

# Combined Financial Statements

## Oxfam America, Inc.

October 31, 2006 and 2005



**OXFAM AMERICA, INC.**

***Combined Financial Statements***

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***Combined Financial Statements:***

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*Independent Auditors' Report*

Board of Directors  
Oxfam America, Inc.  
Boston, Massachusetts

We have audited the accompanying Combined Statements of Financial Position of Oxfam America, Inc. ("Oxfam") as of October 31, 2006 and 2005 and the related Statements of Activities, Functional Expenses and Cash Flows for the years then ended. These combined financial statements are the responsibility of Oxfam's management. Our responsibility is to express an opinion on these combined 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 audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall combined financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Oxfam America, Inc. as of October 31, 2006 and 2005 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Tofias PC". The signature is written in a cursive, flowing style.

December 29, 2006  
Cambridge, Massachusetts

Independent Member of BKR International

**OXFAM AMERICA, INC.**

*Combined Statements of Financial Position*

*October 31,*

	<i>2006</i>			<i>2005</i>	
	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>	<i>Total</i>
<b>Assets</b>					
Cash	\$ 2,078,000	\$ -	\$ -	\$ 2,078,000	\$ 3,462,000
Investments	30,894,000	35,691,000	1,568,000	68,153,000	48,312,000
Pledges receivable	92,000	4,793,000	-	4,885,000	2,046,000
Other assets	1,268,000	1,009,000	-	2,277,000	1,677,000
Net fixed assets	3,190,000	-	-	3,190,000	3,817,000
<b>Total assets</b>	<b>\$ 37,522,000</b>	<b>\$ 41,493,000</b>	<b>\$ 1,568,000</b>	<b>\$ 80,583,000</b>	<b>\$ 59,314,000</b>
<b>Liabilities</b>					
Accounts payable and accrued payroll expenses	\$ 2,706,000	\$ -	\$ -	\$ 2,706,000	\$ 2,349,000
Grants payable	2,856,000	-	-	2,856,000	2,374,000
Other liabilities	3,135,000	-	-	3,135,000	1,873,000
<b>Total liabilities</b>	<b>8,697,000</b>	<b>-</b>	<b>-</b>	<b>8,697,000</b>	<b>6,596,000</b>
Net assets:					
Unrestricted	28,825,000	-	-	28,825,000	21,173,000
Temporarily restricted	-	41,493,000	-	41,493,000	29,977,000
Permanently restricted	-	-	1,568,000	1,568,000	1,568,000
<b>Total net assets</b>	<b>28,825,000</b>	<b>41,493,000</b>	<b>1,568,000</b>	<b>71,886,000</b>	<b>52,718,000</b>
<b>Total liabilities and net assets</b>	<b>\$ 37,522,000</b>	<b>\$ 41,493,000</b>	<b>\$ 1,568,000</b>	<b>\$ 80,583,000</b>	<b>\$ 59,314,000</b>

See the accompanying notes to the financial statements.

**OXFAM AMERICA, INC.**

*Combined Statement of Financial Position*

*October 31, 2005*

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Assets</b>				
Cash	\$ 3,462,000	\$ -	\$ -	\$ 3,462,000
Investments	19,538,000	27,206,000	1,568,000	48,312,000
Pledges receivable	230,000	1,816,000	-	2,046,000
Other assets	722,000	955,000	-	1,677,000
Net fixed assets	<u>3,817,000</u>	<u>-</u>	<u>-</u>	<u>3,817,000</u>
<b>Total assets</b>	<b>\$ <u>27,769,000</u></b>	<b>\$ <u>29,977,000</u></b>	<b>\$ <u>1,568,000</u></b>	<b>\$ <u>59,314,000</u></b>
<b>Liabilities</b>				
Accounts payable and accrued payroll expenses	\$ 2,349,000	\$ -	\$ -	\$ 2,349,000
Grants payable	2,374,000	-	-	2,374,000
Other liabilities	<u>1,873,000</u>	<u>-</u>	<u>-</u>	<u>1,873,000</u>
<b>Total liabilities</b>	<b><u>6,596,000</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>6,596,000</u></b>
Net assets:				
Unrestricted	21,173,000	-	-	21,173,000
Temporarily restricted	-	29,977,000	-	29,977,000
Permanently restricted	<u>-</u>	<u>-</u>	<u>1,568,000</u>	<u>1,568,000</u>
<b>Total net assets</b>	<b><u>21,173,000</u></b>	<b><u>29,977,000</u></b>	<b><u>1,568,000</u></b>	<b><u>52,718,000</u></b>
<b>Total liabilities and net assets</b>	<b>\$ <u>27,769,000</u></b>	<b>\$ <u>29,977,000</u></b>	<b>\$ <u>1,568,000</u></b>	<b>\$ <u>59,314,000</u></b>

See the accompanying notes to the financial statements.

