



Consolidated Financial Statements

Oxfam America, Inc. and Affiliates

March 31, 2018 and 2017



OXFAM AMERICA, INC. AND AFFILIATES

Consolidated Financial Statements

Table of Contents

Consolidated Financial Statements:

| | |
|--|-------|
| Independent Auditors' Report | 1-2 |
| Consolidated Statements of Financial Position | 3-4 |
| Consolidated Statements of Activities | 5-6 |
| Consolidated Statements of Functional Expenses | 7-8 |
| Consolidated Statements of Cash Flows | 9 |
| Notes to Consolidated Financial Statements | 10-24 |



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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, which comprise the consolidated statements of financial position as of March 31, 2018 and 2017 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, 2018 and 2017 and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Mayer Hoffmann McCann P.C.

July 12, 2018
Boston, Massachusetts

OXFAM AMERICA, INC. AND AFFILIATES

Consolidated Statements of Financial Position

March 31,

| | <i>2018</i> | | | <i>2017</i> | |
|---|----------------------|-----------------------------------|-----------------------------------|----------------------|----------------------|
| | <i>Unrestricted</i> | <i>Temporarily Restricted</i> | <i>Permanently Restricted</i> | <i>Total</i> | <i>Total</i> |
| Assets | | | | | |
| Cash | \$ 5,885,000 | \$ - | \$ - | \$ 5,885,000 | \$ 5,970,000 |
| Investments | 40,623,000 | 17,610,000 | 2,634,000 | 60,867,000 | 58,055,000 |
| Pledges receivable | 6,000 | 15,703,000 | - | 15,709,000 | 12,611,000 |
| Prepaid expense | 1,680,000 | - | - | 1,680,000 | 1,825,000 |
| Accounts receivable | 3,138,000 | - | - | 3,138,000 | 2,053,000 |
| Assets of split-interest agreements | - | 279,000 | - | 279,000 | 264,000 |
| Net fixed assets | 1,983,000 | - | - | 1,983,000 | 2,075,000 |
| Other assets | 89,000 | - | - | 89,000 | 155,000 |
| Total assets | \$ 53,404,000 | \$ 33,592,000 | \$ 2,634,000 | \$ 89,630,000 | \$ 83,008,000 |
| Liabilities | | | | | |
| Accounts payable | \$ 1,619,000 | \$ - | \$ - | \$ 1,619,000 | \$ 1,914,000 |
| Accrued payroll and other accrued expenses | 5,008,000 | - | - | 5,008,000 | 4,798,000 |
| Grants payable | 4,890,000 | - | - | 4,890,000 | 3,800,000 |
| Obligations under split-interest agreements | 2,585,000 | - | - | 2,585,000 | 2,564,000 |
| Deferred rent | 3,322,000 | - | - | 3,322,000 | 3,548,000 |
| Other liabilities | 644,000 | - | - | 644,000 | 626,000 |
| Total liabilities | 18,068,000 | - | - | 18,068,000 | 17,250,000 |
| Net assets: | | | | | |
| Unrestricted | 35,336,000 | - | - | 35,336,000 | 34,025,000 |
| Temporarily restricted | - | 33,592,000 | - | 33,592,000 | 29,936,000 |
| Permanently restricted | - | - | 2,634,000 | 2,634,000 | 1,797,000 |
| Total net assets | 35,336,000 | 33,592,000 | 2,634,000 | 71,562,000 | 65,758,000 |
| Total liabilities and net assets | \$ 53,404,000 | \$ 33,592,000 | \$ 2,634,000 | \$ 89,630,000 | \$ 83,008,000 |

See accompanying notes to the consolidated financial statements.

