

# **Consolidated Financial Statements**

## **Oxfam America, Inc. and Affiliates**

**March 31, 2012**



**Mayer Hoffman McCann P.C.**  
**Tofias New England Division**  
An Independent CPA Firm

# OXFAM AMERICA, INC. AND AFFILIATES

## *Consolidated Financial Statements*

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*Independent Auditors' Report*

Board of Directors  
Oxfam America, Inc.  
Boston, Massachusetts

We have audited the accompanying consolidated statement of financial position of Oxfam America, Inc. and Affiliates ("Oxfam") as of March 31, 2012, and the related consolidated statement of activities, functional expenses and cash flows for the seventeen-month period then ended. These consolidated financial statements are the responsibility of Oxfam's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Oxfam America, Inc. and Affiliates as of March 31, 2012 and the consolidated changes in its net assets and its cash flows for the seventeen-month period then ended in conformity with U.S. generally accepted accounting principles.

*Mayer Hoffman McCann P.C.*

July 25, 2012  
Boston, Massachusetts

# OXFAM AMERICA, INC. AND AFFILIATES

## *Consolidated Statement of Financial Position*

*March 31, 2012*

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
<b>Assets</b>				
Cash	\$ 4,808,000	\$ -	\$ -	\$ 4,808,000
Investments	51,504,000	26,118,000	1,795,000	79,417,000
Pledges receivable	22,000	13,141,000	-	13,163,000
Prepaid expense	1,611,000	-	-	1,611,000
Accounts receivable	176,000	-	-	176,000
Notes receivable	503,000	-	-	503,000
Other assets	-	233,000	-	233,000
Net fixed assets	3,107,000	-	-	3,107,000
<b>Total assets</b>	<b>\$ 61,731,000</b>	<b>\$ 39,492,000</b>	<b>\$ 1,795,000</b>	<b>\$ 103,018,000</b>
<b>Liabilities</b>				
Accounts payable	\$ 1,039,000	\$ -	\$ -	\$ 1,039,000
Accrued payroll and other accrued expenses	3,840,000	-	-	3,840,000
Grants payable	6,003,000	-	-	6,003,000
Other liabilities	3,663,000	107,000	-	3,770,000
<b>Total liabilities</b>	<b>14,545,000</b>	<b>107,000</b>	<b>-</b>	<b>14,652,000</b>
Net assets:				
Unrestricted	47,186,000	-	-	47,186,000
Temporarily restricted	-	39,385,000	-	39,385,000
Permanently restricted	-	-	1,795,000	1,795,000
<b>Total net assets</b>	<b>47,186,000</b>	<b>39,385,000</b>	<b>1,795,000</b>	<b>88,366,000</b>
<b>Total liabilities and net assets</b>	<b>\$ 61,731,000</b>	<b>\$ 39,492,000</b>	<b>\$ 1,795,000</b>	<b>\$ 103,018,000</b>

See accompanying notes to the consolidated financial statements.

# OXFAM AMERICA, INC. AND AFFILIATES

## *Consolidated Statement of Activities*

*For the Seventeen Months Ended March 31, 2012*

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
Revenue, gains and other support:				
Contributions	\$ 67,609,000	\$ 44,089,000	\$ 76,000	\$ 111,774,000
Contract income	1,481,000	-	-	1,481,000
Investment and other interest income	1,839,000	732,000	-	2,571,000
Other	221,000	2,000	-	223,000
Net assets released from restrictions	53,516,000	(53,516,000)	-	-
<b>Total revenue, gains and other support</b>	<b>124,666,000</b>	<b>(8,693,000)</b>	<b>76,000</b>	<b>116,049,000</b>
Expenses:				
Program services:				
Development and humanitarian relief programs	63,007,000	-	-	63,007,000
Policy and advocacy	19,043,000	-	-	19,043,000
Public education	8,131,000	-	-	8,131,000
<b>Total program services</b>	<b>90,181,000</b>	<b>-</b>	<b>-</b>	<b>90,181,000</b>
Support services:				
Management and general	7,916,000	-	-	7,916,000
Fundraising	15,873,000	-	-	15,873,000
<b>Total supporting services</b>	<b>23,789,000</b>	<b>-</b>	<b>-</b>	<b>23,789,000</b>
<b>Total expenses</b>	<b>113,970,000</b>	<b>-</b>	<b>-</b>	<b>113,970,000</b>
<b>Increase (decrease) in net assets</b>	<b>10,696,000</b>	<b>(8,693,000)</b>	<b>76,000</b>	<b>2,079,000</b>
Net assets, beginning of year	36,490,000	48,078,000	1,719,000	86,287,000
<b>Net assets, end of year</b>	<b>\$ 47,186,000</b>	<b>\$ 39,385,000</b>	<b>\$ 1,795,000</b>	<b>\$ 88,366,000</b>