**OXFAM AMERICA, INC.**

*Combined Statements of Activities*

*Years Ended October 31,*

	<i>2006</i>			<i>2005</i>	
	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>	<i>Total</i>
Revenue, gains and other support:					
Contributions	\$ 31,680,000	\$ 31,476,000	\$ -	\$ 63,156,000	\$ 77,611,000
Investment income	2,729,000	676,000	-	3,405,000	1,402,000
Other	886,000	-	-	886,000	285,000
Net assets released from restrictions	20,636,000	(20,636,000)	-	-	-
<b>Total revenue, gains and other support</b>	<b>55,931,000</b>	<b>11,516,000</b>	<b>-</b>	<b>67,447,000</b>	<b>79,298,000</b>
Expenses:					
Program services:					
Regional programs	18,936,000	-	-	18,936,000	16,808,000
Humanitarian relief and rehabilitation	11,784,000	-	-	11,784,000	24,737,000
Public education	7,525,000	-	-	7,525,000	5,728,000
Policy and advocacy	3,462,000	-	-	3,462,000	2,882,000
<b>Total program services</b>	<b>41,707,000</b>	<b>-</b>	<b>-</b>	<b>41,707,000</b>	<b>50,155,000</b>
Support services:					
Management and general	2,867,000	-	-	2,867,000	2,576,000
Fundraising	8,230,000	-	-	8,230,000	7,298,000
<b>Total supporting services</b>	<b>11,097,000</b>	<b>-</b>	<b>-</b>	<b>11,097,000</b>	<b>9,874,000</b>
<b>Total expenses</b>	<b>52,804,000</b>	<b>-</b>	<b>-</b>	<b>52,804,000</b>	<b>60,029,000</b>
<b>Change in net assets from operating activities</b>	<b>3,127,000</b>	<b>11,516,000</b>	<b>-</b>	<b>14,643,000</b>	<b>19,269,000</b>
Gain from sale of 26 West Street	4,525,000	-	-	4,525,000	-
<b>Change in net assets</b>	<b>7,652,000</b>	<b>11,516,000</b>	<b>-</b>	<b>19,168,000</b>	<b>19,269,000</b>
Net assets, beginning of year	21,173,000	29,977,000	1,568,000	52,718,000	33,449,000
<b>Net assets, end of year</b>	<b>\$ 28,825,000</b>	<b>\$ 41,493,000</b>	<b>\$ 1,568,000</b>	<b>\$ 71,886,000</b>	<b>\$ 52,718,000</b>

See the accompanying notes to the financial statements.

**OXFAM AMERICA, INC.**

*Combined Statement of Activities*

*Year Ended October 31, 2005*

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
Revenue, gains and other support:				
Contributions, including \$30,000,000 in temporarily restricted	\$ 26,849,000	\$ 50,762,000	-	\$ 77,611,000
South Asia Earthquake (Tsunami) contributions				
Investment income	744,000	658,000	-	1,402,000
Other	285,000	-	-	285,000
Net assets released from restrictions	32,272,000	(32,272,000)	-	-
<b>Total revenue, gains and other support</b>	<b>60,150,000</b>	<b>19,148,000</b>	<b>-</b>	<b>79,298,000</b>
Expenses:				
Program services:				
Regional programs	16,808,000	-	-	16,808,000
Humanitarian relief and rehabilitation, including South Asia Earthquake (Tsunami) expenditures of \$21,332,000	24,737,000	-	-	24,737,000
Public education	5,728,000	-	-	5,728,000
Policy and advocacy	2,882,000	-	-	2,882,000
<b>Total program services</b>	<b>50,155,000</b>	<b>-</b>	<b>-</b>	<b>50,155,000</b>
Support services:				
Management and general	2,576,000	-	-	2,576,000
Fundraising	7,298,000	-	-	7,298,000
<b>Total supporting services</b>	<b>9,874,000</b>	<b>-</b>	<b>-</b>	<b>9,874,000</b>
<b>Total expenses</b>	<b>60,029,000</b>	<b>-</b>	<b>-</b>	<b>60,029,000</b>
<b>Change in net assets</b>	<b>121,000</b>	<b>19,148,000</b>	<b>-</b>	<b>19,269,000</b>
Net assets, beginning of year	21,052,000	10,829,000	1,568,000	33,449,000
<b>Net assets, end of year</b>	<b>\$ 21,173,000</b>	<b>\$ 29,977,000</b>	<b>\$ 1,568,000</b>	<b>\$ 52,718,000</b>

See the accompanying notes to the financial statements.