OXFAM AMERICA, INC. AND AFFILIATES

Consolidated Statement of Financial Position

March 31, 2017

| | <i>Unrestricted</i> | <i>Temporarily Restricted</i> | <i>Permanently Restricted</i> | <i>Total</i> |
|---|----------------------|-----------------------------------|-----------------------------------|----------------------|
| Assets | | | | |
| Cash | \$ 5,970,000 | \$ - | \$ - | \$ 5,970,000 |
| Investments | 39,182,000 | 17,076,000 | 1,797,000 | 58,055,000 |
| Pledges receivable | 15,000 | 12,596,000 | - | 12,611,000 |
| Prepaid expense | 1,825,000 | - | - | 1,825,000 |
| Accounts receivable | 2,053,000 | - | - | 2,053,000 |
| Assets of split-interest agreements | - | 264,000 | - | 264,000 |
| Net fixed assets | 2,075,000 | - | - | 2,075,000 |
| Other assets | 155,000 | - | - | 155,000 |
| | \$ 51,275,000 | \$ 29,936,000 | \$ 1,797,000 | \$ 83,008,000 |
| Liabilities and Net Assets | | | | |
| Accounts payable | \$ 1,914,000 | \$ - | \$ - | \$ 1,914,000 |
| Accrued payroll and other accrued expenses | 4,798,000 | - | - | 4,798,000 |
| Grants payable | 3,800,000 | - | - | 3,800,000 |
| Obligations under split-interest agreements | 2,564,000 | - | - | 2,564,000 |
| Deferred rent | 3,548,000 | - | - | 3,548,000 |
| Other liabilities | 626,000 | - | - | 626,000 |
| | 17,250,000 | - | - | 17,250,000 |
| Net assets: | | | | |
| Unrestricted | 34,025,000 | - | - | 34,025,000 |
| Temporarily restricted | - | 29,936,000 | - | 29,936,000 |
| Permanently restricted | - | - | 1,797,000 | 1,797,000 |
| | 34,025,000 | 29,936,000 | 1,797,000 | 65,758,000 |
| Total net assets | \$ 51,275,000 | \$ 29,936,000 | \$ 1,797,000 | \$ 83,008,000 |
| Total liabilities and net assets | \$ 51,275,000 | \$ 29,936,000 | \$ 1,797,000 | \$ 83,008,000 |

See accompanying notes to the consolidated financial statements.

OXFAM AMERICA, INC. AND AFFILIATES

Consolidated Statements of Activities

For the Years Ended March 31,

| | <i>2018</i> | | | <i>2017</i> | |
|---|----------------------|-------------------------------|-------------------------------|----------------------|----------------------|
| | <i>Unrestricted</i> | <i>Temporarily Restricted</i> | <i>Permanently Restricted</i> | <i>Total</i> | <i>Total</i> |
| Revenue, gains and other support: | | | | | |
| Contributions | \$ 51,043,000 | \$ 35,250,000 | \$ 837,000 | \$ 87,130,000 | \$ 73,059,000 |
| Contract income | 6,641,000 | - | - | 6,641,000 | 4,946,000 |
| Investment returns and interest income | 3,223,000 | 971,000 | - | 4,194,000 | 4,414,000 |
| Donated in-kind services and materials | 1,301,000 | - | - | 1,301,000 | 706,000 |
| Other | 38,000 | - | - | 38,000 | 102,000 |
| Net assets released from restrictions | 32,565,000 | (32,565,000) | - | - | - |
| Total revenue, gains and other support | 94,811,000 | 3,656,000 | 837,000 | 99,304,000 | 83,227,000 |
| Expenses: | | | | | |
| Program services: | | | | | |
| Programs to overcome poverty and injustice | 23,244,000 | - | - | 23,244,000 | 24,480,000 |
| Saving lives: emergency response and preparedness | 21,881,000 | - | - | 21,881,000 | 21,266,000 |
| Campaigning for social justice | 20,648,000 | - | - | 20,648,000 | 16,533,000 |
| Public education | 5,043,000 | - | - | 5,043,000 | 4,896,000 |
| Total program services | 70,816,000 | - | - | 70,816,000 | 67,175,000 |
| Supporting services: | | | | | |
| Management and general | 7,198,000 | - | - | 7,198,000 | 6,804,000 |
| Fundraising | 15,486,000 | - | - | 15,486,000 | 13,483,000 |
| Total supporting services | 22,684,000 | - | - | 22,684,000 | 20,287,000 |
| Total expenses | 93,500,000 | - | - | 93,500,000 | 87,462,000 |
| Increase (decrease) in net assets | 1,311,000 | 3,656,000 | 837,000 | 5,804,000 | (4,235,000) |
| Net assets, beginning of year | 34,025,000 | 29,936,000 | 1,797,000 | 65,758,000 | 69,993,000 |
| Net assets, end of year | \$ 35,336,000 | \$ 33,592,000 | \$ 2,634,000 | \$ 71,562,000 | \$ 65,758,000 |

See accompanying notes to the consolidated financial statements.

