

Letter from the CFO

Financial Results for 2017

(Fiscal year ended September 30)

World Vision is thankful to God and our many supporters who continued to make a lasting difference in the lives of children, families and communities around the world. Total Revenues of \$443.8 million were just 0.5% shy of the prior year, our best year ever. With strong control over expenses, we met all program commitments and improved our net asset and cash position.

Pledges collected

Child sponsorship is our ongoing monthly pledge program supporting community development. Donations of \$200.5 million were given for over 430,000 children, families and communities. This was a decline of 0.8% from the prior year due to fewer child sponsors, which was partially offset by a drawdown of deferred contributions. The year started with fewer child sponsors and throughout the year we faced lower acquisitions due to a changing market place.

The Cancellation rate of existing sponsors dropped to match the lowest level in the past six years. This reflects increased engagement and loyalty of our sponsors.

The remaining Pledges grew by 24.1%. Most of this was due to successful, one-time conversion of donors from child sponsorship to a community pledge – because of changes in the country of Laos.

Single gifts

Single gifts decreased by 15.7% and are now reported in the context of the sector they support, namely Development and Emergency Relief.

Development revenues decreased 26.0% due to timing of program delivery. Emergency Relief increased 51.2% because we fundraised for two major emergencies, the African Hunger Crisis and Hurricane Matthew, compared to one in the prior year – the Syrian Crisis. The balance of Single Gifts is mostly undesignated and was up 20.7%.

Gifts-in-Kind

Gifts-in-kind are non-cash donations from the [United Nations World Food Programme](#), and various corporate donors. Revenue from the World Food Programme increased by 66.1% due to higher activity in East Africa. Corporate Gifts-in-Kind decreased 79.8% reflecting changes in global pharmaceutical markets.

Grants

Grant revenue includes funding from [Global Affairs Canada](#), [United Nations World Food Programme](#) and a growing number of other organizations. Higher levels of activity increased this revenue by 12.2%.

Investment and other income

Investment and other income increased from \$ 900,000 to \$2.4 million due to a \$674,000 gain on sale of surplus land and strong investment returns.

Expenditures

Programs

In 2017 our revenues supported programs that combat poverty and help children and communities in need. [More information on how our program dollars were spent this year is available here.](#)

We changed our disclosure to reflect the sectors we support. In 2017, 81.0% of current year revenue went into programs, essentially the same as in 2016. Our five-year average remained unchanged at 80.5%, even as we experienced revenue pressures and were making extra, but necessary investments in fundraising.

Support costs (fundraising and administration)

Support costs increased by 0.3% from the prior year.

Administrative costs decreased by 4.0% as we continued to improve efficiencies and as the U.S. dollar stabilized.

Fundraising costs were up 2.4% as we invested in a donor centric approach to increase our cash revenues.

Staffing levels were down by 5% overall, despite increased staff in necessary fundraising and program functions.

We report on a five-year average (currently 19.5%) thereby reducing the impact of one-time events and being more indicative of past operations. This rate is unchanged from the past three years.

Statement of Financial Position

Cash and short-term investments increased from \$38.9 million to \$43.4 million. This is directly related to the increase in deferred contributions of Grants. Of this total, \$35.7 million is designated to specific programs, with the balance being available to support both program and cash-flow requirements.

Accounts Receivable was up from \$4.1M to \$5.6M as some newer Grants are on a reimbursement model.

Financial Reporting, Internal Audit and Risk Management

World Vision Canada's management, along with our independent [Board of Directors](#), is responsible for the financial statements and all other information included in the [Annual Impact Report](#).

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations as established by the Accounting Standards Board of the Canadian Institute of Chartered Accountants. Where appropriate, these include amounts based on Management's best estimates and judgments.

The preparation of financial information is an integral part of the ongoing oversight of the organization. Management has developed and maintains financial and management controls, information systems and practices, which are reviewed regularly by financial management and internal auditors to ensure that funds are used for their intended purpose and maximum impact. These systems provide reasonable, but not absolute, assurance against errors or loss, and that financial information is objective and reliable.