OXFAM AMERICA, INC.

Combined Statements of Functional Expenses

Years Ended October 31,

	2006					2005				
	Program Services				Supporting Services					
	Regional Programs	Humanitarian Relief and Rehabilitation	Public Education	Policy and Advocacy	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total	Total
Payroll and related expenses	\$ 4,971,000	\$ 679,000	\$ 3,560,000	\$ 1,826,000	\$ 11,036,000	\$ 1,435,000	\$ 1,994,000	\$ 3,429,000	\$ 14,465,000	\$ 11,275,000
Professional fees and services	913,000	185,000	1,613,000	344,000	3,055,000	603,000	1,190,000	1,793,000	4,848,000	4,479,000
Occupancy costs	903,000	120,000	390,000	583,000	1,996,000	409,000	303,000	712,000	2,708,000	1,400,000
Travel	1,080,000	197,000	430,000	236,000	1,943,000	82,000	72,000	154,000	2,097,000	1,458,000
Supplies, postage and printing	161,000	8,000	183,000	38,000	390,000	55,000	3,547,000	3,602,000	3,992,000	3,674,000
Other expenses	541,000	128,000	1,157,000	238,000	2,064,000	199,000	1,053,000	1,252,000	3,316,000	3,255,000
Direct grants to partners *	9,994,000	-	102,000	131,000	10,227,000	-	-	-	10,227,000	11,760,000
Humanitarian support *	-	10,446,000	-	-	10,446,000	-	-	-	10,446,000	22,127,000
<b>Total expenses before depreciation and amortization</b>	<b>18,563,000</b>	<b>11,763,000</b>	<b>7,435,000</b>	<b>3,396,000</b>	<b>41,157,000</b>	<b>2,783,000</b>	<b>8,159,000</b>	<b>10,942,000</b>	<b>52,099,000</b>	<b>59,428,000</b>
Depreciation and amortization	373,000	21,000	90,000	66,000	550,000	84,000	71,000	155,000	705,000	601,000
<b>Total expenses</b>	<b>\$ 18,936,000</b>	<b>\$ 11,784,000</b>	<b>\$ 7,525,000</b>	<b>\$ 3,462,000</b>	<b>\$ 41,707,000</b>	<b>\$ 2,867,000</b>	<b>\$ 8,230,000</b>	<b>\$ 11,097,000</b>	<b>\$ 52,804,000</b>	<b>\$ 60,029,000</b>

\* This amount does not include operational assistance to partners

**OXFAM AMERICA, INC.**

*Combined Statement of Functional Expenses*

*Year Ended October 31, 2005*

	<u>Program Services</u>					<u>Supporting Services</u>			
	<u>Regional Programs</u>	<u>Humanitarian Relief and Rehabilitation</u>	<u>Public Education</u>	<u>Policy and Advocacy</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	<u>Total 2005</u>
Payroll and related expenses	\$ 3,531,000	\$ 839,000	\$ 2,433,000	\$ 1,311,000	\$ 8,114,000	\$ 1,259,000	\$ 1,902,000	\$ 3,161,000	\$ 11,275,000
Professional fees and services	687,000	115,000	1,184,000	573,000	2,559,000	863,000	1,057,000	1,920,000	4,479,000
Occupancy costs	633,000	74,000	152,000	262,000	1,121,000	142,000	137,000	279,000	1,400,000
Travel	717,000	229,000	243,000	138,000	1,327,000	54,000	77,000	131,000	1,458,000
Supplies, postage and printing	61,000	25,000	519,000	29,000	634,000	13,000	3,027,000	3,040,000	3,674,000
Other expenses	574,000	210,000	844,000	458,000	2,086,000	147,000	1,022,000	1,169,000	3,255,000
Direct grants to partners *	10,313,000	1,101,000	272,000	74,000	11,760,000	-	-	-	11,760,000
Humanitarian support *	1,000	22,123,000	3,000	-	22,127,000	-	-	-	22,127,000
<b>Total expenses before depreciation and amortization</b>	<b>16,517,000</b>	<b>24,716,000</b>	<b>5,650,000</b>	<b>2,845,000</b>	<b>49,728,000</b>	<b>2,478,000</b>	<b>7,222,000</b>	<b>9,700,000</b>	<b>59,428,000</b>
Depreciation and amortization	291,000	21,000	78,000	37,000	427,000	98,000	76,000	174,000	601,000
<b>Total expenses</b>	<b>\$ 16,808,000</b>	<b>\$ 24,737,000</b>	<b>\$ 5,728,000</b>	<b>\$ 2,882,000</b>	<b>\$ 50,155,000</b>	<b>\$ 2,576,000</b>	<b>\$ 7,298,000</b>	<b>\$ 9,874,000</b>	<b>\$ 60,029,000</b>

