

Letter from the CFO Financial Results for 2018

(Fiscal year ended September 30)

World Vision is thankful to God and our many supporters who continue to make a lasting difference in the lives of children, families and communities around the world. Total Revenues of \$465.5 million reached record levels and were 4.9% over the prior year.

Pledges collected

Child sponsorship is our ongoing monthly pledge program supporting community development. Donations of \$193.2 million were given for over 415,000 children, families and communities. This was a decline of 4.2% from the prior year due as the year started with fewer child sponsors and throughout the year we faced lower acquisitions due to ongoing challenges in acquiring new child sponsors.

The Cancellation rate of existing sponsors continued to drop to the lowest level in eight years, reflecting the increased engagement and loyalty of our sponsors.

The remaining Pledges grew by 7.6% as our Raw Hope offering, which supports children in the world's most dangerous places increased as it resonated with more donors.

Single gifts

Single gifts are comprised of three categories and increased overall by 6.4%. Development revenues increased by 7.1% due to high major donor and legacy donations. Emergency Relief decreased 22.1% as we responded to fewer major emergencies. The balance of Single Gifts is virtually all undesignated and was up 22.5%.

Gifts-in-Kind

Gifts-in-kind are non-cash donations from multilateral donors such as the [United Nations World Food Programme](#) and various corporate donors. Revenue from multilateral agencies increased by 8.5% due to higher activity in East Africa and a partnership with a new government. Corporate Gifts-in-Kind decreased by 13.5% as we continue to increase the diversification of donors and donated products.

Grants

Grant revenue includes funding from [Global Affairs Canada](#), multilateral agencies, including the [United Nations World Food Programme](#), and a growing number of other organizations. Global Affairs revenue was up 23.3% and other grants by 16.3% as momentum increased in several projects. Multilateral donations were up 19.7% principally due to World Food Programme work in Iraq.

Investment and other income

Investment and other income increased from \$2.3 million to \$4.7 million. We had two surplus pieces of land, one of which was sold in 2017 for a gain on sale of \$674,000 and the second which was sold in 2018 for a gain of \$3.3 million.

Expenditures

Programs

In 2018 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.](#)

In 2018, 81.2% of current year revenue went into programs, up .2% from the prior year. Our five-year average has increased 80.8%, even as we experienced revenue pressures and were making additional, necessary investments in fundraising.

Support costs (fundraising and administration)

Support costs increased by 3.7% from 2017.

Administrative costs were unchanged as we continued to improve efficiencies and experienced a stable U.S. dollar.

Fundraising costs were up 5.4% as we increased our emphasis on donor insight and digital marketing and refocused our national campaigns toward fundraising.

Staffing levels were up 1% as increased staff in necessary fundraising functions offset decreases in other areas.

We report on a five-year average (currently 19.2%) thereby reducing the impact of one-time events and being more indicative of past operations. This rate is down .3% from prior years.

Statement of Financial Position

Cash and short-term investments decreased from \$43.4 million to \$34.0 million. This is directly related to the decrease in deferred contributions of grants. Of this total, \$25.8 million are designated to specific programs with the balance being available to support both program and cash-flow requirements.

Accounts Receivable increased from \$5.6 million to \$6.9M due to growth in grants which 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 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 maintain financial 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 ensure 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 financial transparency and an A- for donor accountability 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, independently reviewed by [Accountable Now](#), which provides disclosure of key financial and operational information, as well as information on how we are improving our accountability to our donors, partners and the communities with whom we work. We are a member and signatory of the [Code of Conduct for the International Red Cross and Red Crescent Movement](#), [The Sphere Project](#) and the [Core Humanitarian Standards Alliance](#).

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 FLUIT, CPA, CA
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.