

Consolidated Financial Statements

Oxfam America, Inc. and Affiliates

March 31, 2014 and 2013



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 financial statements of Oxfam America, Inc. and Affiliates (“Oxfam”), which comprise the consolidated statements of financial position as of March 31, 2014 and 2013 and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2014 and 2013 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Mayer Hoffman McCann P.C.

July 15, 2014
Boston, Massachusetts

OXFAM AMERICA, INC. AND AFFILIATES

Consolidated Statements of Financial Position

March 31,

	<i>2014</i>				<i>2013</i>
	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>	<i>Total</i>
Assets					
Cash	\$ 13,504,000	\$ -	\$ -	\$ 13,504,000	\$ 6,280,000
Investments	29,210,000	18,574,000	1,797,000	49,581,000	63,885,000
Pledges receivable	145,000	10,653,000	-	10,798,000	14,830,000
Prepaid expense	1,966,000	-	-	1,966,000	1,528,000
Accounts receivable	958,000	-	-	958,000	261,000
Notes receivable	399,000	-	-	399,000	513,000
Assets of split-interest agreements	-	224,000	-	224,000	175,000
Net fixed assets	1,509,000	-	-	1,509,000	2,307,000
Other assets	277,000	-	-	277,000	-
Total assets	\$ 47,968,000	\$ 29,451,000	\$ 1,797,000	\$ 79,216,000	\$ 89,779,000
Liabilities and Net Assets					
Accounts payable	\$ 1,295,000	\$ -	\$ -	\$ 1,295,000	\$ 1,638,000
Accrued payroll and other accrued expenses	4,026,000	-	-	4,026,000	3,923,000
Grants payable	2,234,000	-	-	2,234,000	2,517,000
Obligations under split-interest agreements	2,596,000	-	-	2,596,000	2,610,000
Deferred rent	1,051,000	-	-	1,051,000	624,000
Other liabilities	458,000	-	-	458,000	154,000
Total liabilities	11,660,000	-	-	11,660,000	11,466,000
Net assets:					
Unrestricted	36,308,000	-	-	36,308,000	42,740,000
Temporarily restricted	-	29,451,000	-	29,451,000	33,777,000
Permanently restricted	-	-	1,797,000	1,797,000	1,796,000
Total net assets	36,308,000	29,451,000	1,797,000	67,556,000	78,313,000
Total liabilities and net assets	\$ 47,968,000	\$ 29,451,000	\$ 1,797,000	\$ 79,216,000	\$ 89,779,000

See accompanying notes to the consolidated financial statements.

OXFAM AMERICA, INC. AND AFFILIATES

Consolidated Statement of Financial Position

March 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Assets				
Cash	\$ 6,280,000	\$ -	\$ -	\$ 6,280,000
Investments	43,241,000	18,848,000	1,796,000	63,885,000
Pledges receivable	76,000	14,754,000	-	14,830,000
Prepaid expense	1,528,000	-	-	1,528,000
Accounts receivable	261,000	-	-	261,000
Notes receivable	513,000	-	-	513,000
Assets of split-interest agreements	-	175,000	-	175,000
Net fixed assets	2,307,000	-	-	2,307,000
Total assets	\$ 54,206,000	\$ 33,777,000	\$ 1,796,000	\$ 89,779,000
Liabilities and Net Assets				
Accounts payable	\$ 1,638,000	\$ -	\$ -	\$ 1,638,000
Accrued payroll and other accrued expenses	3,923,000	-	-	3,923,000
Grants payable	2,517,000	-	-	2,517,000
Obligations under split-interest agreements	2,610,000	-	-	2,610,000
Deferred rent	624,000	-	-	624,000
Other liabilities	154,000	-	-	154,000
Total liabilities	11,466,000	-	-	11,466,000
Net assets:				
Unrestricted	42,740,000	-	-	42,740,000
Temporarily restricted	-	33,777,000	-	33,777,000
Permanently restricted	-	-	1,796,000	1,796,000
Total net assets	42,740,000	33,777,000	1,796,000	78,313,000
Total liabilities and net assets	\$ 54,206,000	\$ 33,777,000	\$ 1,796,000	\$ 89,779,000

See accompanying notes to the consolidated financial statements.

