

Consolidated Financial Statements

Oxfam America, Inc.

October 31, 2007 and 2006



OXFAM AMERICA, INC.

Financial Statements

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Independent Auditors' Report

Board of Directors
Oxfam America, Inc.
Boston, Massachusetts

We have audited the accompanying Consolidated Statements of Financial Position of Oxfam America, Inc. ("Oxfam") as of October 31, 2007 and 2006 and the related Statements of Activities, Functional Expenses and Cash Flows for the years then ended. These consolidated financial statements are the responsibility of Oxfam's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Oxfam America, Inc. as of October 31, 2007 and 2006 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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

January 24, 2008
Cambridge, Massachusetts

Independent Member of BKR International

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Cambridge | Providence | New Bedford | Newport

OXFAM AMERICA, INC.

Consolidated Statements of Financial Position

October 31,

| | <i>2007</i> | | | <i>2006</i> | |
|-----------------------------------------------|----------------------|-----------------------------------|-----------------------------------|----------------------|----------------------|
| | <i>Unrestricted</i> | <i>Temporarily Restricted</i> | <i>Permanently Restricted</i> | <i>Total</i> | <i>Total</i> |
| Assets | | | | | |
| Cash | \$ 2,651,000 | \$ - | \$ - | \$ 2,651,000 | \$ 2,078,000 |
| Investments | 37,652,000 | 32,755,000 | 1,568,000 | 71,975,000 | 68,153,000 |
| Pledges receivable | 79,000 | 13,238,000 | - | 13,317,000 | 4,885,000 |
| Other assets | 805,000 | 1,064,000 | - | 1,869,000 | 2,277,000 |
| Net fixed assets | 3,106,000 | - | - | 3,106,000 | 3,190,000 |
| Total assets | \$ 44,293,000 | \$ 47,057,000 | \$ 1,568,000 | \$ 92,918,000 | \$ 80,583,000 |
| Liabilities | | | | | |
| Accounts payable and accrued payroll expenses | \$ 3,589,000 | \$ - | \$ - | \$ 3,589,000 | \$ 2,706,000 |
| Grants payable | 3,706,000 | - | - | 3,706,000 | 2,856,000 |
| Other liabilities | 3,877,000 | - | - | 3,877,000 | 3,135,000 |
| Total liabilities | 11,172,000 | - | - | 11,172,000 | 8,697,000 |
| Net assets: | | | | | |
| Unrestricted | 33,121,000 | - | - | 33,121,000 | 28,825,000 |
| Temporarily restricted | - | 47,057,000 | - | 47,057,000 | 41,493,000 |
| Permanently restricted | - | - | 1,568,000 | 1,568,000 | 1,568,000 |
| Total net assets | 33,121,000 | 47,057,000 | 1,568,000 | 81,746,000 | 71,886,000 |
| Total liabilities and net assets | \$ 44,293,000 | \$ 47,057,000 | \$ 1,568,000 | \$ 92,918,000 | \$ 80,583,000 |

See the accompanying notes to the financial statements.

OXFAM AMERICA, INC.

Consolidated Statement of Financial Position

October 31, 2006

| | <i>Unrestricted</i> | <i>Temporarily Restricted</i> | <i>Permanently Restricted</i> | <i>Total</i> |
|-----------------------------------------------|----------------------|-----------------------------------|-----------------------------------|----------------------|
| Assets | | | | |
| Cash | \$ 2,078,000 | \$ - | \$ - | \$ 2,078,000 |
| Investments | 30,894,000 | 35,691,000 | 1,568,000 | 68,153,000 |
| Pledges receivable | 92,000 | 4,793,000 | - | 4,885,000 |
| Other assets | 1,268,000 | 1,009,000 | - | 2,277,000 |
| Net fixed assets | 3,190,000 | - | - | 3,190,000 |
| Total assets | \$ 37,522,000 | \$ 41,493,000 | \$ 1,568,000 | \$ 80,583,000 |
| Liabilities | | | | |
| Accounts payable and accrued payroll expenses | \$ 2,706,000 | \$ - | \$ - | \$ 2,706,000 |
| Grants payable | 2,856,000 | - | - | 2,856,000 |
| Other liabilities | 3,135,000 | - | - | 3,135,000 |
| Total liabilities | 8,697,000 | - | - | 8,697,000 |
| Net assets: | | | | |
| Unrestricted | 28,825,000 | - | - | 28,825,000 |
| Temporarily restricted | - | 41,493,000 | - | 41,493,000 |
| Permanently restricted | - | - | 1,568,000 | 1,568,000 |
| Total net assets | 28,825,000 | 41,493,000 | 1,568,000 | 71,886,000 |
| Total liabilities and net assets | \$ 37,522,000 | \$ 41,493,000 | \$ 1,568,000 | \$ 80,583,000 |