See accompanying notes to the consolidated financial statements.

**OXFAM AMERICA, INC. AND AFFILIATES**

*Consolidated Statement of Functional Expenses*

*For the Seventeen Months Ended March 31, 2012*

	<i>Program Services</i>				<i>Supporting Services</i>			
	<i>Development and Humanitarian Relief Programs</i>	<i>Policy and Advocacy</i>	<i>Public Education</i>	<i>Total Program Services</i>	<i>Management and General</i>	<i>Fundraising</i>	<i>Total Supporting Services</i>	<i>Total</i>
Payroll and related expenses	\$ 16,975,000	\$ 9,483,000	\$ 5,041,000	\$ 31,499,000	\$ 4,818,000	\$ 4,799,000	\$ 9,617,000	\$ 41,116,000
Professional fees and services	4,077,000	1,947,000	978,000	7,002,000	943,000	3,655,000	4,598,000	11,600,000
Occupancy costs	2,424,000	1,175,000	546,000	4,145,000	587,000	433,000	1,020,000	5,165,000
Travel, meetings and conferences	3,966,000	1,687,000	439,000	6,092,000	263,000	205,000	468,000	6,560,000
Supplies, postage and printing	555,000	215,000	637,000	1,407,000	140,000	5,186,000	5,326,000	6,733,000
Other expenses	881,000	728,000	357,000	1,966,000	1,044,000	1,493,000	2,537,000	4,503,000
Development grants and other support to partners*	15,416,000	3,155,000	-	18,571,000	-	-	-	18,571,000
Humanitarian grants and other support to partners*	17,762,000	470,000	-	18,232,000	-	-	-	18,232,000
<b>Total expenses before depreciation and amortization</b>	<b>62,056,000</b>	<b>18,860,000</b>	<b>7,998,000</b>	<b>88,914,000</b>	<b>7,795,000</b>	<b>15,771,000</b>	<b>23,566,000</b>	<b>112,480,000</b>
Depreciation and amortization	951,000	183,000	133,000	1,267,000	121,000	102,000	223,000	1,490,000
<b>Total expenses</b>	<b>\$ 63,007,000</b>	<b>\$ 19,043,000</b>	<b>\$ 8,131,000</b>	<b>\$ 90,181,000</b>	<b>\$ 7,916,000</b>	<b>\$ 15,873,000</b>	<b>\$ 23,789,000</b>	<b>\$ 113,970,000</b>

\* This amount does not include operational assistance to partners

# OXFAM AMERICA, INC. AND AFFILIATES

## *Consolidated Statement of Cash Flows*

*For the Seventeen Months Ended March 31, 2012*

### **Cash flows from operating activities:**

Change in net assets	\$ 2,079,000
Reconciliation to cash flow:	
Net realized and unrealized gains on investments	(867,000)
Depreciation and amortization	1,490,000
Change in:	
Pledges receivable	(4,573,000)
Prepaid expense	(649,000)
Accounts receivable	97,000
Notes receivable	(503,000)
Other assets	(5,000)
Accounts payable	1,025,000
Accrued payroll and other accrued expenses	(771,000)
Grants payable	2,019,000
Other liabilities	(190,000)
<b>Net cash used in operating activities</b>	<b>(848,000)</b>

### **Cash flows from investing activities:**

Purchases of fixed assets	(1,346,000)
Proceeds from sale of fixed assets	7,000
Proceeds from sales and maturities of investments	59,347,000
Purchases of investments	(53,894,000)
<b>Net cash provided by investing activities</b>	<b>4,114,000</b>

### **Net change in cash**

**3,266,000**

Cash, beginning of year	1,542,000
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### **Cash, end of year**

**\$ 4,808,000**

# OXFAM AMERICA, INC. AND AFFILIATES

## *Notes to Consolidated 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 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 seventeen 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. Oxfam made grants and other payments of \$28,793,000 to Oxfam International and its member organizations and received \$1,432,000 in the seventeen months ended March 31, 2012 from Oxfam International and its member organizations for program activities.