OXFAM AMERICA, INC. AND AFFILIATES

Consolidated Statement of Activities

For the Year Ended March 31, 2017

| | <i>Unrestricted</i> | <i>Temporarily Restricted</i> | <i>Permanently Restricted</i> | <i>Total</i> |
|---|----------------------|-----------------------------------|-----------------------------------|----------------------|
| Revenue, gains and other support: | | | | |
| Contributions | \$ 49,279,000 | \$ 23,780,000 | \$ - | \$ 73,059,000 |
| Contract income | 4,946,000 | - | - | 4,946,000 |
| Investment returns and interest income | 3,407,000 | 1,007,000 | - | 4,414,000 |
| Donated in-kind services and materials | 706,000 | - | - | 706,000 |
| Other | 102,000 | - | - | 102,000 |
| Net assets released from restrictions | 30,523,000 | (30,523,000) | - | - |
| | 88,963,000 | (5,736,000) | - | 83,227,000 |
| Expenses: | | | | |
| Program services: | | | | |
| Programs to overcome poverty and injustice | 24,480,000 | - | - | 24,480,000 |
| Saving lives: emergency response and preparedness | 21,266,000 | - | - | 21,266,000 |
| Campaigning for social justice | 16,533,000 | - | - | 16,533,000 |
| Public education | 4,896,000 | - | - | 4,896,000 |
| Total program services | 67,175,000 | - | - | 67,175,000 |
| Supporting services: | | | | |
| Management and general | 6,804,000 | - | - | 6,804,000 |
| Fundraising | 13,483,000 | - | - | 13,483,000 |
| Total supporting services | 20,287,000 | - | - | 20,287,000 |
| Total expenses | 87,462,000 | - | - | 87,462,000 |
| Increase (decrease) in net assets | 1,501,000 | (5,736,000) | - | (4,235,000) |
| Net assets, beginning of year | 32,524,000 | 35,672,000 | 1,797,000 | 69,993,000 |
| Net assets, end of year | \$ 34,025,000 | \$ 29,936,000 | \$ 1,797,000 | \$ 65,758,000 |

See accompanying notes to the consolidated financial statements.

OXFAM AMERICA, INC. AND AFFILIATES

Consolidated Statement of Functional Expenses

For the Year Ended March 31, 2018

| | <i>Program Services</i> | | | | | <i>Supporting Services</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> | <i>Total Expense</i> |
| Payroll and related expenses | \$ 6,302,000 | \$ 6,244,000 | \$ 9,140,000 | \$ 3,598,000 | \$ 25,284,000 | \$ 3,964,000 | \$ 5,636,000 | \$ 9,600,000 | \$ 34,884,000 |
| Professional fees and services | 1,911,000 | 770,000 | 1,188,000 | 149,000 | 4,018,000 | 1,156,000 | 2,059,000 | 3,215,000 | 7,233,000 |
| Professional fees and services - in-kind | 19,000 | - | 998,000 | 36,000 | 1,053,000 | 163,000 | 86,000 | 249,000 | 1,302,000 |
| Occupancy costs | 891,000 | 900,000 | 911,000 | 526,000 | 3,228,000 | 527,000 | 909,000 | 1,436,000 | 4,664,000 |
| Travel, meetings and conferences | 1,472,000 | 1,073,000 | 1,188,000 | 210,000 | 3,943,000 | 281,000 | 175,000 | 456,000 | 4,399,000 |
| Supplies, postage and printing | 125,000 | 178,000 | 104,000 | 86,000 | 493,000 | 90,000 | 3,898,000 | 3,988,000 | 4,481,000 |
| Other expenses | 1,013,000 | 1,049,000 | 679,000 | 415,000 | 3,156,000 | 946,000 | 2,662,000 | 3,608,000 | 6,764,000 |
| Grants and support to partners* | 11,440,000 | 11,600,000 | 6,311,000 | - | 29,351,000 | 10,000 | - | 10,000 | 29,361,000 |
| Total expenses before depreciation and amortization | 23,173,000 | 21,814,000 | 20,519,000 | 5,020,000 | 70,526,000 | 7,137,000 | 15,425,000 | 22,562,000 | 93,088,000 |
| Depreciation and amortization | 71,000 | 67,000 | 129,000 | 23,000 | 290,000 | 61,000 | 61,000 | 122,000 | 412,000 |
| Total expenses | \$ 23,244,000 | \$ 21,881,000 | \$ 20,648,000 | \$ 5,043,000 | \$ 70,816,000 | \$ 7,198,000 | \$ 15,486,000 | \$ 22,684,000 | \$ 93,500,000 |