See the accompanying notes to the financial statements.

OXFAM AMERICA, INC.

Consolidated Statements of Activities

Years Ended October 31,

| | <i>2007</i> | | | <i>2006</i> | |
|-------------------------------------------------------|----------------------|-----------------------------------|-----------------------------------|----------------------|----------------------|
| | <i>Unrestricted</i> | <i>Temporarily Restricted</i> | <i>Permanently Restricted</i> | <i>Total</i> | <i>Total</i> |
| Revenue, gains and other support: | | | | | |
| Contributions | \$ 36,515,000 | \$ 27,776,000 | \$ - | \$ 64,291,000 | \$ 63,156,000 |
| Investment income | 3,303,000 | 441,000 | - | 3,744,000 | 3,405,000 |
| Other | 268,000 | - | - | 268,000 | 886,000 |
| Net assets released from restrictions | 22,653,000 | (22,653,000) | - | - | - |
| Total revenue, gains and other support | 62,739,000 | 5,564,000 | - | 68,303,000 | 67,447,000 |
| Expenses: | | | | | |
| Program services: | | | | | |
| Regional programs | 25,582,000 | - | - | 25,582,000 | 18,936,000 |
| Humanitarian relief and rehabilitation | 8,686,000 | - | - | 8,686,000 | 11,784,000 |
| Public education | 7,526,000 | - | - | 7,526,000 | 7,525,000 |
| Policy and advocacy | 4,894,000 | - | - | 4,894,000 | 3,462,000 |
| Total program services | 46,688,000 | - | - | 46,688,000 | 41,707,000 |
| Support services: | | | | | |
| Management and general | 3,325,000 | - | - | 3,325,000 | 2,867,000 |
| Fundraising | 8,430,000 | - | - | 8,430,000 | 8,230,000 |
| Total supporting services | 11,755,000 | - | - | 11,755,000 | 11,097,000 |
| Total expenses | 58,443,000 | - | - | 58,443,000 | 52,804,000 |
| Change in net assets from operating activities | 4,296,000 | 5,564,000 | - | 9,860,000 | 14,643,000 |
| Gain from sale of 26 West Street | - | - | - | - | 4,525,000 |
| Change in net assets | 4,296,000 | 5,564,000 | - | 9,860,000 | 19,168,000 |
| Net assets, beginning of year | 28,825,000 | 41,493,000 | 1,568,000 | 71,886,000 | 52,718,000 |
| Net assets, end of year | \$ 33,121,000 | \$ 47,057,000 | \$ 1,568,000 | \$ 81,746,000 | \$ 71,886,000 |

See the accompanying notes to the financial statements.

OXFAM AMERICA, INC.