OXFAM AMERICA, INC. AND AFFILIATES

Consolidated Statements of Activities

For the Years Ended March 31,

	<i>2014</i>			<i>2013</i>	
	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>	<i>Total</i>
Revenue, gains and other support:					
Contributions	\$ 41,968,000	\$ 22,722,000	\$ 1,000	\$ 64,691,000	\$ 62,509,000
Contract income	2,361,000	-	-	2,361,000	1,664,000
Investment and other interest income	3,210,000	993,000	-	4,203,000	4,061,000
Donated in-kind services and materials	451,000	-	-	451,000	503,000
Other	184,000	-	-	184,000	181,000
Net assets released from restrictions	28,041,000	(28,041,000)	-	-	-
Total revenue, gains and other support	76,215,000	(4,326,000)	1,000	71,890,000	68,918,000
Expenses:					
Program services:					
Programs to overcome poverty and injustice	24,993,000	-	-	24,993,000	24,099,000
Saving lives: emergency response and preparedness	20,638,000	-	-	20,638,000	18,399,000
Campaigning for social justice	12,656,000	-	-	12,656,000	13,871,000
Public education	5,537,000	-	-	5,537,000	5,769,000
Total program services	63,824,000	-	-	63,824,000	62,138,000
Supporting services:					
Management and general	6,254,000	-	-	6,254,000	5,876,000
Fundraising	12,569,000	-	-	12,569,000	10,957,000
Total supporting services	18,823,000	-	-	18,823,000	16,833,000
Total expenses	82,647,000	-	-	82,647,000	78,971,000
Increase (decrease) in net assets	(6,432,000)	(4,326,000)	1,000	(10,757,000)	(10,053,000)
Net assets, beginning of year	42,740,000	33,777,000	1,796,000	78,313,000	88,366,000
Net assets, end of year	\$ 36,308,000	\$ 29,451,000	\$ 1,797,000	\$ 67,556,000	\$ 78,313,000

See accompanying notes to the consolidated financial statements.

OXFAM AMERICA, INC. AND AFFILIATES

Consolidated Statement of Activities

For the Year Ended March 31, 2013

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
Revenue, gains and other support:				
Contributions	\$ 39,217,000	\$ 23,291,000	\$ 1,000	\$ 62,509,000
Contract income	1,664,000	-	-	1,664,000
Investment and other interest income	3,320,000	741,000	-	4,061,000
Donated in-kind services and materials	503,000	-	-	503,000
Other	181,000	-	-	181,000
Net assets released from restrictions	29,640,000	(29,640,000)	-	-
Total revenue, gains and other support	74,525,000	(5,608,000)	1,000	68,918,000
Expenses:				
Program services:				
Programs to overcome poverty and injustice	24,099,000	-	-	24,099,000
Saving lives: emergency response and preparedness	18,399,000	-	-	18,399,000
Campaigning for social justice	13,871,000	-	-	13,871,000
Public education	5,769,000	-	-	5,769,000
Total program services	62,138,000	-	-	62,138,000
Supporting services:				
Management and general	5,876,000	-	-	5,876,000
Fundraising	10,957,000	-	-	10,957,000
Total supporting services	16,833,000	-	-	16,833,000
Total expenses	78,971,000	-	-	78,971,000
Increase (decrease) in net assets	(4,446,000)	(5,608,000)	1,000	(10,053,000)
Net assets, beginning of year	47,186,000	39,385,000	1,795,000	88,366,000
Net assets, end of year	\$ 42,740,000	\$ 33,777,000	\$ 1,796,000	\$ 78,313,000

See accompanying notes to the consolidated financial statements.