\* This amount does not include operational assistance to partners

**OXFAM AMERICA, INC.**

***Combined Statements of Cash Flows***

*Years Ended October 31,*

	<b>2006</b>	<b>2005</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 19,168,000	\$ 19,269,000
Reconciliation to cash flow:		
Net realized and unrealized gains on investments	(488,000)	(61,000)
Net realized gain on sale of building	(4,525,000)	-
Depreciation and amortization	705,000	601,000
Change in:		
Pledges receivable	(2,839,000)	(992,000)
Other assets	(600,000)	(143,000)
Accounts payable and accrued payroll expenses	357,000	1,258,000
Grants payable	482,000	318,000
Other liabilities	1,262,000	167,000
	<u>13,522,000</u>	<u>20,417,000</u>
<b>Net cash provided by operating activities</b>	<b>13,522,000</b>	<b>20,417,000</b>
<b>Cash flows from investing activities:</b>		
Purchases of fixed assets	(2,959,000)	(633,000)
Proceeds from sales of fixed assets	7,406,000	-
Proceeds from sales and maturities of investments	12,401,000	20,048,000
Purchases of investments	(31,754,000)	(39,261,000)
	<u>(14,906,000)</u>	<u>(19,846,000)</u>
<b>Net cash used in investing activities</b>	<b>(14,906,000)</b>	<b>(19,846,000)</b>
<b>Net change in cash</b>	<b>(1,384,000)</b>	<b>571,000</b>
Cash, beginning of year	3,462,000	2,891,000
<b>Cash, end of year</b>	<b>\$ <u>2,078,000</u></b>	<b>\$ <u>3,462,000</u></b>

# OXFAM AMERICA, INC.

## *Notes to Combined Financial Statements*

### *Note 1 - Nature of Operations and Summary of Significant Accounting Policies*

Oxfam America, Inc. (“Oxfam”) is a publicly supported Massachusetts not-for-profit corporation which fights global poverty, hunger and social injustice. Oxfam works in long-term partnership with grassroots organizations and other Oxfam International member organizations to promote sustainable development in Africa, Asia, the Caribbean and the Americas. Oxfam America and Oxfam International member organizations also provide humanitarian assistance in emergency situations.

Oxfam is a member of Oxfam International which is a non-profit organization registered in the Netherlands, comprised of thirteen independent organizations around the world. Oxfam’s chair and president are members of the Oxfam International board of trustees. Each Oxfam International member organization has one vote on the Oxfam International board of trustees. In 2006 and 2005, respectively, Oxfam made payments of \$2,265,000 and \$2,081,000 to Oxfam International and its member organizations and received \$1,814,000 and \$1,617,000 from Oxfam International and its member organizations.

In 2005, Oxfam International formed the Oxfam International Tsunami Trust Fund “the Trust Fund”, as a public charity incorporated in the United Kingdom, to manage and coordinate Oxfam International member organizations’ humanitarian relief and rehabilitation response to the December 2004 South Asia Tsunami. Through the Trust Fund, member organizations have pooled resources for Tsunami response. The Trust Fund distributes funds among member organizations for implementation of comprehensive programming in the affected countries. Each Oxfam member organization’s president or executive director is a member of the Trust Fund board of trustees. In 2006 and 2005, respectively, Oxfam transferred \$5,256,000 and \$20,000,000 to the Trust Fund. The Trust Fund issues a separate annual report detailing the organization’s relief and rehabilitation response and is subject to annual audit under accounting rules governing charities in the United Kingdom.