Consolidated Statement of Activities

Year Ended October 31, 2006

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|-------------------------------------------------------|----------------------|-----------------------------------|-----------------------------------|----------------------|
| Revenue, gains and other support: | | | | |
| Contributions | \$ 31,680,000 | \$ 31,476,000 | - | \$ 63,156,000 |
| Investment income | 2,729,000 | 676,000 | - | 3,405,000 |
| Other | 886,000 | - | - | 886,000 |
| Net assets released from restrictions | 20,636,000 | (20,636,000) | - | - |
| Total revenue, gains and other support | 55,931,000 | 11,516,000 | - | 67,447,000 |
| Expenses: | | | | |
| Program services: | | | | |
| Regional programs | 18,936,000 | - | - | 18,936,000 |
| Humanitarian relief and rehabilitation | 11,784,000 | - | - | 11,784,000 |
| Public education | 7,525,000 | - | - | 7,525,000 |
| Policy and advocacy | 3,462,000 | - | - | 3,462,000 |
| Total program services | 41,707,000 | - | - | 41,707,000 |
| Support services: | | | | |
| Management and general | 2,867,000 | - | - | 2,867,000 |
| Fundraising | 8,230,000 | - | - | 8,230,000 |
| Total supporting services | 11,097,000 | - | - | 11,097,000 |
| Total expenses | 52,804,000 | - | - | 52,804,000 |
| Change in net assets from operating activities | 3,127,000 | 11,516,000 | - | 14,643,000 |
| Gain from sale of 26 West Steet | 4,525,000 | - | - | 4,525,000 |
| Change in net assets | 7,652,000 | 11,516,000 | | 19,168,000 |
| Net assets, beginning of year | 21,173,000 | 29,977,000 | 1,568,000 | 52,718,000 |
| Net assets, end of year | \$ 28,825,000 | \$ 41,493,000 | \$ 1,568,000 | \$ 71,886,000 |

See the accompanying notes to the financial statements.

OXFAM AMERICA, INC.

Consolidated Statements of Functional Expenses

Years Ended October 31,

| | 2007 | | | | | 2006 | | | | |
|------------------------------------------------------------|----------------------|----------------------------------------|---------------------|---------------------|------------------------|------------------------|---------------------|---------------------------|----------------------|----------------------|
| | Program Services | | | | Supporting Services | | | | | |
| | Regional Programs | Humanitarian Relief and Rehabilitation | Public Education | Policy and Advocacy | Total Program Services | Management and General | Fundraising | Total Supporting Services | Total | Total |
| Payroll and related expenses | \$ 6,244,000 | 1,064,000 | 3,897,000 | 2,265,000 | \$ 13,470,000 | \$ 2,022,000 | 2,273,000 | \$ 4,295,000 | \$ 17,765,000 | \$ 14,465,000 |
| Professional fees and services | 1,012,000 | 104,000 | 835,000 | 846,000 | 2,797,000 | 586,000 | 1,936,000 | 2,522,000 | 5,319,000 | 4,848,000 |
| Occupancy costs | 921,000 | 127,000 | 603,000 | 650,000 | 2,301,000 | 64,000 | 285,000 | 349,000 | 2,650,000 | 2,708,000 |
| Travel | 1,460,000 | 279,000 | 532,000 | 264,000 | 2,535,000 | 84,000 | 84,000 | 168,000 | 2,703,000 | 2,097,000 |
| Supplies, postage and printing | 209,000 | 27,000 | 455,000 | 213,000 | 904,000 | 34,000 | 3,308,000 | 3,342,000 | 4,246,000 | 3,992,000 |
| Other expenses | 430,000 | 51,000 | 696,000 | 223,000 | 1,400,000 | 533,000 | 435,000 | 968,000 | 2,368,000 | 3,316,000 |
| Direct grants to partners * | 12,710,000 | 56,000 | 378,000 | 215,000 | 13,359,000 | - | - | - | 13,359,000 | 10,227,000 |
| Humanitarian support * | 2,082,000 | 6,853,000 | - | - | 8,935,000 | - | - | - | 8,935,000 | 10,446,000 |
| Total expenses before depreciation and amortization | 25,068,000 | 8,561,000 | 7,396,000 | 4,676,000 | 45,701,000 | 3,323,000 | 8,321,000 | 11,644,000 | 57,345,000 | 52,099,000 |
| Depreciation and amortization | 514,000 | 125,000 | 130,000 | 218,000 | 987,000 | 2,000 | 109,000 | 111,000 | 1,098,000 | 705,000 |
| Total expenses | \$ 25,582,000 | \$ 8,686,000 | \$ 7,526,000 | \$ 4,894,000 | \$ 46,688,000 | \$ 3,325,000 | \$ 8,430,000 | \$ 11,755,000 | \$ 58,443,000 | \$ 52,804,000 |

* This amount does not include operational assistance to partners

OXFAM AMERICA, INC.