* 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, 2017

| | <i>Program Services</i> | | | | | <i>Supporting Services</i> | | | <i>Total Expense</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 | \$ 7,979,000 | \$ 5,701,000 | \$ 8,489,000 | \$ 3,259,000 | \$ 25,428,000 | \$ 4,422,000 | \$ 5,034,000 | \$ 9,456,000 | \$ 34,884,000 |
| Professional fees and services | 2,559,000 | 798,000 | 1,029,000 | 165,000 | 4,551,000 | 695,000 | 1,759,000 | 2,454,000 | 7,005,000 |
| Professional fees and services - in-kind | 36,000 | - | 495,000 | 45,000 | 576,000 | 110,000 | 20,000 | 130,000 | 706,000 |
| Occupancy costs | 1,156,000 | 873,000 | 846,000 | 524,000 | 3,399,000 | 439,000 | 887,000 | 1,326,000 | 4,725,000 |
| Travel, meetings and conferences | 1,723,000 | 1,121,000 | 1,028,000 | 173,000 | 4,045,000 | 240,000 | 169,000 | 409,000 | 4,454,000 |
| Supplies, postage and printing | 174,000 | 123,000 | 116,000 | 191,000 | 604,000 | 82,000 | 3,545,000 | 3,627,000 | 4,231,000 |
| Other expenses | 1,140,000 | 874,000 | 769,000 | 515,000 | 3,298,000 | 737,000 | 2,004,000 | 2,741,000 | 6,039,000 |
| Grants and support to partners* | 9,629,000 | 11,687,000 | 3,638,000 | - | 24,954,000 | - | - | - | 24,954,000 |
| Total expenses before depreciation and amortization | 24,396,000 | 21,177,000 | 16,410,000 | 4,872,000 | 66,855,000 | 6,725,000 | 13,418,000 | 20,143,000 | 86,998,000 |
| Depreciation and amortization | 84,000 | 89,000 | 123,000 | 24,000 | 320,000 | 79,000 | 65,000 | 144,000 | 464,000 |
| Total expenses | \$ 24,480,000 | \$ 21,266,000 | \$ 16,533,000 | \$ 4,896,000 | \$ 67,175,000 | \$ 6,804,000 | \$ 13,483,000 | \$ 20,287,000 | \$ 87,462,000 |

*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,

| | <i>2018</i> | <i>2017</i> |
|--|-----------------------------------|-----------------------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 5,804,000 | \$ (4,235,000) |
| Reconciliation to cash flow: | | |
| Net realized and unrealized gains on investments | (3,334,000) | (3,486,000) |
| Depreciation and amortization | 412,000 | 464,000 |
| Loss on disposal of fixed assets | 62,000 | 2,000 |
| Change in: | | |
| Pledges receivable | (3,098,000) | 3,981,000 |
| Prepaid expense | 145,000 | 115,000 |
| Accounts receivable | (1,085,000) | (826,000) |
| Assets of split-interest agreements | (15,000) | 7,000 |
| Other assets | - | (21,000) |
| Accounts payable | (295,000) | 199,000 |
| Accrued payroll and other accrued expenses | 210,000 | (185,000) |
| Grants payable | 1,090,000 | 2,186,000 |
| Obligations under split-interest agreements | 21,000 | (73,000) |
| Deferred rent | (226,000) | 262,000 |
| Other liabilities | 18,000 | (82,000) |
| | <u>(291,000)</u> | <u>(1,692,000)</u> |
| Net cash used by operating activities | (291,000) | (1,692,000) |
| Cash flows from investing activities: | | |
| Purchases of fixed assets | (316,000) | (309,000) |
| Proceeds from sale of fixed assets | - | 28,000 |
| Proceeds from sales and maturities of investments | 17,016,000 | 15,131,000 |
| Purchases of investments | (16,494,000) | (15,339,000) |
| | <u>206,000</u> | <u>(489,000)</u> |
| Net cash (used by) provided by investing activities | 206,000 | (489,000) |
| Net change in cash | (85,000) | (2,181,000) |
| Cash, beginning of year | <u>5,970,000</u> | <u>8,151,000</u> |
| Cash, end of year | \$ <u><u>5,885,000</u></u> | \$ <u><u>5,970,000</u></u> |

OXFAM AMERICA, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

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

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

OA is a member of Oxfam International, which is a non-profit organization registered in the Netherlands, comprised of twenty independent organizations around the world. OA’s chair is a member of the Oxfam International Board of Supervisors. Each Oxfam International member organization has one vote on the Oxfam International Board of Supervisors. OA made grants and other payments of \$22,316,000 and \$15,458,000 to Oxfam International and its member organizations and received \$3,428,000 and \$3,642,000 for the years ended March 31, 2018 and 2017, respectively, from Oxfam International and its member organizations for program activities.

OA is the sole member of the Oxfam America Action Fund (“OAAF”), 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. OAAF promotes policy change at the national and international level and produces educational materials for the U.S. public on these same issues.

Oxfam America Real Estate LLC (“Real Estate”) is a wholly-owned subsidiary of OA. 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 OA upon receipt. The Real Estate entity is operating solely in furtherance of OA’s mission. It is OA’s policy to recognize real estate contributions when a fair market value is determinable.

