | | (1,037) | (1,689) |
| Armenia | | — | 6,286 |
| | $ | 149,962 | 139,541 |

Legal, regulatory, tax, foreign currency or other limitations and risks may exist in many of these countries and if changes occur, they may materially impact amounts reported and investment values. The ability to liquidate, realize or transfer net assets from one country to another or to the parent company is typically limited.

### *(f) Tax Status*

VFI is organized as a nonprofit corporation under the laws of the State of California and is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. However, VFI 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 (ASC740), 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 and 2022.

The consolidated subsidiaries are subject to their respective local tax laws. Taxes recorded in the accompanying consolidated financial statements consist entirely of non-U.S. taxes related to the operations of the foreign subsidiaries.

***(g) Cash, Cash Equivalents and Restricted Cash***

For the purposes of reporting cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less at date of purchase to be cash and cash equivalents. This includes cash and cash equivalents which are subject to restrictions.

As of September 30, 2023 and 2022, there was no restricted cash.

***(h) Investments***

Investments are recorded at fair value. Gains and losses on investments are recorded as increases or decreases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions.

As of September 30, 2023 and 2022, total restricted investment amount held as guarantee for loans totaled $7,001 and $2,901, respectively while the unrestricted investment amount totaled $7,153 and $9,471, respectively.

***(i) Loan Portfolio***

The loan portfolio balances consist of loans made by VFI to affiliated independent MFIs, as well as loans made by VFI to the entrepreneurial poor through subsidiaries in their respective areas of operation.

For loans to affiliated unconsolidated MFIs, management evaluates the adequacy of the allowance for loan loss on a periodic basis and determines the amount, if any, of the provision for loan losses to be recorded. The evaluation of the adequacy of the allowance includes a review of the respective MFI’s delinquency rates, historic write-offs, liquidity, and financial and operational strength.

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.



(Continued)

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 nonperforming. Loans aged over 91 days are considered to be impaired and are placed on nonaccrual status. Loans on nonaccrual 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.

### *(j) Property, Plant, and Equipment, Net*

Property, plant, and equipment are recorded at historical cost less accumulated depreciation. Depreciation is provided on the straight-line basis over the estimated useful life of the assets. Equipment is depreciated over 3 to 10 years for motor vehicles, 3 to 5 years for computers and communications equipment, and 3 to 10 years for furniture and equipment. Repair and maintenance costs of property, plant, and equipment are capitalized if they result in substantial improvement in value or extend the useful life of the asset. Other repair and maintenance costs are charged as expenses as incurred.

### *(k) 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 statements 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 statements of financial position.

### *(l) Foreign Currency Adjustments*

#### *(i) Foreign Currency Translations*

The assets and liabilities of the subsidiaries are generally denominated in each country’s local currency and translated into U.S. dollars at period-end exchange rates, where applicable. The accompanying consolidated statements of activities and cash flows are translated using average exchange rates during the respective periods. The resulting translation adjustments are recorded as non-operating changes in unrestricted net assets in the accompanying consolidated statements of activities. As of September 30, 2023 and 2022, the net assets of subsidiaries denominated in local currency and subject to translation adjustments totaled $62,077 and $64,301, respectively. For the years ended September 30, 2023 and 2022, due to the general fluctuation in the exchange rate of the U.S. dollar against the local currencies of the subsidiaries, foreign currency translation losses totaled $4,277 and $6,791, respectively.



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*(ii) Foreign Currency Transactions*

Foreign currency transaction gains or losses result from transactions in foreign currencies. Fluctuations in the exchange rate between the foreign currency and the local currency result in foreign currency transaction gains or losses. For the years ended September 30, 2023 and 2022, foreign currency transaction losses totaled $2,444 and $6,347, respectively.

***(m) Foreign Exchange Currency Contracts***

VFI has a number of loans denominated in foreign currencies. In order to protect against fluctuations in such currencies, VFI has entered into certain foreign currency forward contracts, which provide for the future exchange of funds at agreed-upon rates. Unrealized gains or losses on forward currency derivatives recorded at fair value are based on current market exchange rates for foreign currencies.

At September 30, 2023 and 2022, VFI had in place foreign currency contracts with a notional value totaling $124,253 and $70,488, respectively. As of September 30, 2023 and 2022, VFI recorded the fair value of liabilities of $4,603 and $1,065, respectively as part of other liabilities. The resulting losses are recorded as foreign currency transaction losses in the accompanying consolidated statements of activities as described in note 2(k)(l).