Consolidated Statement of Functional Expenses

Year Ended October 31, 2006

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

* This amount does not include operational assistance to partners

OXFAM AMERICA, INC.

Consolidated Statements of Cash Flows

| | <i>Years Ended October 31,</i> | |
|---------------------------------------------------|--------------------------------|----------------------------|
| | <i>2007</i> | <i>2006</i> |
| Cash flows from operating activities: | | |
| Change in net assets | \$ 9,860,000 | \$ 19,168,000 |
| Reconciliation to cash flow: | | |
| Net realized and unrealized gains on investments | (570,000) | (488,000) |
| Net realized gain on sale of building | - | (4,525,000) |
| Depreciation and amortization | 1,098,000 | 705,000 |
| Change in: | | |
| Pledges receivable | (8,432,000) | (2,839,000) |
| Other assets | 408,000 | (600,000) |
| Accounts payable and accrued payroll expenses | 883,000 | 357,000 |
| Grants payable | 850,000 | 482,000 |
| Other liabilities | 742,000 | 1,262,000 |
| | <u>4,839,000</u> | <u>13,522,000</u> |
| Net cash provided by operating activities | 4,839,000 | 13,522,000 |
| Cash flows from investing activities: | | |
| Purchases of fixed assets | (1,014,000) | (2,959,000) |
| Proceeds from sales of fixed assets | - | 7,406,000 |
| Proceeds from sales and maturities of investments | 28,464,000 | 12,401,000 |
| Purchases of investments | (31,716,000) | (31,754,000) |
| | <u>(4,266,000)</u> | <u>(14,906,000)</u> |
| Net cash used in investing activities | (4,266,000) | (14,906,000) |
| Net change in cash | 573,000 | (1,384,000) |
| Cash, beginning of year | <u>2,078,000</u> | <u>3,462,000</u> |
| Cash, end of year | \$ <u>2,651,000</u> | \$ <u>2,078,000</u> |

OXFAM AMERICA, INC.

Notes to Consolidated Financial Statements

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

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

Oxfam is a member of Oxfam International which is a non-profit organization registered in the Netherlands, comprised of thirteen independent organizations around the world. Oxfam’s chair and president are members of the Oxfam International Board of Trustees. Each Oxfam International member organization has one vote on the Oxfam International Board of Trustees. Excluding payments made to the Oxfam International Tsunami Trust Fund “the Trust Fund”, Oxfam made payments of \$6,889,000 and \$2,265,000 to Oxfam International and its member organizations and received \$1,360,000 and \$1,814,000, in the fiscal years 2007 and 2006, respectively, from Oxfam International and its member organizations.

In 2005, Oxfam International formed the Trust Fund, as a public charity incorporated in the United Kingdom, to manage and coordinate Oxfam International member organizations’ humanitarian relief and rehabilitation response to the December 2004 South Asia Tsunami. Through the Trust Fund, member organizations have pooled resources for Tsunami response. The Trust Fund distributes funds among member organizations for implementation of comprehensive programming in the affected countries. Each Oxfam member organization’s president or executive director is a member of the Trust Fund Board of Trustees. In 2007 and 2006, respectively, Oxfam transferred \$0 and \$5,256,000 to the Trust Fund. The Trust Fund issues a separate annual report detailing the organization’s relief and rehabilitation response and is subject to annual audit under accounting rules governing charities in the United Kingdom.