Also in 2005, Oxfam established the Oxfam America Advocacy Fund (the “Fund”), a non-profit organization incorporated in Massachusetts, created to foster an environment supportive of long-term development and to serve as advocate and lobbyist for change in global public policy on poverty and social justice. The Fund promotes policy change at the national and international level and produces educational materials for the U.S. public on these same issues. Oxfam is the sole member of the Fund.

A summary of the accounting policies consistently applied in the combined financial statements follows:

#### *Principles of Consolidation*

The combined financial statements include the accounts of Oxfam and the Fund (collectively, “Oxfam”). All inter-company balances and transactions have been eliminated in consolidation.

# OXFAM AMERICA, INC.

## *Notes to Combined Financial Statements*

### *Note 1 - Nature of Operations and Summary of Significant Accounting Policies (Continued)*

#### ***Financial Statement Preparation***

The combined financial statements have been prepared on the accrual basis of accounting.

The combined financial statements of Oxfam are categorized into classes of net assets based on the existence of donor-imposed restrictions as follows:

*Unrestricted Net Assets* – are contributions that are not restricted by donors or for which restrictions have expired.

*Temporarily Restricted Net Assets* – carry specific, donor-imposed restrictions on the expenditure or other use of the funds. Temporary restrictions may expire either because of passage of time or because certain actions are taken by Oxfam which fulfilled the restriction. Temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the Statement of Activities as net assets released from restrictions in the period in which the donor imposed condition is met or the stipulated time restrictions have passed.

The Board of Directors has been advised that state law requiring realized gains of permanently restricted net assets to be retained in a temporarily restricted net asset classification until appropriated by the Board or expended. State law allows the Board to appropriate the amount of net appreciation as is prudent considering Oxfam's long and short-term needs, present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions.

*Permanently Restricted Net Assets* – are those that are subject to donor-imposed restrictions which will never lapse, thus requiring the funds be retained permanently, but permit Oxfam to use or expend part or all of the economic benefits derived from the donated assets.

#### ***Contributions***

Contributions are recorded as support at the time the donor makes an unconditional promise to give. The existence or absence of restrictions on the gift will determine if it should be classified as unrestricted, temporarily restricted or permanently restricted. Contributions not expected to be collected within one year are recorded at the estimated present value of future cash flows, utilizing a risk-free rate of return. Management expects most contributions and grants to be collected within the next year.

#### ***Investments***

Investments are carried at fair value. Fair value of investments is determined using quoted market prices. Oxfam, in keeping with its purpose, requires investments to meet board imposed socially responsible requirements.

# OXFAM AMERICA, INC.

## *Notes to Combined Financial Statements*

### *Note 1 - Nature of Operations and Summary of Significant Accounting Policies (Continued)*

#### *Fixed Assets*

Acquisitions of buildings, furniture and computer equipment are capitalized at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives principally by the straight-line method.

#### *Grants Payable*

Grants payable include firm commitments to grant funds evidenced by approval of management or board vote in accordance with Board policy. Grants payable are expected to be paid in one year or less.

#### *Split-Interest Agreements*

Oxfam receives future interests in the form of charitable gift annuities. Charitable gift annuities require Oxfam to pay a fixed amount periodically to the donor in return for the contribution. The contribution is recorded at fair value when the gift is received. Assets related to charitable gift annuities are reported in investments in the amounts of \$5,075,000 and \$3,440,000 at October 31, 2006 and 2005, respectively. A liability equal to the present value of future payments to beneficiaries is recorded at the date of gift using a discount rate of 6% at October 31, 2006 and 2005. The liability for gift annuities was \$2,900,000 and \$2,039,000 at October 31, 2006 and 2005, respectively, and is reported in other liabilities. The net contribution revenue and changes in the value of split-interest agreements was \$1,635,000 and \$638,000 for the years ending October 31, 2006 and 2005, respectively.

Oxfam is a remainder beneficiary in a pooled income fund. The donor receives a life interest in any income earned on the assets. The assets received were recorded as temporarily restricted revenue on the date of the gift based on fair value of the assets to be received, discounted at 4% for the estimated time period until the donor's death. The net amount of the asset recorded for the pooled income fund is reported in other assets in the amounts of approximately \$231,000 and \$220,000 at October 31, 2006 and 2005, respectively.