***(n) Use of Estimates***

The preparation of consolidated financial statements in accordance with U.S. generally accepted accounting principles requires management 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.

***(o) Newly Adopted Accounting Pronouncements***

The Organization adopted the 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 and statement of cash flows have been restated to conform with the requirements of this statement and the current year presentation. This resulted in a $259 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 exiting leases. The adoption of this standard resulted in recognition of operating lease right-of-use assets of $7,869 and corresponding operating lease liabilities of $7,869 at the adoption date of October 1, 2021.

(In thousands)

***(p) Newly Issued Accounting Pronouncement***

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The amendments in this update requires the measurement of the expected credit losses. Topic 326 requires estimated losses to be determined for the expected life of the assets, compared to an incurred loss model. The statement is effective for the fiscal year ending September 30, 2024. The Organization is currently evaluating the effects the adoption of this statement will have on the consolidated financial statements.

***(q) Risks and Uncertainties Related to Investments***

Investments are exposed to various risks, such as interest rate, market, currency, and credit risks. Due to the level of risk associated with investment, it is possible that changes in the values of investment securities could occur in the near term and that such changes could materially affect the amounts reported.

***(r) Concentration of Credit Risk***

FDIC Insurance insures United States regulated bank deposits up to $250. As of September 30, 2023 and 2022, the total deposits at institutions exceeded the amount covered by the bank deposit insurance by $22,135 and $26,435, respectively. For deposits outside the United States, the Organization is exposed to a maximum of $30,598 and $27,982 in the event of non-performance of the banks as of September 30, 2023 and 2022, respectively. To date, the Organization has not sustained a loss due to non-performance of a financial institution.

***(s) Reclassification***

Certain reclassifications have been made in the financial statements to conform 2022 information to the 2023 presentation.

## (3) Investments

Investments consist primarily of foreign currency time deposits for short-term lending and funding needs. As of September 30, 2023 and 2022, the fair value of investments is as follows:

| Foreign currency time deposits | | 2023 | 2022 |
|---|---|---|---|
| Unrestricted (note 13) | $ | 7,153 | 9,471 |
| Restricted (note 13) | | 7,001 | 2,901 |
| Total investments | $ | 14,154 | 12,372 |

## (4) Fair Value Measurements

ASC Topic 820, *Fair Value Measurement*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

(In thousands)

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest-level input that is significant to the fair value measurement in its entirety.

The following table presents the placement in the fair value hierarchy of assets that are measured at fair value on a recurring basis:

| | | 2023 | 2022 |
|---|---|---|---|
| Significant other observables inputs (Level 2): | | | |
| Assets: | | | |
| Foreign currency time deposits: | | | |
| Ecuador | $ | 3,563 | 1,918 |
| Sri Lanka | | 2,866 | 2,754 |
| Tanzania | | 1,923 | — |
| Kenya | | 1,512 | 1,552 |
| Guatemala | | 1,401 | 1,521 |
| Myanmar | | 1,000 | 2,143 |
| India | | 964 | 311 |
| Uganda | | 399 | — |
| Senegal | | 222 | — |
| Rwanda | | 172 | 1 |
| DRCongo | | 113 | 122 |
| Serbia | | 14 | 798 |
| Honduras | | 5 | 5 |
| Ghana | | — | 867 |
| Zambia | | — | 380 |
| Total investments | $ | 14,154 | 12,372 |
| Liabilities: | | | |
| Foreign exchange currency contracts | $ | 4,603 | 1,065 |

For the valuation of foreign currency time deposits, the Organization used significant other observable inputs, particularly pricing for similar investments with the same maturities (Level 2).

(In thousands)

The fair value of assets related to foreign exchange currency contracts is determined through the use of models or other valuation methodologies (including observation of prevailing market exchange rates for foreign currencies). Accordingly, these contracts are classified within Level 2 and presented within other liabilities on the consolidated statements of financial position.

## (5) Loan Portfolio

### *(a) Loans to Affiliated Microfinance Institutions (MFIs)*

Amounts in loans to affiliated MFIs represent funds lent by VFI to affiliated, independent (unconsolidated) MFIs for further lending to micro-entrepreneurs. As of September 30, 2023 and 2022, these loans totaled $18,003 and $15,076, respectively. Interest rates for loans to MFIs by VFI ranges from 0% to 14%, depending on the current interest rates in the U.S., the currency of the loan, hedge costs and any donor related commitments.