Oxfam is affiliated with 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.

Oxfam is affiliated with the Oxfam America Real Estate LLC (“Real Estate”). This entity was formed and its sole purpose is to receive donations of real estate, and to hold title to such property until such time as the donated real estate is liquidated or otherwise disposed of. Proceeds from donated real estate are transferred to Oxfam upon receipt. The Real Estate entity is operating solely in furtherance of Oxfam’s mission. It is Oxfam’s policy to recognize real estate contributions when a fair market value is available.

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

### *Principles of Consolidation*

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

### *Year End*

On March 5, 2011, the Board of Directors of Oxfam voted to change Oxfam’s year end to March 31 to conform to the Oxfam International standard. Accordingly, the year ended March 31, 2012 reported herein is a seventeen month year.



# OXFAM AMERICA, INC. AND AFFILIATES

## *Notes to Consolidated Financial Statements*

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

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

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

The consolidated 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 net of expense 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 fulfill 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. Accumulated unspent gains on permanently restricted net assets are also included in temporarily restricted net assets until appropriated by the Board.

*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 and Pledges***

Contributions and pledges are recorded as support at the time the donor makes an unconditional promise to give. The existence or absence of restrictions on the gift determines its classification as unrestricted, temporarily restricted or permanently restricted. Pledges not expected to be collected within one year are recorded at the estimated present value of future cash flows, utilizing a risk-adjusted rate of return.

#### ***Contract Income***

Contract income is recognized when earned, which is when activities required under the contract have been accomplished. Contract payments received in advance are recorded as deferred revenue.

# OXFAM AMERICA, INC. AND AFFILIATES

## *Notes to Consolidated Financial Statements*

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

#### *Fair Value Measurements*

Oxfam reports required types of financial instruments in accordance with fair value accounting standards. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. In addition, Oxfam reports an investment using the net asset value per share as determined by the investment manager under the so called “practical expedient” method. The practical expedient method allows net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met. Fair value standards also require Oxfam to classify this financial instrument into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value (NAV) practical expedient rules, which allow for either Level 2 or Level 3 depending on lock up and notice periods associated with the underlying funds.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 - Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments which are generally included in this category include listed equity and debt securities publicly traded on a stock exchange.

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Level 2 also includes practical expedient investments that can be redeemed within 90 days or less.

Level 3 - Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation. Level 3 also includes practical expedient investments that cannot be redeemed within 90 days.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an instrument’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that changes in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements.

For more information on the fair value of Oxfam’s financial instruments, see Note 3 - Fair Values of Financial Instruments.

# **OXFAM AMERICA, INC. AND AFFILIATES**

## ***Notes to Consolidated 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 a variety of split-interest agreements that include charitable gift annuities, interest in pooled income funds, and charitable remainder trusts. In cases where Oxfam is the trustee or is otherwise provided the assets, such amounts are invested and a liability is recorded for the present value of the estimated payments to the beneficiary. In cases where Oxfam is not the trustee or otherwise in control of the assets, amounts are recorded at their estimated present value in other assets.

#### ***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 the standards for accounting for joint activities.

#### ***Use of Estimates***

In preparing financial statements in conformity with U.S. generally accepted accounting standards, 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 consolidated 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, and fair value of alternative investments are the significant estimates that are included in the consolidated financial statements. Actual results could differ from those estimates.

# OXFAM AMERICA, INC. AND AFFILIATES

## *Notes to Consolidated Financial Statements*

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

#### *Tax Status*

Oxfam America received a determination letter dated November 30, 2005 from the Internal Revenue Service, recognizing it as an organization described in Section 501(c)(3) of the Internal Revenue Code (the “Code”) and, as such, is generally exempt from federal and state income taxes on related income. In addition, the Fund received a determination letter dated October 20, 2006 from the Internal Revenue Service recognizing it as an organization described in Section 501(c)(4) of the Internal Revenue Code and, as such, it is generally exempt from federal and state income taxes on related income. Given the limited taxable activities of Oxfam, management has concluded that disclosures relative to tax provisions are not necessary.