In January 2014, OA 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 OA has a minority interest). WISE Management and WISE Fund commenced operations in July 2014. The WISE Fund was formed to provide women access to traditional bank credit services from which they have been historically excluded.

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 OA, OAAF, WISE Management and Real Estate (collectively, “OA”). All inter-entity 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 OA are categorized into classes of net assets based on the existence of donor-imposed restrictions as follows:

Unrestricted Net Assets - are net assets 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 OA which fulfill the restriction. Temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the Consolidated Statements 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 OA 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 OA's programs.

Investments

OA reports investments at fair value, with the exception of the programmatic equity investment in WISE Fund I, which is carried at cost. 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, which is considered a Level 2 non-recurring fair value method. The allowance for uncollectible pledges receivable is estimated by management using a rate of 0% - 20% on pledges and based on regular reviews of unpaid pledges and management's assessment of the risk of non-payment. Adjustments to the allowance are charged to bad debt expense. Uncollectible accounts are written off against the allowance. An account is considered uncollectible when all reasonable collection efforts have been exhausted.

OXFAM AMERICA, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

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

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.

Fair Value Measurements

OA 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) to determine fair value. Recurring fair value measurements are OA's investments. Non-recurring measurements include pledge receivable and assets/obligations under split-interest agreements. Fair value standards also require OA to classify financial instruments into a three-level hierarchy, based on the priority of inputs used to value instruments. 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 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.

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 OA's financial instruments, see Note 2 - 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 and the expense is recognized when the grant is authorized. As of March 31, 2018 and 2017, approximately 0% and 8.3%, respectively, of the balance extends beyond one year.

Split-Interest Agreements

OA receives a variety of split-interest agreements that include charitable gift annuities, interest in pooled income funds, and charitable remainder trusts. In cases where OA 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 OA is not the trustee, or otherwise in control of the assets, amounts are recorded at their estimated present value in assets of split-interest agreements on the Consolidated Statement of Financial Position. Assets and liabilities of split-interest agreements are recorded at fair value using Level 2 inputs when the agreements are executed.

Deferred Rent

OA has entered into operating lease agreements for various office spaces, some of which contain provisions for future rent increases, periods in which rent payments are reduced (abated) or concessions for tenant improvements and other costs (including landlord funded improvements). In accordance with generally accepted accounting principles, OA records monthly rent expense equal to the total of the payments due over the lease term, divided by the number of months of the lease term. The difference between rent expense recorded and the amount paid plus concessions is charged to "Deferred Rent" which is reflected as a separate line item in the accompanying Consolidated Statements of Financial Position.

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 OA's programs. The value of volunteer time contributed is not reflected in these statements.

OXFAM AMERICA, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

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

Allocation of Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Consolidated Statements of Activities. Accordingly, certain costs have been allocated among programs and supporting services. No costs have been allocated to programs for fundraising-related 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 the 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.

Tax Status

OA 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. OAAF is recognized by the Internal Revenue Service as an organization described in Section 501(c)(4) of the Code and, as such, is generally exempt from Federal and state income taxes on related income. Given the limited taxable activities of OA, management has concluded that disclosures relative to tax provisions are not necessary.

Uncertain Tax Positions

OA 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 AMERICA, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

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

Uncertain Tax Positions (Continued)

OA has identified its tax status as a tax exempt entity as a tax position; however, OA has determined that such tax position does not result in an uncertainty requiring recognition. In addition to its tax status, OA has other tax positions that have been determined to be highly certain, and therefore, no reserve for unrecognized tax liability is deemed necessary. OA 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

OA 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. OA monitors its exposure associated with cash and has not experienced any losses in these accounts.

Another concentration of credit risk is associated with pledges receivable. OA 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 OA. As of March 31, 2018 and 2017, OA had three and two donors that collectively represented 55% and 40% of pledges receivable, respectively.

Subsequent Events

OA has evaluated subsequent events through July 12, 2018, the date the financial statements were authorized to be issued.

OXFAM AMERICA, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

Note 2 - Fair Value of Financial Instruments

Financial instruments based on the three-level hierarchy of fair value were as follows at March 31:

| | <i>2018</i> | | | |
|----------------------------------|----------------------|---------------------|----------------|----------------------|
| | <i>Level 1</i> | <i>Level 2</i> | <i>Level 3</i> | <i>Total</i> |
| Money market mutual funds | \$ 22,704,000 | \$ - | \$ - | \$ 22,704,000 |
| Mutual funds: | | | | |
| U.S. equity | 13,744,000 | - | - | 13,744,000 |
| Fixed income | 8,524,000 | - | - | 8,524,000 |
| U.S. equities | 8,154,000 | - | - | 8,154,000 |
| Non-U.S. equity comingled fund | - | 5,353,000 | - | 5,353,000 |
| Fixed income: | | | | |
| U.S. Government and agency bonds | - | 987,000 | - | 987,000 |
| Corporate bonds | - | 1,213,000 | - | 1,213,000 |
| | \$ 53,126,000 | \$ 7,553,000 | \$ - | \$ 60,679,000 |
| Minority interest in WISE Fund I | | | | 188,000 |
| Total investments | | | | \$ 60,867,000 |