OXFAM AMERICA, INC. AND AFFILIATES

Consolidated Statement of Functional Expenses

For the Year Ended March 31, 2014

	<i>Program Services</i>					<i>Supporting Services</i>			<i>Total</i>
	<i>Programs to Overcome Poverty and Injustice</i>	<i>Saving Lives: Emergency Response and Preparedness</i>	<i>Campaigning for Social Justice</i>	<i>Public Education</i>	<i>Total Program Services</i>	<i>Management and General</i>	<i>Fundraising</i>	<i>Total Supporting Services</i>	
Payroll and related expenses	\$ 8,945,000	\$ 5,288,000	\$ 6,270,000	\$ 3,307,000	\$ 23,810,000	\$ 4,298,000	\$ 3,862,000	\$ 8,160,000	\$ 31,970,000
Professional fees and services	2,394,000	847,000	632,000	306,000	4,179,000	597,000	2,335,000	2,932,000	7,111,000
Professional fees and services - in-kind	57,000	-	212,000	48,000	317,000	37,000	68,000	105,000	422,000
Occupancy costs	1,229,000	957,000	755,000	728,000	3,669,000	281,000	818,000	1,099,000	4,768,000
Travel, meetings and conferences	1,966,000	1,284,000	952,000	252,000	4,454,000	352,000	158,000	510,000	4,964,000
Supplies, postage and printing	182,000	108,000	116,000	342,000	748,000	112,000	3,872,000	3,984,000	4,732,000
Other expenses	473,000	365,000	430,000	504,000	1,772,000	392,000	1,381,000	1,773,000	3,545,000
Other expenses - in-kind	-	-	-	-	-	-	29,000	29,000	29,000
Grants and support to partners*	9,459,000	11,586,000	3,193,000	-	24,238,000	-	-	-	24,238,000
Total expenses before depreciation and amortization	24,705,000	20,435,000	12,560,000	5,487,000	63,187,000	6,069,000	12,523,000	18,592,000	81,779,000
Depreciation and amortization	288,000	203,000	96,000	50,000	637,000	185,000	46,000	231,000	868,000
Total expenses	\$ 24,993,000	\$ 20,638,000	\$ 12,656,000	\$ 5,537,000	\$ 63,824,000	\$ 6,254,000	\$ 12,569,000	\$ 18,823,000	\$ 82,647,000

* This amount does not include operational assistance to partners.

OXFAM AMERICA, INC. AND AFFILIATES

Consolidated Statement of Functional Expenses

For the Year Ended March 31, 2013

	<i>Program Services</i>					<i>Supporting Services</i>				<i>Total</i>
	<i>Programs to Overcome Poverty and Injustice</i>	<i>Saving Lives: Emergency Response and Preparedness</i>	<i>Campaigning for Social Justice</i>	<i>Public Education</i>	<i>Total Program Services</i>	<i>Management and General</i>	<i>Fundraising</i>	<i>Total Supporting Services</i>		
Payroll and related expenses	\$ 8,396,000	\$ 6,344,000	\$ 6,080,000	\$ 3,342,000	\$ 24,162,000	\$ 4,137,000	\$ 3,303,000	\$ 7,440,000	\$ 31,602,000	
Professional fees and services	2,750,000	838,000	991,000	561,000	5,140,000	548,000	1,998,000	2,546,000	7,686,000	
Professional fees and services - in-kind	91,000	-	243,000	27,000	361,000	65,000	77,000	142,000	503,000	
Occupancy costs	1,169,000	967,000	786,000	704,000	3,626,000	264,000	796,000	1,060,000	4,686,000	
Travel, meetings and conferences	2,079,000	1,192,000	927,000	400,000	4,598,000	207,000	121,000	328,000	4,926,000	
Supplies, postage and printing	203,000	114,000	127,000	338,000	782,000	98,000	3,447,000	3,545,000	4,327,000	
Other expenses	381,000	296,000	581,000	330,000	1,588,000	365,000	1,164,000	1,529,000	3,117,000	
Grants and support to partners*	8,670,000	8,393,000	4,013,000	-	21,076,000	-	-	-	21,076,000	
Total expenses before depreciation and amortization	23,739,000	18,144,000	13,748,000	5,702,000	61,333,000	5,684,000	10,906,000	16,590,000	77,923,000	
Depreciation and amortization	360,000	255,000	123,000	67,000	805,000	192,000	51,000	243,000	1,048,000	
Total expenses	\$ 24,099,000	\$ 18,399,000	\$ 13,871,000	\$ 5,769,000	\$ 62,138,000	\$ 5,876,000	\$ 10,957,000	\$ 16,833,000	\$ 78,971,000	

* This amount does not include operational assistance to partners.