#### *Uncertain Tax Positions*

Oxfam accounts for the effect of any uncertain tax positions based on a “more likely than not” threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a “cumulative probability assessment” that aggregates the estimated tax liability for all uncertain tax positions. Interest and penalties assessed, if any, are accrued as income tax expense.

Oxfam has identified its tax status as a tax exempt entity as a tax position; however, Oxfam has determined that such tax position does not result in an uncertainty requiring recognition. In addition to its tax status, Oxfam has other tax positions that have been determined to be highly certain and, therefore, no reserve for unrecognized tax liability is deemed necessary. Oxfam is not currently under examination by any taxing jurisdiction. Its Federal and state income tax returns are generally open for examination for three years following the date filed.

#### *Concentration of Credit Risk*

Oxfam maintains a concentration of cash with banks and other institutions in excess of insured amounts and in uninsured money market mutual funds. Money market mutual funds are included in investments. At March 31, 2012, Oxfam had 66% of its cash invested in funds managed by four major financial institutions, one of which held more than 20% and three of which held more than 10% each. At March 31, 2012, \$37,079,000 was invested in money market funds. Oxfam monitors its exposure associated with cash and has not experienced any substantial losses in these accounts.

Amounts that potentially subject Oxfam to concentration of credit risk consist primarily of pledges receivable. 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. As of March 31, 2012, Oxfam had one contributor that accounted for approximately 90% of gross pledges receivable; payments on this donor’s pledges are scheduled through 2015.

# OXFAM AMERICA, INC. AND AFFILIATES

## *Notes to Consolidated Financial Statements*

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

#### *Subsequent Events*

Oxfam has evaluated subsequent events through July 25, 2012, the date the financial statements were authorized to be issued.

### *Note 2 - Investments*

Investments consist of the following at March 31, 2012:

	<b>2012</b>
Money market mutual funds	\$ 37,079,000
Mutual funds:	
Non-U.S. equity	13,950,000
Fixed income	10,929,000
U.S. equities	6,481,000
Fixed income:	
U.S. Government and agency bonds	7,462,000
Corporate bonds	2,016,000
Certificates of deposit	799,000
Multi-strategy fund-of-funds	<u>701,000</u>
<b>Total investments</b>	<b>\$ <u>79,417,000</u></b>

The following table lists the maturities of fixed income securities held at March 31, 2012:

	<b>2012</b>
Due in one year or less	\$ 2,310,000
Due after one year through five years	5,538,000
Due after five years	<u>1,630,000</u>
	<b>\$ <u>9,478,000</u></b>

# OXFAM AMERICA, INC. AND AFFILIATES

## *Notes to Consolidated Financial Statements*

### *Note 2 - Investments (Continued)*

Investment and other interest income consisted of the following for the seventeen months ended March 31, 2012:

	<i>2012</i>
Investment income	\$ 1,557,000
Net realized and unrealized gain on investments	867,000
Net change in present value of split-interest agreements	123,000
Interest on note receivable	<u>24,000</u>
	<b><u>\$ 2,571,000</u></b>

Investment management fees of \$127,000 are included in management and general expense for the seventeen months ended March 31, 2012.

### *Note 3 - Fair Values of Financial Instruments*

The valuation of Oxfam's instruments using the fair value hierarchy consisted of the following at March 31, 2012:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Money market mutual funds	\$ 37,079,000	\$ -	\$ -	\$ 37,079,000
Mutual funds:				
Non-U.S. equity	7,496,000	-	-	7,496,000
Fixed income	10,929,000	-	-	10,929,000
U.S. equities	12,935,000	-	-	12,935,000
Fixed income:				
U.S. Government and agency bonds	-	7,462,000	-	7,462,000
Corporate bonds	-	2,016,000	-	2,016,000
Certificates of deposit	-	799,000	-	799,000
Multi-strategy fund-of-funds	<u>-</u>	<u>-</u>	<u>701,000</u>	<u>701,000</u>
	<b><u>\$ 68,439,000</u></b>	<b><u>\$ 10,277,000</u></b>	<b><u>\$ 701,000</u></b>	<b><u>\$ 79,417,000</u></b>

**U.S. government and agency bonds and corporate bonds** are valued using valuation models incorporating live data from active markets, including benchmark yields, reported trades, broker/dealer quotes, bids, offers and other data and are classified as Level 2. **Certificates of deposit** are valued at cost plus accrued interest and are classified as Level 2.