Oxfam is the named beneficiary in several charitable remainder trusts. Specified distributions must be made to the beneficiary designated by the donor over the term of the trust. Upon termination of the trust, Oxfam will receive the assets remaining in the trust. Contribution revenue was recognized in the period the trust was established equal to the fair value when received, net of liability to the beneficiaries which was recorded at the present value of the estimated future payments based on a discount rate of 6%. The net amount of these charitable remainder trusts is reported in other assets in the amounts of approximately \$778,000 and \$735,000 at October 31, 2006 and 2005, respectively.

#### *Allocation of Functional Expenses*

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among programs and supporting services. Oxfam incurred certain costs which benefited both public education activities and fundraising activities. These costs have been allocated to the functions benefiting in accordance with SOP 98-2.

# OXFAM AMERICA, INC.

## *Notes to Combined Financial Statements*

### *Note 1 - Nature of Operations and Summary of Significant Accounting Policies (Continued)*

#### *Estimates Used in the Preparation of Combined Financial Statements*

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, 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 combined financial statements and revenues and expenses during the reporting period. Allowances for uncollectible pledges, depreciation, allocation of operating costs, valuation of split interest agreements, quantification of consumption of restricted resources and identification of donor restrictions are the significant estimates that are included in the combined financial statements. Actual results could differ from those estimates.

#### *Tax Status*

Oxfam's most recent determination letter is dated November 30, 2005, from the Internal Revenue Service stating that, as of such date, Oxfam qualifies for treatment under code Section 501(c)(3) of the Internal Revenue Code.

Oxfam America Advocacy Fund has obtained a determination letter dated October 20, 2006, from the Internal Revenue Service stating that, as of such date, the Fund qualifies for treatment under code Section 501(c)(4) of the Internal Revenue Code. As such, income taxes have not been provided for in the accompanying combined financial statements.

#### *Concentration of Credit Risk*

Amounts that potentially subject Oxfam to concentration of credit risk consist primarily of pledges receivable. These receivables are due from a relatively small number of donors. Oxfam judges credit risk with these receivables to be minimal based on history and the financial wherewithal of donors, most of which are foundations or individuals well known to Oxfam.

Oxfam maintains a concentration of cash with banks and other institutions in excess of insured amounts and in uninsured money market and investment accounts. At October 31, 2006 the organization has 53% of its cash invested in funds managed by two major financial institutions.

#### *Total Return Spending Policy*

Oxfam may make distributions to unrestricted assets from the accumulated gains on permanently restricted assets in accordance with Board policy. Under the policy, up to 5% of the three year rolling average of the market value of the endowment plus undistributed gains may be distributed.

# OXFAM AMERICA, INC.

## *Notes to Combined Financial Statements*

### *Note 2 - Investments*

Investments consist of the following at October 31:

	<i>2006</i>	<i>2005</i>
U.S. Government and agency bonds	\$ 8,333,000	\$ 7,583,000
Corporate bonds	<u>2,856,000</u>	<u>1,859,000</u>
	<b>11,189,000</b>	<b>9,442,000</b>
Money market	53,764,000	34,092,000
Stocks, rights, warrants	3,200,000	4,490,000
Other	<u>-</u>	<u>288,000</u>
<b>Total investments</b>	<b><u>\$ 68,153,000</u></b>	<b><u>\$ 48,312,000</u></b>

The following table lists the maturities of fixed income securities held at October 31:

	<i>2006</i>	<i>2005</i>
Due in one year or less	\$ 7,240,000	\$ 3,293,000
Due after one year through five years	3,500,000	5,512,000
Due after five years	<u>449,000</u>	<u>637,000</u>
	<b><u>\$ 11,189,000</u></b>	<b><u>\$ 9,442,000</u></b>

Investment income consisted of the following for the years ended October 31:

Investment income	\$ 2,960,000	\$ 1,401,000
Net realized and unrealized gain on investments	488,000	61,000
Management fees	<u>(43,000)</u>	<u>(60,000)</u>
	<b><u>\$ 3,405,000</u></b>	<b><u>\$ 1,402,000</u></b>

# OXFAM AMERICA, INC.

## *Notes to Combined Financial Statements*

### *Note 3 - Pledges Receivable*

Pledges receivable are recorded at the net present value of their estimated cash flows using a risk free interest rate similar to rates charged for the expected cash flows for risk free investments. Pledges are expected to be realized as follows at October 31:

	<i>2006</i>	<i>2005</i>
One year or less	\$ 1,829,000	\$ 1,878,000
Between one and five years	3,382,000	215,000
	<u>5,211,000</u>	<u>2,093,000</u>
Less: Present value discount	(324,000)	(43,000)
Allowance for uncollectible pledges	<u>(2,000)</u>	<u>(4,000)</u>
<b>Pledges receivable</b>	<b><u>\$ 4,885,000</u></b>	<b><u>\$ 2,046,000</u></b>

### *Note 4 - Fixed Assets*

Fixed assets consist of the following at October 31:

	<i>2006</i>	<i>2005</i>
Land	\$ -	\$ 777,000
Building and building improvements	1,339,000	3,857,000
Furniture and equipment	2,085,000	1,509,000
Computer equipment	2,860,000	1,647,000
Other	<u>110,000</u>	<u>110,000</u>
	6,394,000	7,900,000
Less accumulated depreciation and amortization	<u>(3,204,000)</u>	<u>(4,083,000)</u>
<b>Net fixed assets</b>	<b><u>\$ 3,190,000</u></b>	<b><u>\$ 3,817,000</u></b>

### *Note 5 - Pension Plan*

Oxfam maintains a non-contributory defined contribution pension plan that provides retirement benefits for substantially all U.S. employees who have satisfied the applicable waiting periods. Contributions to the plan are based on a percentage of salary. Contributions to the plan were \$362,000 and \$280,000 for the years ended October 31, 2006 and 2005, respectively, and are reflected as part of payroll and related expenses in the accompanying Statements of Functional Expenses.

Oxfam also maintains a 403(b) tax deferred annuity retirement plan, which is funded solely by employee contributions.

# OXFAM AMERICA, INC.

## Notes to Combined Financial Statements

### Note 6 - Temporarily Restricted Net Assets

Temporarily restricted net assets include the following at October 31:

	<b>2005 Balance</b>	<b>Additions</b>	<b>Releases</b>	<b>2006 Balance</b>
<i>Resources with Purpose Restrictions:</i>				
Amazon Programs	\$ 956,000	\$ 59,000	\$ -	\$ 1,015,000
U.S. Program Investment Fund	1,079,000	78,000	62,000	1,095,000
Humanitarian Relief and Rehabilitation	13,023,000	8,782,000	6,249,000	15,556,000
Fair Trade Program	1,391,000	-	1,123,000	268,000
Internationalism as a Civic Value	176,000	-	175,000	1,000
Advocacy Related Projects	295,000	955,000	1,199,000	51,000
Campaign for Oxfam	1,218,000	15,595,000	1,801,000	15,012,000
South Asia Tsunami Relief	7,986,000	1,711,000	7,392,000	2,305,000
Other Donor Designated Funds	1,087,000	4,729,000	2,483,000	3,333,000
	27,211,000	31,909,000	20,484,000	38,636,000
<i>Resources with Time Restrictions:</i>				
Split-Interest Agreements	955,000	54,000	-	1,009,000
Unexpended net appreciation-endowment	1,811,000	189,000	152,000	1,848,000
	<b>\$ 29,977,000</b>	<b>\$ 32,152,000</b>	<b>\$ 20,636,000</b>	<b>\$ 41,493,000</b>
	<b>2004 Balance</b>	<b>Additions</b>	<b>Releases</b>	<b>2005 Balance</b>
<i>Resources with Purpose Restrictions:</i>				
Amazon Programs	\$ 914,000	\$ 42,000	\$ -	\$ 956,000
U.S. Program Investment Fund	1,070,000	72,000	63,000	1,079,000
Humanitarian Relief and Rehabilitation	3,220,000	12,654,000	2,851,000	13,023,000
Fair Trade Program	109,000	3,132,000	1,850,000	1,391,000
Internationalism as a Civic Value	633,000	11,000	468,000	176,000
Advocacy Related Projects	612,000	1,330,000	1,647,000	295,000
Campaign for Oxfam	-	1,218,000	-	1,218,000
South Asia Tsunami Relief	-	30,297,000	22,311,000	7,986,000
Other Donor Designated Funds	1,584,000	2,434,000	2,931,000	1,087,000
	8,142,000	51,190,000	32,121,000	27,211,000
<i>Resources with Time Restrictions:</i>				
Split-Interest Agreements	903,000	52,000	-	955,000
Unexpended net appreciation-endowment	1,784,000	178,000	151,000	1,811,000
	<b>\$ 10,829,000</b>	<b>\$ 51,420,000</b>	<b>\$ 32,272,000</b>	<b>\$ 29,977,000</b>