OXFAM AMERICA, INC. AND AFFILIATES

Consolidated Statements of Cash Flows

For the Years Ended March 31,

	2014	2013
Cash flows from operating activities:		
Change in net assets	\$ (10,757,000)	\$ (10,053,000)
Reconciliation to cash flow:		
Net realized and unrealized gains on investments	(3,308,000)	(2,796,000)
Depreciation and amortization	868,000	1,048,000
Gain on sale of fixed assets	(5,000)	-
Change in:		
Pledges receivable	4,032,000	(1,667,000)
Prepaid expense	(438,000)	83,000
Accounts receivable	(697,000)	(85,000)
Notes receivable	114,000	(10,000)
Assets of split-interest agreements	(49,000)	58,000
Other assets	(277,000)	-
Accounts payable	(343,000)	599,000
Accrued payroll and other accrued expenses	103,000	83,000
Grants payable	(283,000)	(3,486,000)
Obligations under split-interest agreements	(14,000)	(265,000)
Deferred rent	427,000	(136,000)
Other liabilities	304,000	19,000
	(10,323,000)	(16,608,000)
Net cash used in operating activities		
Cash flows from investing activities:		
Purchases of fixed assets	(98,000)	(248,000)
Proceeds from sale of fixed assets	33,000	-
Proceeds from sales and maturities of investments	22,110,000	36,101,000
Purchases of investments	(4,498,000)	(17,773,000)
	17,547,000	18,080,000
Net cash provided by investing activities		
Net change in cash	7,224,000	1,472,000
Cash, beginning of year	6,280,000	4,808,000
	\$ 13,504,000	\$ 6,280,000
Cash, end of year		

See accompanying notes to the consolidated financial statements.

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, as well as disaster risk reduction and preparedness programs.

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 is a member 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 \$14,601,000 and \$9,093,000 to Oxfam International and its member organizations and received \$1,850,000 and \$1,991,000 in the years ended March 31, 2014 and 2013, respectively, from Oxfam International and its member organizations for program activities.

Oxfam is the sole member of 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 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.

In January 2014, Oxfam established a Massachusetts limited liability company, WISE Women’s Empowerment Management Company, LLC (“WISE Management”) to serve as manager for the WISE Women’s Empowerment Fund I, LLC (“WISE Fund”) (a Delaware limited liability company in which Oxfam will have a minority interest). WISE Management and WISE Fund commenced operations in July 2014. See Note 15 - Subsequent Events.

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.

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 that are not restricted by donors as to their use 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. Portions of the endowment are restricted for the support of Oxfam's programs.

Investments

Oxfam reports investments at fair value. Fair value is determined as more fully described under fair value measurements below. Investment returns are reported as follows:

- as increases in permanently restricted net assets if the terms of the gift require that they be added to the principal of a permanent endowment fund;
- as increases in temporarily restricted net assets if the terms of the gift or state law impose restrictions on the current use of the income or net gains; and
- as increases in unrestricted net assets in all other cases.

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.

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. Repairs and maintenance costs are expensed as incurred.

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 generally paid in one year or less. As of March 31, 2014, approximately 2% of the balance extends beyond one year.

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.

Contributed Services and Gifts In-Kind

Contributions of services are recognized when provided by individuals or organizations whose skills would be purchased if not provided by donation. In addition, a substantial number of unpaid volunteers have made significant contributions of their time to develop and maintain Oxfam's programs. The value of volunteer time contributed is not reflected in these statements.

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 accounting standards 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 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, and quantification of consumption of restricted resources and identification of donor restrictions 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 is recognized by the Internal Revenue Service 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. The Fund is recognized by the Internal Revenue Service as an organization described in Section 501(c)(4) of the 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, 2014, Oxfam had 49% of its cash invested in funds managed by four major financial institutions, one of which held 16% and three of which held more than 10% each. At March 31, 2014 and 2013, \$9,450,000 and \$20,035,000, respectively, 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, 2014 and 2013, Oxfam had one contributor that accounted for approximately 49% and 64%, respectively, of gross pledges receivable. Payments on this donor’s pledges are scheduled through 2019.

Reclassifications

Certain reclassifications have been made to the prior year financial statements in order to conform with the current year presentation.

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 15, 2014, the date the financial statements were authorized to be issued.

Note 2 - Investments

Investments consist of the following at March 31, 2014 and 2013:

	<i>2014</i>	<i>2013</i>
Money market mutual funds	\$ 9,450,000	\$ 20,035,000
Mutual funds:		
U.S. equity	11,981,000	10,314,000
Fixed income	8,202,000	13,204,000
U.S. equities	7,353,000	7,195,000
Non-U.S. equity commingled fund	5,367,000	4,720,000
Fixed income:		
U.S. Government and agency bonds	6,158,000	7,204,000
Corporate bonds	1,070,000	1,117,000
Multi-strategy fund-of-funds	-	96,000
	\$ 49,581,000	\$ 63,885,000