# OXFAM AMERICA, INC. AND AFFILIATES

## *Notes to Consolidated Financial Statements*

### *Note 3 - Fair Values of Financial Instruments (Continued)*

The changes in instruments measured at fair value for which Oxfam has used Level 3 inputs to determine fair value as of March 31 are as follows:

	<i>Multi-strategy fund-of-funds</i>
Balance as of October 31, 2010	\$ 650,000
Net unrealized losses	(244,000)
Net purchases	2,602,000
Net proceeds	<u>(2,307,000)</u>
<b>Balance as of March 31, 2012</b>	<b>\$ <u>701,000</u></b>

A summary of Level 2 and 3 investments of the significant categories of investments utilizing the net asset value practical expedient method and their attributes at March 31, 2012 is as follows:

	<i>Fair Value</i>	<i>Commitments</i>	<i>Frequency (if Currently Eligible)</i>	<i>Redemption Notice Period</i>
Multi-strategy fund-of-funds	\$ <u>701,000</u>	\$ <u>-</u>	Upon completion of liquidation	n.a.

**Multi-strategy fund-of-funds** - multi-strategy portfolio of underlying funds that may use futures, options and derivatives on equities, fixed income securities, foreign currency instruments, short-selling and that often employ leverage. Underlying funds will adhere to a socially responsible investment policy. Shareholders approved liquidation of this fund at a meeting on December 28, 2011, and a substantial portion of Oxfam's investment was redeemed during the year. Management anticipates receipt of the balance by December 31, 2012.

Fair values of financial instruments for which Oxfam did not elect the recurring fair value option include cash, pledges receivable, accounts payable, split-interest agreements and grants payable. Certain of these instruments are short term in nature, and accordingly, management believes the carrying amount of these instruments approximates their fair value. The fair values of such instruments have been derived, in part, by management's assumptions, the estimated amount and timing of future cash flows and estimated discount rates. Different assumptions could significantly affect these estimated fair values. Accordingly, the net realizable values could be materially different. In addition, the estimates are only indicative of the value of individual financial instruments.

## OXFAM AMERICA, INC. AND AFFILIATES

### *Notes to Consolidated Financial Statements*

#### ***Note 4 - Pledges Receivable***

Pledges are expected to be realized as follows at March 31, 2012:

	<b>2012</b>
One year or less	\$ 4,935,000
Between one and five years	<u>9,008,000</u>
	13,943,000
Less: Present value discount (at 3.07%)	(746,000)
Allowance for uncollectible pledges	<u>(34,000)</u>
<b>Pledges receivable</b>	<b><u>\$ 13,163,000</u></b>

#### ***Note 5 - Notes Receivable***

The note receivable represents two promissory three-year notes made by Oxfam Italy to Oxfam in April 2011, one in the amount of \$250,000 and the other in the amount of EUR 171,585.45. Each is payable in installments of 25% on the first anniversary, 50% on the second and 25% on the third – plus 5% interest per annum. Subsequent to year end, the notes were reissued at a rate of 4% effective April 2012. Each replacement note is payable in installments of 25%, 35% and 40% over a three-year term.

#### ***Note 6 - Fixed Assets***

Fixed assets consist of the following at March 31, 2012:

	<b>2012</b>
Building and building improvements	\$ 1,518,000
Furniture and equipment	3,025,000
Computer equipment	6,952,000
Computer equipment not yet in service	128,000
Other	<u>131,000</u>
	11,754,000
Less accumulated depreciation and amortization	<u>(8,647,000)</u>
<b>Net fixed assets</b>	<b><u>\$ 3,107,000</u></b>



# OXFAM AMERICA, INC. AND AFFILIATES

## *Notes to Consolidated Financial Statements*

### *Note 7 - Other Liabilities*

Other liabilities were comprised of the following at March 31, 2012:

	<i>2012</i>
Liability for gift annuities	\$ 2,875,000
Deferred rent	760,000
Deferred revenue and other liabilities	<u>135,000</u>
<b>Total other liabilities</b>	<b>\$ <u><u>3,770,000</u></u></b>

### *Note 8 - 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 \$978,000 for the seventeen months ended March 31, 2012, and are reflected as part of payroll and related expenses in the accompanying Statement of Functional Expenses. Oxfam also maintains a 403(b) tax deferred annuity retirement plan, which is funded solely by employee contributions.