As of September 30, 2023, these loans are scheduled for repayment as follows:

| | | Principal repayment schedule |
|---|---|---|
| Fiscal year: | | |
| 2024 | $ | 12,383 |
| 2025 | | 5,598 |
| 2026 | | 22 |
| | | 18,003 |
| Less allowance for loan losses | | (606) |
| Loans to affiliated MFIs, net | $ | 17,397 |

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

| Allowance for loan losses | | 2023 | 2022 |
|---|---|---|---|
| Beginning of year | $ | 435 | 172 |
| Provision for loan losses | | 171 | 263 |
| End of year | $ | 606 | 435 |

(In thousands)

Loans to affiliated MFIs were concentrated in the following regions as of September 30, 2023 and 2022:

| Region of operations | | 2023 | 2022 |
|---|---|---|---|
| Africa | $ | 13,117 | 9,887 |
| Middle East/Eastern Europe | | 2,242 | 1,932 |
| Latin America/Caribbean | | 1,530 | 1,530 |
| Asia/Pacific | | 1,114 | 1,727 |
| | $ | 18,003 | 15,076 |

The Organization evaluates its loans receivable using conforming or non-conforming as the primary credit quality indicator. Nonconforming refers to those loans that are internally classified by the Organization as substandard. These assets pose higher risk and elevated probability of default. Conforming refers to all loans not considered nonconforming. The Organization evaluates various criteria for determining whether a loan is conforming or non-conforming on an annual basis. There are no non-conforming loans to affiliated MFIs as at September 30, 2023 and 2022.

***(b) Loans to Microfinance Institution Clients***

Amounts in loans to MFI clients represent funds lent to the entrepreneurial poor in the subsidiaries' respective areas of operation. At September 30, 2023 and 2022, the Organization's loans to MFI clients totaled $304,020 and $255,962, respectively. The allowance for loan loss as of September 30, 2023 and 2022 was $10,657 and $8,351, respectively. 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. The average loan amount varies by country from one hundred twenty-six dollars to two thousand six hundred thirty-five dollars. These loans have terms commonly ranging from three to forty-eight months, their weighted average maturities being approximately twenty-one months. Interest rates on the outstanding loans vary by country due to varying inflation rates and operating environments. For the years ended September 30, 2023 and 2022, the weighted average annual interest rates charged were 34%.

Loans to MFI clients were made in the following regions as of September 30, 2023 and 2022:

| Region of operations | | 2023 | 2022 |
|---|---|---|---|
| Latin America/Caribbean | $ | 195,034 | 164,617 |
| Africa | | 76,496 | 59,227 |
| Asia/Pacific | | 25,230 | 23,244 |
| Middle East/Eastern Europe | | 7,260 | 8,874 |
| | $ | 304,020 | 255,962 |

There are no non-conforming loans to MFI clients as at September 30, 2023 and 2022.



(Continued)

(In thousands)

An aging analysis of loans to MFI clients as of September 30, 2023 is as follows:

| | | Outstanding balance | Allowance for loan losses |
|---|---|---|---|
| Current or less than 30 days past due | $ | 297,039 | 5,007 |
| 31-60 days past due | | 1,868 | 915 |
| 61-90 days past due | | 1,210 | 941 |
| 91 days or more past due | | 3,903 | 3,794 |
| | $ | 304,020 | 10,657 |

An aging analysis of loans to MFI clients as of September 30, 2022 is as follows:

| | | Outstanding balance | Allowance for loan losses |
|---|---|---|---|
| Current or less than 30 days past due | $ | 247,279 | 1,319 |
| 31-60 days past due | | 1,648 | 756 |
| 61-90 days past due | | 1,117 | 574 |
| 91 days or more past due | | 5,918 | 5,702 |
| | $ | 255,962 | 8,351 |

As of September 30, 2023 and 2022, loans 91 days or more past due totaling $3,903 and $5,918, respectively, were not accruing interest.

Loans are written off when they are deemed to be uncollectible. Generally, the Organization considers loans 180 days or more past due to be uncollectible. Operational collection efforts continue past the point of write-off. Any funds recovered from loans written off are recorded as revenue in the consolidated statements of activities. For the years ending September 30, 2023 and 2022, funds recovered from loans written off totaled $5,222 and $4,711, respectively.