| | <i>2017</i> | | | |
|----------------------------------|----------------------|---------------------|----------------|----------------------|
| | <i>Level 1</i> | <i>Level 2</i> | <i>Level 3</i> | <i>Total</i> |
| Money market mutual funds | \$ 17,034,000 | \$ - | \$ - | \$ 17,034,000 |
| Mutual funds: | | | | |
| U.S. equity | 16,232,000 | - | - | 16,232,000 |
| Fixed income | 8,206,000 | - | - | 8,206,000 |
| U.S. equities | 8,332,000 | - | - | 8,332,000 |
| Non-U.S. equity commingled fund | - | 5,941,000 | - | 5,941,000 |
| Fixed income: | | | | |
| U.S. Government and agency bonds | - | 856,000 | - | 856,000 |
| Corporate bonds | - | 1,329,000 | - | 1,329,000 |
| | \$ 49,804,000 | \$ 8,126,000 | \$ - | \$ 57,930,000 |
| Minority interest in WISE Fund I | | | | 125,000 |
| Total investments | | | | \$ 58,055,000 |

OXFAM AMERICA, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

Note 2 - Fair Value of Financial Instruments (Continued)

The minority interest in WISE Fund I is a programmatic equity investment and is carried at cost. OA has contributed \$187,500 to date and has an outstanding subscription payable of \$62,500 as of March 31, 2018.

The following table lists the maturities of fixed income securities held at March 31, 2018:

| | | |
|---------------------------------------|----|-------------------------|
| Due in one year or less | \$ | 150,000 |
| Due after one year through five years | | 1,248,000 |
| Due after five years | | <u>802,000</u> |
| | \$ | <u>2,200,000</u> |

Investment returns and other interest income consisted of the following for the years ended March 31, 2018 and 2017:

| | 2018 | 2017 |
|--|----------------------------|----------------------------|
| Investment income | \$ 947,000 | \$ 1,008,000 |
| Net realized and unrealized gain on investments | 3,334,000 | 3,486,000 |
| Net change in present value of split-interest agreements | <u>(87,000)</u> | <u>(80,000)</u> |
| | <u>\$ 4,194,000</u> | <u>\$ 4,414,000</u> |

Investment management fees of \$102,000 and \$91,000 are included in management and general expense for the years ended March 31, 2018 and 2017, respectively.

OXFAM AMERICA, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

Note 3 - Pledges Receivable

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

| | <i>2018</i> | <i>2017</i> |
|--|-----------------------------|-----------------------------|
| One year or less | \$ 12,536,000 | \$ 11,705,000 |
| Between one and five years | <u>3,778,000</u> | <u>1,267,000</u> |
| | 16,314,000 | 12,972,000 |
| Less: Present value discount (ranging from 1.41% to 2.94%) | (324,000) | (80,000) |
| Allowance for uncollectible pledges | <u>(281,000)</u> | <u>(281,000)</u> |
| Pledges receivable | <u>\$ 15,709,000</u> | <u>\$ 12,611,000</u> |

Note 4 - Fixed Assets

Fixed assets consist of the following at March 31:

| | <i>2018</i> | <i>2017</i> |
|--|----------------------------|----------------------------|
| Building and building improvements | \$ 3,294,000 | \$ 3,203,000 |
| Furniture and equipment | 1,510,000 | 1,496,000 |
| Computer equipment | 5,146,000 | 5,105,000 |
| Other | <u>132,000</u> | <u>132,000</u> |
| Total | 10,082,000 | 9,936,000 |
| Less accumulated depreciation and amortization | <u>(8,188,000)</u> | <u>(7,894,000)</u> |
| Total | 1,894,000 | 2,042,000 |
| Computer equipment not yet in service | <u>89,000</u> | <u>33,000</u> |
| Net fixed assets | <u>\$ 1,983,000</u> | <u>\$ 2,075,000</u> |

OXFAM AMERICA, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

Note 4 - Fixed Assets (Continued)

Depreciation expense amounted to \$345,000 and \$398,000 for the years ended March 31, 2018 and 2017, respectively. Included in the statement of cash flows is \$67,000 and \$66,000 of amortization expense for the years ended March 31, 2018 and 2017, respectively. During the years ended March 31, 2018 and 2017, OA disposed of \$113,000 and \$119,000 of fixed assets, respectively, and recognized a loss on the disposal of \$62,000 and \$2,000, respectively. When property and equipment are retired, sold or otherwise disposed of, the asset's carrying amount and related accumulated depreciation are removed from the accounts and any gain or loss is included in operations.