# OXFAM AMERICA, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

### Note 9 - Temporarily Restricted Net Assets

Temporarily restricted net assets include the following at March 31, 2012:

	<i>October 31, 2010 Balance</i>	<i>Net Additions</i>	<i>Releases</i>	<i>March 31, 2012 Balance</i>
<i>Resources with Purpose Restrictions:</i>				
Haiti Earthquake Relief	\$ 14,485,000	\$ 3,352,000	\$ (9,225,000)	\$ 8,612,000
Global LEAP	-	12,924,000	(3,014,000)	9,910,000
Campaign for Oxfam	7,429,000	1,894,000	(7,273,000)	2,050,000
Humanitarian Relief and Rehabilitation	7,084,000	12,781,000	(14,949,000)	4,916,000
Agriculture Program - Ethiopia	4,102,000	1,126,000	(1,728,000)	3,500,000
Saving for Change Program	3,550,000	2,986,000	(4,124,000)	2,412,000
Other Donor Designated Funds	2,711,000	6,258,000	(6,744,000)	2,225,000
Gulf Coast Recovery and Rehabilitation	16,000	3,000	1,000	20,000
Advocacy Programs	3,962,000	2,770,000	(5,013,000)	1,719,000
U.S. Program Investment Fund	1,143,000	147,000	(7,000)	1,283,000
Amazon Programs	1,098,000	116,000	(1,195,000)	19,000
	<u>45,580,000</u>	<u>44,357,000</u>	<u>(53,271,000)</u>	<u>36,666,000</u>
<i>Resources with Time Restrictions:</i>				
Split-interest agreements	229,000	4,000	-	233,000
Funds designated for future periods	231,000	-	(216,000)	15,000
	<u>460,000</u>	<u>4,000</u>	<u>(216,000)</u>	<u>248,000</u>
Unexpended net appreciation-endowment	<u>2,038,000</u>	<u>462,000</u>	<u>(29,000)</u>	<u>2,471,000</u>
	<u>\$ 48,078,000</u>	<u>\$ 44,823,000</u>	<u>\$ (53,516,000)</u>	<u>\$ 39,385,000</u>

### Note 10 - Permanently Restricted Net Assets

Permanently restricted net assets consist of gifts to be invested in perpetuity. As of March 31, 2012, these gifts totaled \$1,795,000. The unexpended net appreciation on these gifts is reflected in the temporarily restricted net assets detailed in Note 9.

# **OXFAM AMERICA, INC. AND AFFILIATES**

## ***Notes to Consolidated Financial Statements***

### ***Note 11 - Endowment Matters***

A summary of significant matters relative to net assets and endowment matters follows.

#### ***Interpretation of Relevant Law and Spending Policy***

The Attorney General of Massachusetts has issued written guidance that all gains on permanently restricted endowment funds that have not been appropriated in accordance with the law should be classified as temporarily restricted net assets unless otherwise restricted by the donor.

State law allows the Board of Directors to appropriate a percentage of net appreciation as is prudent considering Oxfam America's long- and short-term needs, present and anticipated financial requirements, and expected total return on its investments, price level trends, and general economic conditions.

#### ***Funds with Deficiencies***

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires Oxfam to retain as a fund of perpetual duration. There were no such deficiencies at March 31, 2012.

#### ***Spending Policy***

Oxfam utilizes a total return spending policy spending from its endowment to support operations. Under the policy, up to 5% of the three year rolling market value may be utilized. The market value of the endowment includes permanently restricted net assets plus accumulated unspent gains included in temporarily restricted net assets. No distributions under the spending policy were taken in 2012.