(In thousands)

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

| Allowance for loan losses | | 2023 | 2022 |
|---|---|---|---|
| Beginning of year | $ | 8,351 | 38,331 |
| Loans written off | | (9,332) | (31,995) |
| Provision for loan losses | | 9,925 | 4,320 |
| Currency revaluation | | 1,713 | (1,468) |
| Less: Allowance for loan losses for asset held for sale, beginning balance | | — | (837) |
| End of year | $ | 10,657 | 8,351 |

**(6) Property, Plant, and Equipment**

Property, plant, and equipment are located primarily at the sites of operations of the subsidiaries and consist of the following at September 30, 2023 and 2022:

| | | 2023 | 2022 |
|---|---|---|---|
| Land and buildings | $ | 2,411 | 1,709 |
| Equipment | | 5,397 | 4,909 |
| Vehicles | | 3,824 | 3,857 |
| Computers and software | | 12,153 | 12,907 |
| | | 23,785 | 23,382 |
| Less accumulated depreciation | | (15,669) | (15,795) |
| Total | $ | 8,116 | 7,587 |

**(7) Notes Payable**

Notes payable represent funding from various foundations, individuals, affiliates, and banking organizations, which have extended loans to the Organization to provide support for its activities. Interest rates on notes payable vary by country and currency. The following are the interest rates on these loans as of September 30, 2023 and 2022:

(In thousands)

| September 30, 2023 | | | September 30, 2022 | | |
|---|---|---|---|---|---|
| Number of loans | Total loan value | Interest rates | Number of loans | Total loan value | Interest rates |
| 95 | $ 67,156 | 0% to 5% | 117 | $ 64,122 | 0% to 5% |
| 155 | 79,118 | 5.1% to 10% | 127 | 61,583 | 5.1% to 10% |
| 51 | 20,685 | 10.1% to 15% | 62 | 20,479 | 10.1% to 15% |
| 52 | 19,079 | over 15% | 47 | 14,498 | over 15% |
| | $ 186,038 | | | $ 160,682 | |

The loans outstanding as of September 30, 2023 are scheduled for repayment as follows:

| | Principal payment schedule |
|---|---|
| Fiscal Year: | |
| 2024 | $ 60,002 |
| 2025 | 70,966 |
| 2026 | 32,972 |
| 2027 | 15,201 |
| 2028 | 198 |
| 2029 and beyond | 6,699 |
| | $ 186,038 |

As of September 30, 2023, notes payable are unsecured with the exception of $11,466 in loans that have been collateralized by the assets of individual subsidiaries.

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.

(In thousands)

## (8) Net Assets Without Donor Restrictions

Changes in net assets without donor restrictions for the year ended September 30, 2023 and 2022 are as follows:

| | | Total | Controlling interest | Non-controlling interest |
|---|---|---|---|---|
| Balance, October 1, 2022 | $ | 134,981 | 130,842 | 4,139 |
| Transfers to noncontrolling interest | | — | (357) | 357 |
| Deficiency of revenues over expenses | | (4,661) | (4,458) | (203) |
| Net assets released from restriction | | 7,240 | 7,240 | — |
| Change in net assets | | 2,579 | 2,425 | 154 |
| Balance, September 30, 2023 | $ | 137,560 | 133,267 | 4,293 |

| | | Total | Controlling interest | Non-controlling interest |
|---|---|---|---|---|
| Balance, October 1, 2021 | $ | 143,342 | 138,560 | 4,782 |
| Transfers to noncontrolling interest | | — | (471) | 471 |
| Deficiency of revenues over expenses | | (12,692) | (11,578) | (1,114) |
| Net assets released from restriction | | 4,331 | 4,331 | — |
| Change in net assets | | (8,361) | (7,718) | (643) |
| Balance, September 30, 2022 | $ | 134,981 | 130,842 | 4,139 |

As of September 30, 2023 and 2022, the non-controlling interest was $4,293 and $4,139, respectively. The non-controlling interest is primarily concentrated in VisionFund Tanzania (66% ownership by VFI) and VisionFund DRC (80% ownership by VFI).

## (9) Program and Supporting Expenses

To help users assess the Organization’s service efforts, operating expenses are reported into functional categories of program services and supporting services. Program services are expenses incurred in the course of VFI’s primary activities of coordinating and funding MFIs and providing commercially oriented microfinance services to alleviate poverty. Allocation of expenses to program services or supporting services is determined by how directly the expense supports the operations of subsidiaries which deliver the services. All other expenses are designated as supporting services.