Note 5 - Retirement Plan

OA 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 \$1,067,000 net of \$266,000 of forfeitures for the year ended March 31, 2018. Contributions to the plan were \$960,000 for the year ended March 31, 2017. Contributions are reflected as part of payroll and related expenses in the accompanying Consolidated Statements of Functional Expenses. OA also maintains a 403(b) tax deferred annuity retirement plan, which is funded solely by employee contributions.

Note 6 - Temporarily Restricted Net Assets

Temporarily restricted net assets include the following at March 31, 2018:

| | <i>April 1, 2017 Balance</i> | <i>Net Additions</i> | <i>Releases</i> | <i>March 31, 2018 Balance</i> |
|---|--------------------------------------|-----------------------------|-------------------------------|---------------------------------------|
| <i>Resources with Purpose or Purpose and Time Restrictions:</i> | | | | |
| Global LEAP | \$ 6,287,000 | \$ 164,000 | \$ (5,885,000) | \$ 566,000 |
| New Campaign for Oxfam | 5,784,000 | 887,000 | (4,501,000) | 2,170,000 |
| Other Donor Designated Funds | 3,406,000 | 3,820,000 | (4,277,000) | 2,949,000 |
| Advocacy Programs | 5,304,000 | 10,769,000 | (8,525,000) | 7,548,000 |
| Humanitarian Relief and Rehabilitation | 2,317,000 | 19,595,000 | (9,206,000) | 12,706,000 |
| U.S. Program Investment Fund | <u>1,638,000</u> | <u>200,000</u> | <u>(149,000)</u> | <u>1,689,000</u> |
| Total purpose-restricted | <u>24,736,000</u> | <u>35,435,000</u> | <u>(32,543,000)</u> | <u>27,628,000</u> |
| <i>Resources with Time Restrictions:</i> | | | | |
| Split-interest agreements | <u>264,000</u> | <u>15,000</u> | <u>-</u> | <u>279,000</u> |
| Total time-restricted | <u>264,000</u> | <u>15,000</u> | <u>-</u> | <u>279,000</u> |
| Unexpended net appreciation - endowment | <u>4,936,000</u> | <u>771,000</u> | <u>(22,000)</u> | <u>5,685,000</u> |
| | <u>\$ 29,936,000</u> | <u>\$ 36,221,000</u> | <u>\$ (32,565,000)</u> | <u>\$ 33,592,000</u> |

OXFAM AMERICA, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

Note 6 - Temporarily Restricted Net Assets (Continued)

Temporarily restricted net assets include the following at March 31, 2017:

| | <i>April 1, 2016 Balance</i> | <i>Net Additions</i> | <i>Releases</i> | <i>March 31, 2017 Balance</i> |
|---|--------------------------------------|--------------------------|------------------------|---------------------------------------|
| <i>Resources with Purpose or Purpose and Time Restrictions:</i> | | | | |
| Global LEAP | \$ 9,929,000 | \$ 1,244,000 | \$ (4,886,000) | \$ 6,287,000 |
| New Campaign for Oxfam | 11,702,000 | 4,033,000 | (9,951,000) | 5,784,000 |
| Other Donor Designated Funds | 2,324,000 | 5,998,000 | (4,916,000) | 3,406,000 |
| Advocacy Programs | 823,000 | 7,357,000 | (2,876,000) | 5,304,000 |
| Humanitarian Relief and Rehabilitation | 4,939,000 | 5,140,000 | (7,762,000) | 2,317,000 |
| U.S. Program Investment Fund | 1,536,000 | 207,000 | (105,000) | 1,638,000 |
| Haiti Earthquake Relief | 9,000 | - | (9,000) | - |
| | <u>31,262,000</u> | <u>23,979,000</u> | <u>(30,505,000)</u> | <u>24,736,000</u> |
| <i>Resources with Time Restrictions:</i> | | | | |
| Split-interest agreements | <u>271,000</u> | <u>(7,000)</u> | <u>-</u> | <u>264,000</u> |
| | <u>271,000</u> | <u>(7,000)</u> | <u>-</u> | <u>264,000</u> |
| Unexpended net appreciation - endowment | <u>4,139,000</u> | <u>815,000</u> | <u>(18,000)</u> | <u>4,936,000</u> |
| | <u>\$ 35,672,000</u> | <u>\$ 24,787,000</u> | <u>\$ (30,523,000)</u> | <u>\$ 29,936,000</u> |

Note 7 - 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 OA. As of March 31, 2018 and 2017, these gifts totaled \$2,634,000 and \$1,797,000, respectively. The unexpended net appreciation on these gifts is reflected in the temporarily restricted net assets detailed in Note 6.