The following table lists the maturities of fixed income securities held at March 31, 2014:

Due in one year or less	\$ 1,198,000
Due after one year through five years	5,096,000
Due after five years	934,000
	\$ 7,228,000

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 years ended March 31, 2014 and 2013:

	<i>2014</i>	<i>2013</i>
Investment income	\$ 959,000	\$ 1,209,000
Net realized and unrealized gain on investments	3,308,000	2,796,000
Net change in present value of split-interest agreements	(79,000)	36,000
Interest on note receivable	15,000	20,000
	\$ 4,203,000	\$ 4,061,000

Investment management fees of \$128,000 and \$123,000 are included in management and general expense for the years ended March 31, 2014 and 2013, respectively.

Note 3 - Fair Values of Financial Instruments

The valuation of Oxfam's instruments using the fair value hierarchy consisted of the following:

	<i>March 31, 2014</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Money market mutual funds	\$ 9,450,000	\$ -	\$ -	\$ 9,450,000
Mutual funds:				
U.S. equity	11,981,000	-	-	11,981,000
Fixed income	8,202,000	-	-	8,202,000
U.S. equities	7,353,000	-	-	7,353,000
Non-U.S. equity commingled fund	-	5,367,000	-	5,367,000
Fixed income:				
U.S. Government and agency bonds	-	6,158,000	-	6,158,000
Corporate bonds	-	1,070,000	-	1,070,000
	\$ 36,986,000	\$ 12,595,000	\$ -	\$ 49,581,000

OXFAM AMERICA, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

Note 3 - Fair Values of Financial Instruments (Continued)

	<i>March 31, 2013</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Money market mutual funds	\$ 20,035,000	\$ -	\$ -	\$ 20,035,000
Mutual funds:				
U.S. equity	10,314,000	-	-	10,314,000
Fixed income	13,204,000	-	-	13,204,000
U.S. equities	7,195,000	-	-	7,195,000
Non-U.S. equity commingled fund	-	4,720,000	-	4,720,000
Fixed income:				
U.S. Government and agency bonds	-	7,204,000	-	7,204,000
Corporate bonds	-	1,117,000	-	1,117,000
Multi-strategy fund-of-funds	-	-	96,000	96,000
	\$ 50,748,000	\$ 13,041,000	\$ 96,000	\$ 63,885,000

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 April 1, 2012	\$ 701,000
Net unrealized losses	(130,000)
Net distribution	(475,000)
Balance as of March 31, 2013	96,000
Net unrealized gains	104,000
Net distribution	(200,000)
Balance as of March 31, 2014	\$ -

This fund has been liquidated and Oxfam has no capital commitments to it.

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, 2014 and 2013:

	<i>2014</i>	<i>2013</i>
One year or less	\$ 7,766,000	\$ 8,990,000
Between one and five years	<u>3,394,000</u>	<u>6,013,000</u>
	11,160,000	15,003,000
Less: Present value discount (1.69% and 0.83% at March 31, 2014 and 2013, respectively)	(174,000)	(149,000)
Allowance for uncollectible pledges	<u>(188,000)</u>	<u>(24,000)</u>
Pledges receivable	\$ <u><u>10,798,000</u></u>	\$ <u><u>14,830,000</u></u>

Note 5 - Notes Receivable

The note receivable represents two promissory three-year notes made by Oxfam Italy to Oxfam in April 2012, one in the amount of \$250,000 and the other in the amount of €171,585.45 (\$253,473). Each note is payable in installments of 25%, 35% and 40% over a three-year term, plus 4% interest per annum. The first installment was paid in fiscal 2014.

	<i>2014</i>	<i>2013</i>
Notes receivable	\$ <u><u>399,000</u></u>	\$ <u><u>513,000</u></u>

OXFAM AMERICA, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

Note 6 - Fixed Assets

Fixed assets consist of the following at March 31, 2014 and 2013:

	2014	2013
Building and building improvements	\$ 1,539,000	\$ 1,539,000
Furniture and equipment	1,558,000	2,427,000
Computer equipment	4,827,000	4,130,000
Other	<u>132,000</u>	<u>132,000</u>
Total	8,056,000	8,228,000
Less accumulated depreciation and amortization	<u>(6,580,000)</u>	<u>(6,011,000)</u>
Total	1,476,000	2,217,000
Computer equipment not yet in service	<u>33,000</u>	<u>90,000</u>
Net fixed assets	\$ <u><u>1,509,000</u></u>	\$ <u><u>2,307,000</u></u>