#### ***Strategies Employed for Achieving Objectives***

To satisfy its long-term rate-of-return objectives, Oxfam relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Oxfam targets an asset allocation strategy wherein assets are diversified among several asset classes. The pursuit of maximizing total return is tempered by the need to minimize the volatility of returns and preserve capital. As such, Oxfam seeks diversification among assets having different characteristics with the intent to endure lower relative performance in strong markets in exchange for greater downside protection in weak markets.

# OXFAM AMERICA, INC. AND AFFILIATES

## *Notes to Consolidated Financial Statements*

### *Note 11 - Endowment Matters (Continued)*

#### *Endowment and Funds Functioning as Endowment*

The following represents required disclosure relative to the composition and activities of endowment and funds functioning as endowment for the seventeen months ended March 31, 2012:

	<i>Temporarily Restricted Net Assets</i>	<i>Permanently Restricted Net Assets</i>	<i>Total</i>
Endowment and funds functioning as endowment at November 1, 2010	\$ 2,038,000	\$ 1,719,000	\$ 3,757,000
Total investment returns	462,000	-	462,000
Contributions	-	76,000	76,000
Fees and reclassifications	<u>(29,000)</u>	<u>-</u>	<u>(29,000)</u>
<b>Endowment and funds functioning as endowment at March 31, 2012</b>	<b><u>\$ 2,471,000</u></b>	<b><u>\$ 1,795,000</u></b>	<b><u>\$ 4,266,000</u></b>

### *Note 12 - Donated Assets and Services*

Oxfam received and recognized contributed assets and services including legal and public education services, contributed software, advertising and furniture of approximately \$441,000 in the seventeen months ended March 31, 2012. The contributed services are recognized 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.

# OXFAM AMERICA, INC. AND AFFILIATES

## *Notes to Consolidated Financial Statements*

### ***Note 13 - Commitments and Contingencies***

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 addition, certain of the leases include terms that allow for any increase in operating costs to be charged to Oxfam.

Future minimum lease payments are as follows:

2013	\$ 1,654,000
2014	1,666,000
2015	1,679,000
2016	1,541,000
2017	<u>639,000</u>
<b>Total</b>	<b>\$ <u>7,179,000</u></b>

Total gross rent expense under operating leases was \$2,297,000 and sublease income totaled \$58,000 for the seventeen months ended March 31, 2012. The sublease terminated on January 31, 2011, and no subsequent sublease was entered into.

Oxfam has union contracts for certain staff in the Boston and Washington D.C. offices. As of March 31, 2012, both contracts were under negotiation. On May 7, 2012, a new Boston contract was executed effective retroactive to November 1, 2011 and extending through March 31, 2016. As of July 25, 2012, the D.C. contract was pending ratification by union members.

In an agreement dated July 21, 2006, Oxfam provided guarantees of \$1,000,000 for a loan from a bank to Micro Credit Enterprises (herein "MCE"), a 501(c)(3) IRS non-profit organization, and \$1,000,000 for loans made by MCE to microcredit organizations in developing countries. MCE's purpose is to leverage private capital to help finance micro-businesses of impoverished entrepreneurs in the developing world. In the event of a default, the allocation of losses is calculated on a pro rata basis among all guarantors. In 2008, Oxfam recorded \$100,000 in accrued grant expense to recognize the fair value of the guaranty. In accordance with the terms of the agreement, Oxfam terminated the guarantee effective April 22, 2012.

## OXFAM AMERICA, INC. AND AFFILIATES

### *Notes to Consolidated Financial Statements*

#### ***Note 14 - Direct Grants to Partners***

Oxfam incurred \$90,181,000 of program service expenses during the seventeen months ended March 31, 2012. Included in these expenses are direct development, advocacy and humanitarian grants provided to partners as follows:

	<b><i>2012</i></b>
Regions of Africa	\$ 13,003,000
Central America/Caribbean/Mexico	8,197,000
Regions of Asia	5,890,000
South America region	3,035,000
Global programs	2,601,000
United States	1,425,000
Miscellaneous	<u>234,000</u>
 Total direct grants to partners for development	 <u>34,385,000</u>
 Other support to partners	 <u>2,418,000</u>
 Total direct grants and other support to partners	 <u><u>\$ 36,803,000</u></u>

#### ***Note 15 - Other 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 ensure the continuity of Oxfam's operations and 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 objectives.