OXFAM AMERICA, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

Note 8 - 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 OA 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 OA to retain as a fund of perpetual duration. There were no such deficiencies at March 31, 2018 and 2017.

Spending Policy

OA utilizes a total return spending policy 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. A distribution in the amount of \$22,000 and \$18,000 was made during the years ended March 31, 2018 and 2017, respectively. This distribution was made to cover fees on the endowed assets. No additional distributions were made under the spending policy in 2018 or 2017.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, OA 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). OA targets an asset allocation strategy wherein assets are diversified among several socially responsible asset classes. The pursuit of maximizing total return is tempered by the need to minimize the volatility of returns and preserve capital.

OXFAM AMERICA, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

Note 8 - Endowment Matters (Continued)

Endowment

The following represents required disclosure relative to the composition and activities of endowment for the years ended March 31, 2018 and 2017:

| | <i>Temporarily Restricted Net Assets</i> | <i>Permanently Restricted Net Assets</i> | <i>Total</i> |
|------------------------------------|--|--|----------------------------|
| Endowment at April 1, 2016 | \$ 4,139,000 | \$ 1,797,000 | \$ 5,936,000 |
| Total investment returns | 815,000 | - | 815,000 |
| Fees and reclassifications | <u>(18,000)</u> | <u>-</u> | <u>(18,000)</u> |
| Endowment at March 31, 2017 | 4,936,000 | 1,797,000 | 6,733,000 |
| Total investment returns | 771,000 | - | 771,000 |
| Contributions | - | 837,000 | 837,000 |
| Fees and reclassifications | <u>(22,000)</u> | <u>-</u> | <u>(22,000)</u> |
| Endowment at March 31, 2018 | <u>\$ 5,685,000</u> | <u>\$ 2,634,000</u> | <u>\$ 8,319,000</u> |

Note 9 - Donated Services

OA received and recognized contributed services and materials (primarily legal services) of approximately \$1,301,000 and \$706,000 for the years ended March 31, 2018 and 2017, 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.

Note 10 - Commitments and Contingencies

OA leases a substantial portion of its office space, domestically and internationally, under operating lease arrangements that expire through 2027. 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 OA.

OXFAM AMERICA, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

Note 10 - Commitments and Contingencies (Continued)

Future minimum lease payments are as follows:

| | | |
|--------------|-----------|--------------------------|
| 2019 | \$ | 2,272,000 |
| 2020 | | 2,286,000 |
| 2021 | | 2,356,000 |
| 2022 | | 2,414,000 |
| 2023 | | 2,471,000 |
| Thereafter | | <u>4,209,000</u> |
| Total | \$ | <u>16,008,000</u> |

Total rent expense under operating leases was \$2,111,000 and \$2,135,000 for the years ended March 31, 2018 and 2017, respectively.

OA has union contracts for certain staff in the Boston and Washington, D.C. offices which extend through March 31, 2020.

Note 11 - Direct Grants to Partners

OA incurred \$70,816,000 and \$67,175,000 of program expenses during the years ended March 31, 2018 and 2017, respectively. Included in these expenses are direct development, advocacy and humanitarian grants provided to partners as follows for the years ended March 31:

| <u><i>Country/Region of Impact</i></u> | <i>2018</i> | <i>2017</i> |
|--|-----------------------------|-----------------------------|
| Regions of Asia and the Pacific | \$ 3,283,000 | \$ 5,616,000 |
| Regions of Africa | 10,672,000 | 5,089,000 |
| Latin America and Caribbean | 5,884,000 | 4,761,000 |
| Global programs | 5,272,000 | 5,150,000 |
| United States and US Territories | <u>951,000</u> | <u>542,000</u> |
| Total direct grants to partners for development | 26,062,000 | 21,158,000 |
| Other support to partners | <u>3,289,000</u> | <u>3,796,000</u> |
| Total direct grants to partners and other support to partners | \$ <u>29,351,000</u> | \$ <u>24,954,000</u> |

OXFAM AMERICA, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

Note 12 - Reserves

Because it receives a substantial portion of its support from individual contributions, OA 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 reserve sufficient to ensure the continuity of OA's operations and programming in years of revenue shortfall. Reserves in excess of targeted amounts may be utilized to support program services and other OA objectives.