(In thousands)

The following are the program and support expenses for September 30, 2023 and 2022:

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | **Program** | **Supporting** | **Total** | **Program** | **Supporting** | **Total** |
| Interest, fees, and commission expense | $ 17,648 | — | 17,648 | 18,528 | — | 18,528 |
| Provision for loan losses | 10,096 | — | 10,096 | 4,583 | — | 4,583 |
| Tax expense | 4,545 | — | 4,545 | 4,274 | — | 4,274 |
| Salaries and benefits | 46,753 | 9,349 | 56,102 | 47,004 | 9,042 | 56,046 |
| Supplies, copying, and printing | 2,379 | 644 | 3,023 | 3,087 | 136 | 3,223 |
| Professional fees | 6,249 | 1,183 | 7,432 | 5,070 | 1,245 | 6,315 |
| Communication expense | 1,906 | 44 | 1,950 | 2,228 | 36 | 2,264 |
| Occupancy expense | 1,969 | 186 | 2,155 | 2,737 | 154 | 2,891 |
| Lease expense | 3,067 | — | 3,067 | 2,750 | — | 2,750 |
| Travel and transportation | 4,814 | 1,080 | 5,894 | 4,106 | 531 | 4,637 |
| Depreciation | 2,255 | — | 2,255 | 3,119 | — | 3,119 |
| Training and technical assistance | 987 | 68 | 1,055 | 531 | 55 | 586 |
| Other operating expenses | 5,208 | 371 | 5,579 | 10,754 | 685 | 11,439 |
| Total | $ 107,876 | 12,925 | 120,801 | 108,771 | 11,884 | 120,655 |

## (10) Contributions

Contributions for the years ended September 30, 2023 and 2022 totaled $18,412 and $11,851, respectively.

Contributions, classified as non-operating changes in net assets, were from the following:

| | **2023** | **2022** |
|---|---|---|
| Unrestricted: | | |
| World Vision United States | $ 2,414 | 7,073 |
| World Vision Singapore | 112 | 102 |
| World Vision Hong Kong | 74 | 142 |
| World Vision Ghana | 48 | — |
| World Vision New Zealand | 24 | — |
| World Vision United Kingdom | 19 | — |
| World Vision Austria | 14 | — |
| World Vision Kenya | 10 | — |
| World Vision Netherlands | 1 | 2 |
| World Vision Rwanda | — | 487 |
| World Vision Australia | — | 82 |
| World Vision Senegal | — | 80 |
| Non-affiliated Agencies | 614 | 1,860 |
| Total unrestricted | 3,330 | 9,828 |

(In thousands)

| | | 2023 | 2022 |
|---|---|---|---|
| Restricted: | | | |
| World Vision United States | $ | 14,940 | 2,030 |
| World Vision Australia | | — | (110) |
| Non-affiliated Aid Agencies: | | | |
| Others | | 142 | 103 |
| Total restricted | | 15,082 | 2,023 |
| Total contributions | $ | 18,412 | 11,851 |

### (11) Related-Party Transactions

Many of the transactions of VFI are with related entities, as discussed elsewhere in these consolidated financial statements. Such transactions include contributions, loans with affiliates, investment in affiliates, loan guarantees, and pledges of investments. Certain items are further described below.

As of September 30, 2023 and 2022, VFI had accounts payable to World Vision totaling $380 and $754, respectively. These amounts were for operating expenses paid by World Vision on behalf of VFI.

### (12) Leases

The Organization has commitments related to operating leases for building facilities and vehicles at September 30, 2023 and 2022. All leases are non-cancellable and expire on various dates through April 2032.

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

| | | 2023 | 2022 |
|---|---|---|---|
| Lease cost: | | | |
| Operating lease costs | $ | 3,133 | 2,810 |

Other information:

| | 2023 | 2022 |
|---|---|---|
| Weighted-average discount rate – operating leases | 5.88 % | 5.91 % |
| Weighted-average remaining lease term – operating leases | 3.58 yrs | 3.90 yrs |

(In thousands)

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

| | | 2023 | 2022 |
|---|---|---|---|
| Cash paid for operating leases | $ | 3,034 | 2,655 |
| Right-of-use assets obtained in exchange for new operating lease liabilities | $ | 1,044 | 10,163 |