Management and World Vision Canada's independent [Board of Directors](#) are responsible for the financial statements and all other information included in this annual report.

Internal Audit and Risk

A standing committee of the Board of Directors assists the Board in fulfilling its oversight responsibilities, relating with respect to: (i) the integrity of the financial statements; (ii) the effectiveness of internal controls and the risk management framework; (iii) compliance with established accounting practices and principles, World Vision Canada's policies, and legal, regulatory and donor requirements; (iv) the qualifications and performance of the risk and internal audit function; and (v) the engagement, performance and independence of the external auditor of World Vision Canada.

Their scope of this standing committee includes financial reporting, oversight of the external auditor, as well as internal audit, compliance, internal controls and risk management. The Director of Risk reports directly to the committee.

In much of the same way, World Vision International undertakes audits of its overseas operations, including those to which World Vision Canada sends funds to do its program work. The primary accountability of the internal auditors is to the Audit Committee of World Vision International's Board of Directors. However, reports on the results of internal audits are made available to World Vision Canada and we are involved in any action taken in the event of an adverse report.

Internal audit staff regularly conducts audits of activities to ensure adherence to internal policies and local laws and regulatory requirements, and effectiveness of operations. The Chief Audit Executive reports to the Audit and Risk Committee of the World Vision International Board.

External Auditor

The Membership of World Vision Canada appoints the auditors, based on a recommendation from the Board of Directors. The financial statements have been audited by external auditors KPMG LLP. Their report outlines the scope of KPMG's examination as well as their opinion on the financial statements. World Vision International financial statements are also audited by KPMG LLP.

External Accountability

World Vision is committed to the highest standards of financial and ethical accountability in our accounting, fundraising, communications and programs. We regularly disclose relevant information related to our operations, as well as financial data and management procedures, performance monitoring and program evaluations, and about the challenges we encounter in our programs.

As part of our commitment to accountability and stewardship, World Vision Canada carefully monitors key external and internal opportunities, as well as risks and trends. In this way, we enhance our ability to provide long-term, sustainable funding to our programs.

World Vision Canada has earned the highest ratings for donor accountability and financial transparency by Charity Intelligence.

World Vision Canada actively seeks external accountability. The [Better Business Bureau](#) and [Imagine Canada](#) have granted World Vision status as a national "Accredited Charity". We voluntarily ascribe to several external bodies which include ethical codes for fundraising and transparency, including the [Canadian Council of Christian Charities, Imagine Canada Standards Program](#), and the [Canadian Council for International Cooperation](#).

World Vision International is an active and well-regarded member of several, reputed international initiatives. We adhere to international codes of conduct that set standards and benchmarks for governance, management, partnership and accountability. World Vision publishes an Accountability Report every year that outlines how we try to prevent things going wrong, where missteps occur and how we react. We are a member and signatory of the [Accountable Now](#), the [Code of Conduct for the International Red Cross and Red Crescent Movement](#) and [The Sphere Project](#).

Contact Information

We would be pleased to review or discuss any matters with interested parties. Please visit us online at worldvision.ca or contact us at 1-800-268-4888 and ask for Customer Service or Public Relations.



CHARLIE TRIST, CHIEF FINANCIAL OFFICER

NOTES:

World Vision is incorporated under the laws of Canada as a corporation without share capital and is a non-profit charitable organization (registration number 1193 04855 RR0001). World Vision Canada files a publicly accessible annual information return (T3010) with the [Canada Revenue Agency Charities Directorate](#).

[World Vision International](#), our global coordinating body, assists by facilitating the implementation and monitoring of overseas programs, as well as by providing strategy and technical expertise, to ensure that goods and projects funded by World Vision donors are used to effectively benefit the most vulnerable people of the world, especially children