Note 7 - Retirement Plan

Oxfam maintains a non-contributory defined contribution retirement 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 \$835,000 and \$841,000 for the years ended March 31, 2014 and 2013, 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. AND AFFILIATES

Notes to Consolidated Financial Statements

Note 8 - Temporarily Restricted Net Assets

Temporarily restricted net assets include the following at March 31, 2014:

	<i>April 1, 2013 Balance</i>	<i>Net Additions</i>	<i>Releases</i>	<i>March 31, 2014 Balance</i>
<i>Resources with Purpose or Purpose and Time Restrictions:</i>				
New Campaign for Oxfam	\$ 751,000	\$ 8,093,000	\$ (1,398,000)	\$ 7,446,000
Other Donor Designated Funds	7,090,000	2,997,000	(5,684,000)	4,403,000
Global LEAP	7,927,000	89,000	(3,787,000)	4,229,000
Advocacy Programs	4,141,000	1,356,000	(2,343,000)	3,154,000
Humanitarian Relief and Rehabilitation	1,669,000	10,130,000	(9,819,000)	1,980,000
U.S. Program Investment Fund	1,443,000	230,000	(5,000)	1,668,000
Haiti Earthquake Relief	4,090,000	7,000	(2,901,000)	1,196,000
Agriculture Program - Ethiopia	2,557,000	-	(1,526,000)	1,031,000
Campaign for Oxfam	158,000	-	(75,000)	83,000
Saving for Change Program	274,000	-	(274,000)	-
	<u>30,100,000</u>	<u>22,902,000</u>	<u>(27,812,000)</u>	<u>25,190,000</u>
<i>Resources with Time Restrictions:</i>				
Split-interest agreements	175,000	49,000	-	224,000
Funds designated for future periods	500,000	-	(212,000)	288,000
	<u>675,000</u>	<u>49,000</u>	<u>(212,000)</u>	<u>512,000</u>
Unexpended net appreciation-endowment	<u>3,002,000</u>	<u>764,000</u>	<u>(17,000)</u>	<u>3,749,000</u>
	<u>\$ 33,777,000</u>	<u>\$ 23,715,000</u>	<u>\$ (28,041,000)</u>	<u>\$ 29,451,000</u>

OXFAM AMERICA, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

Note 8 - Temporarily Restricted Net Assets (Continued)

Temporarily restricted net assets include the following at March 31, 2013:

	<i>April 1, 2012 Balance</i>	<i>Net Additions</i>	<i>Releases</i>	<i>March 31, 2013 Balance</i>
<i>Resources with Purpose or Purpose and Time Restrictions:</i>				
New Campaign for Oxfam	\$ -	\$ 751,000	\$ -	\$ 751,000
Other Donor Designated Funds	2,225,000	9,496,000	(4,631,000)	7,090,000
Global LEAP	9,910,000	2,738,000	(4,721,000)	7,927,000
Advocacy Programs	1,719,000	5,549,000	(3,127,000)	4,141,000
Humanitarian Relief and Rehabilitation	4,916,000	3,127,000	(6,374,000)	1,669,000
U.S. Program Investment Fund	1,283,000	163,000	(3,000)	1,443,000
Haiti Earthquake Relief	8,612,000	806,000	(5,328,000)	4,090,000
Agriculture Program - Ethiopia	3,500,000	154,000	(1,097,000)	2,557,000
Campaign for Oxfam	2,050,000	129,000	(2,021,000)	158,000
Saving for Change Program	2,412,000	-	(2,138,000)	274,000
Gulf Coast Recovery and Rehabilitation	20,000	-	(20,000)	-
Amazon Programs	19,000	36,000	(55,000)	-
	<u>36,666,000</u>	<u>22,949,000</u>	<u>(29,515,000)</u>	<u>30,100,000</u>
<i>Resources with Time Restrictions:</i>				
Split-interest agreements	233,000	41,000	(99,000)	175,000
Funds designated for future periods	15,000	500,000	(15,000)	500,000
	<u>248,000</u>	<u>541,000</u>	<u>(114,000)</u>	<u>675,000</u>
Unexpended net appreciation-endowment	<u>2,471,000</u>	<u>542,000</u>	<u>(11,000)</u>	<u>3,002,000</u>
	<u>\$ 39,385,000</u>	<u>\$ 24,032,000</u>	<u>\$ (29,640,000)</u>	<u>\$ 33,777,000</u>

Note 9 - Permanently Restricted Net Assets

Permanently restricted net assets consist of gifts which are to be invested in perpetuity with income to be used for general purposes of the Organization. As of March 31, 2014 and 2013, these gifts totaled \$1,797,000 and \$1,796,000, respectively. The unexpended net appreciation on these gifts is reflected in the temporarily restricted net assets detailed in Note 8.