# OXFAM AMERICA, INC.

## *Notes to Combined Financial Statements*

### *Note 7 - Permanently Restricted Net Assets*

Permanently restricted net assets consist of gifts to be invested in perpetuity. As of October 31, 2006 and 2005, these gifts totaled \$1,568,000. The unexpended net appreciation on these gifts is reflected in the temporarily restricted net assets detailed in Note 6.

### *Note 8 - Donated Assets and Services*

Oxfam received contributed assets and services including legal and public education services, contributed software, advertising and furniture of approximately \$2,124,000 and \$671,000 in 2006 and 2005, respectively. The contributed services are reflected in the Statement of Activities as required under SFAS 116, "Accounting for Contributions Received and Contribution Made", which recognizes contribution services if the services received require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

### *Note 9 - Commitments*

Oxfam leases a substantial portion of its office space, domestically and internationally, under operating lease arrangements that expire through 2016. Certain leases contain other provisions such as future increased rents and intermediate rental negotiations, as applicable. In October 2006 Oxfam relocated its headquarters and entered into a ten year lease ending in 2016. Oxfam also rents certain smaller US and international locations on a tenant-at-will basis. Future minimum lease payments are net of income related to a sublease for one of Oxfam's offices.

Future minimum lease payments are as follows:

	<u><i>Gross Lease Commitments</i></u>	<u><i>Sublease Revenue</i></u>	<u><i>Net Lease Commitments</i></u>
2007	\$ 1,147,000	\$ (208,000)	\$ 939,000
2008	1,747,000	(214,000)	1,533,000
2009	1,764,000	(221,000)	1,543,000
2010	1,759,000	(227,000)	1,532,000
2011	1,615,000	(58,000)	1,557,000
Thereafter	<u>7,684,000</u>	<u>-</u>	<u>7,684,000</u>
<b>Total</b>	<b><u>\$ 15,716,000</u></b>	<b><u>\$ (928,000)</u></b>	<b><u>\$ 14,788,000</u></b>

# OXFAM AMERICA, INC.

## *Notes to Combined Financial Statements*

### *Note 9 - Commitments (Continued)*

Total gross rent expense under operating leases was \$1,662,000 and \$325,000, and sublease income totaled \$169,000 and \$23,000, for the years ended October 31, 2006 and 2005, respectively.

Oxfam has union contracts for certain staff in the Boston and Washington D.C. offices. Both contracts extend through May 31, 2007.

### *Note 10 - Direct Grants to Partners*

Oxfam provided partners with direct grants for development during the year ended October 31:

	<i>2006</i>	<i>2005</i>
Regions of Africa	\$ 3,197,000	\$ 3,297,000
Regions of Asia	1,660,000	1,649,000
South America region	1,331,000	1,582,000
Central America/Caribbean/Mexico	2,025,000	2,311,000
United States	1,572,000	1,466,000
Miscellaneous	442,000	358,000
	<u>10,227,000</u>	<u>10,663,000</u>
<b>Total direct grants to partners for development</b>	<b>\$ <u>10,227,000</u></b>	<b>\$ <u>10,663,000</u></b>

### *Note 11 - Uses of Reserves*

Because it receives a substantial portion of its support from individual contributions, Oxfam is subject to substantial risk in the event of a sudden downturn in the economy. Consequently, the Board of Directors has adopted a policy of maintaining a cash reserve sufficient to insure the continuity of Oxfam's programming in years of revenue shortfall. Reserves in excess of targeted amounts may be utilized to support humanitarian relief and rehabilitation, to advance education and advocacy, and to support other Oxfam program objectives.

## **OXFAM AMERICA, INC.**

### *Notes to Combined Financial Statements*

#### *Note 12 - Sale of Building*

On November 1, 2005, Oxfam sold its headquarters building, located in Boston, Massachusetts for \$7,800,000. Oxfam recorded a non-operating gain in the sale of the building of \$4,525,000. In addition, Oxfam entered into a one year lease with the purchaser, in the amount of \$951,550, which expired in October 2006. Oxfam relocated its headquarters in October 2006 to a newly leased facility.