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

| | | |
|---|---|---|
| Total undiscounted cash flows: | | |
| 2024 | $ | 2,594 |
| 2025 | | 1,584 |
| 2026 | | 975 |
| 2027 | | 570 |
| 2028 | | 303 |
| 2029 and thereafter | | 404 |
| Total | | 6,430 |
| Present value of the cash flows | | 5,755 |
| Difference between undiscounted and discounted cash flows | $ | 675 |

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

| | | |
|---|---|---|
| Total undiscounted cash flows: | | |
| 2023 | $ | 2,975 |
| 2024 | | 2,498 |
| 2025 | | 1,555 |
| 2026 | | 965 |
| 2027 | | 564 |
| 2028 and thereafter | | 712 |
| Total | | 9,269 |
| Present value of the cash flows | | 7,478 |
| Difference between undiscounted and discounted cash flows | $ | 1,791 |

(In thousands)

## (13) Liquidity and Availability

The Organization manages liquidity to fund operations, assets and obligations as necessary in the most cost – effective way without unduly jeopardizing income potential or risking loss, and to establish a minimum level of liquidity for emergency funding of MFIs and operational needs. As a consolidated organization, liquidity is dispersed across 21 separate countries, where funds are managed and held for local use. Generally, management distinguishes the Organization's liquidity and availability between VFI's central liquidity, and the subsidiary MFIs' local liquidity. During the years ended September 30, 2023 and 2022, the overall level of liquidity was managed within the Organization's policy requirements.

### *(a) VFI Liquidity and Availability*

The principal use of funds for VFI are for net operating cash flows, loans to MFIs, investments in MFIs, payments on notes payable, and capital expenditures. Annually, each MFI submits business plans to VFI detailing debt and equity needs, which are integrated with VFI's funding needs. VFI maintains liquidity sufficient to cover approved and expected MFI investment activity as well as all contractual payments of interest and principal on debt. For ongoing liquidity management, the maturity dates of loans receivable by VFI are generally managed to match or precede the maturity dates of VFI's notes payable to various lenders. The following shows the VFI liquidity as of September 30, 2023 and 2022.

| | 2023 | 2022 |
|---|---|---|
| Current financial assets at year end: | | |
| Cash and cash equivalents | $ 22,385 | 26,685 |
| Total current financial assets available to meet cash needs for general expenditures within one year | $ 22,385 | 26,685 |

### *(b) MFI Liquidity and Availability*

The principal use of funds for MFIs is for loans to clients, net operating cash flows, debt repayments, demand deposits repayments and capital expenditures. Each MFI is bound by the Organization'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.



(Continued)

(In thousands)

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. The following shows the MFI liquidity as of September 30, 2023 and 2022.

| | | 2023 | 2022 |
|---|---|---|---|
| Current financial assets at year end: | | | |
| Cash and cash equivalents | $ | 32,484 | 29,715 |
| Investments | | 7,153 | 9,471 |
| Restricted investments | | 7,001 | 2,901 |
| Total cash and investments | | 46,638 | 42,087 |
| Less restricted funds not available to be used within one year: | | | |
| Restricted investments | | 7,001 | 2,901 |
| Total current financial assets available to meet cash needs for general expenditures within one year | $ | 39,637 | 39,186 |

## (14) Sale of Subsidiary

In January 2023, the Organization sold its 100% ownership in SEF International Universal Credit Organization LLC for a cash consideration. An impairment loss provision of $693 was provided in fiscal year 2022. Armenia 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 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.

(In thousands)

The balances relating to SEF International Universal Credit Organization LLC as of and for the years ended September 30, 2023 and 2022 were 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 |
| 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) | — |

## (15) Subsequent Events

Subsequent events have been evaluated from September 30, 2023 through May 26, 2024, which is the date these consolidated financial statements were available to be issued.

**Schedule I**

**VISIONFUND INTERNATIONAL AND SUBSIDIARIES**

Net Worth Certificate

As of and for the years ended September 30, 2023 and 2022

(In thousands)

| | | 2023 | 2022 |
|---|---|---|---|
| Net assets without donor restrictions – controlling interest | $ | 133,267 | 130,842 |
| Net assets without donor restrictions – non-controlling interest | | 4,293 | 4,139 |
| Total net assets without donor restrictions | | 137,560 | 134,981 |
| Net assets with donor restrictions | | 12,402 | 4,560 |
| Total net assets | $ | 149,962 | 139,541 |
| Total assets | $ | 412,162 | 389,695 |
| Total revenue from operations | $ | 96,141 | 91,746 |

See accompanying independent auditor's report and notes to consolidated financial statements.