OXFAM AMERICA, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

Note 10 - 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, 2014 and 2013.

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 2014 or 2013.

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 10 - Endowment Matters (Continued)

Endowment

The following represents required disclosure relative to the composition and activities of endowment for the years ended March 31, 2014 and 2013:

	<i>Temporarily Restricted Net Assets</i>	<i>Permanently Restricted Net Assets</i>	<i>Total</i>
Endowment at April 1, 2012	\$ 2,471,000	\$ 1,795,000	\$ 4,266,000
Total investment returns	542,000	-	542,000
Contributions	-	1,000	1,000
Fees and reclassifications	<u>(11,000)</u>	<u>-</u>	<u>(11,000)</u>
Endowment at March 31, 2013	3,002,000	1,796,000	4,798,000
Total investment returns	764,000	-	764,000
Contributions	-	1,000	1,000
Fees and reclassifications	<u>(17,000)</u>	<u>-</u>	<u>(17,000)</u>
Endowment at March 31, 2014	<u>\$ 3,749,000</u>	<u>\$ 1,797,000</u>	<u>\$ 5,546,000</u>

Note 11 - Donated Services

Oxfam received and recognized contributed services and materials (primarily legal services) of approximately \$451,000 and \$503,000 for the years ended March 31, 2014 and 2013, respectively. 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 12 - Commitments and Contingencies

Oxfam leases a substantial portion of its office space, domestically and internationally, under operating lease arrangements that expire through 2023. 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:

2015	\$	2,054,000
2016		1,781,000
2017		1,344,000
2018		1,383,000
2019		1,413,000
Thereafter		5,894,000
Total	\$	13,869,000

Total rent expense under operating leases was \$1,993,000 and \$1,997,000 for the years ended March 31, 2014 and 2013, respectively.

Oxfam has union contracts for certain staff in the Boston and Washington, D.C. offices which extend through March 31, 2016.

Note 13 - Direct Grants to Partners

Oxfam incurred \$63,824,000 and \$62,138,000 of program service expenses during the years ended March 31, 2014 and 2013, respectively. Included in these expenses are direct development, advocacy and humanitarian grants provided to partners as follows for the years ended March 31:

Country/Region of Impact

	<i>2014</i>	<i>2013</i>
Regions of Asia	\$ 7,255,000	\$ 1,477,000
Regions of Africa	6,902,000	8,486,000
Latin America and Caribbean	4,716,000	5,683,000
Global programs	2,772,000	3,511,000
United States	461,000	521,000
Total direct grants to partners for development	22,106,000	19,678,000
Other support to partners	2,132,000	1,398,000
Total direct grants and other support to partners	\$ 24,238,000	\$ 21,076,000

OXFAM AMERICA, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

Note 14 - 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.

Note 15 - Subsequent Events

On June 17, 2014, Oxfam amended its existing Washington, D.C. lease to: change the lease expiration date from December 31, 2015 to July 31, 2015; provide Oxfam with an early termination option, with a three-month advance notice; terminate on a designated date between March 1, 2015 and July 31, 2015; and to provide for a three-month rent abatement.

On June 18, 2014, Oxfam entered into a new 13 year and one month lease for 15,707 square feet of rentable office space in D.C. at a base rent of \$44 per square foot. The lease will commence on November 1, 2014. The occupancy/rent start date is expected to be 120 days later. The lease includes six months free rent, as well as an option to renew for a five year period after the initial lease term expires. The lease also includes a provision to credit Oxfam for monthly amounts payable under its existing 13,848 square foot office space lease from November 1, 2014 through July 31, 2015, or sooner, should the early termination option on the amended existing lease be executed.

In July 2014, WISE Management and WISE Fund (a Delaware limited liability company in which Oxfam will have a minority interest) commenced operations. WISE Management was established by Oxfam to serve as manager for WISE Fund.