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

In 2007, Oxfam established the Oxfam America Real Estate LLC (“Real Estate”). This entity was formed and its sole purpose is to receive donations of real estate, and to hold title to such property until such time as the donated real estate is liquidated or otherwise disposed of. Proceeds from donated real estate are transferred to Oxfam upon receipt. The Real Estate entity is operating solely in furtherance of Oxfam’s mission. It is Oxfam’s policy to recognize real estate contributions when a fair market value is available.

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

Principles of Consolidation

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

OXFAM AMERICA, INC.

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 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.

The Board of Directors has been advised that state law requires accumulated unspent gains on permanently restricted net assets to be reported as temporarily restricted net assets until appropriated by the Board for expenditures. State law allows the Board to appropriate the amount of net appreciation that is prudent considering Oxfam's long and short-term needs, present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions. Accordingly, accumulated unspent gains are included in temporarily restricted net assets.

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.

Campaign for Oxfam

In 2005 Oxfam commenced the Campaign for Oxfam ("Campaign"), a special fundraising campaign to expand programs over a five year period. From the commencement of the Campaign through the year ended October 31, 2007 Oxfam has recorded \$31,287,000 in contribution revenue and \$8,266,000 releases from restriction associated with the Campaign. The total net assets for the current year increased \$9,860,000 of which \$8,009,000 is attributable to the Campaign.

Contributions

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

OXFAM AMERICA, INC.

Notes to Consolidated Financial Statements

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

Investments

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

Fixed Assets

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

Grants Payable

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

OXFAM AMERICA, INC.

Notes to Consolidated Financial Statements

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

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 recorded in investments. A liability is recorded for the actuarially estimated amount due 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.

The value of split-interest agreements at October 31, 2007 and 2006, respectively, is as follows:

| | <i>December 31,</i> | |
|--------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|
| | <i>2007</i> | <i>2006</i> |
| <i>Charitable gift annuities:</i> | | |
| Assets received associated with and included in charitable gift annuities and included in investments | \$ 5,252,000 | \$ 5,075,000 |
| Present value of future payments to beneficiaries reported in other liabilities (using a discount rate of 6% in 2007 and 2006) | \$ <u>(2,933,000)</u> | \$ <u>(2,900,000)</u> |
| <i>Net Charitable gift annuities</i> | \$ <u>2,319,000</u> | \$ <u>2,175,000</u> |
| <i>Pooled income fund:</i> | | |
| Pooled income fund reported in other assets, net (using a discount rate of 4% in 2007 and 2006) | \$ 241,000 | \$ 231,000 |
| <i>Charitable remainder trusts:</i> | | |
| Charitable remainder trusts reported in other assets, net (using a discount rate of 6% in 2007 and 2006) | \$ 823,000 | \$ 778,000 |

The net revenue and changes in the value of split-interest agreements was \$199,000 and \$828,000 for the years ending October 31, 2007 and 2006, respectively.

OXFAM AMERICA, INC.

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

Estimates Used in the Preparation of Consolidated Financial Statements

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of consolidated financial statements and revenues and expenses during the reporting period. Allowances for uncollectible pledges, depreciation, allocation of operating costs, valuation of split interest agreements, quantification of consumption of restricted resources and identification of donor restrictions are the significant estimates that are included in the consolidated financial statements. Actual results could differ from those estimates.

Tax Status

Oxfam America received a determination letter dated November 30, 2005 from the Internal Revenue Service, recognizing it as an organization described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and, as such, is generally exempt from federal and state income taxes on related income. In addition, the Fund received a determination letter dated October 20, 2006 from the Internal Revenue Service recognizing it as an organization described in Section 501(c)(4) of the Internal Revenue Code and, as such, it is generally exempt from federal and state income taxes on related income. Accordingly, no provision for income taxes is made in the consolidated financial statements.

OXFAM AMERICA, INC.

Notes to Consolidated Financial Statements

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

Concentration of Credit Risk

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.

Oxfam maintains a concentration of cash with banks and other institutions in excess of insured amounts and in uninsured money market mutual funds included in investments. At October 31, 2007 and 2006, Oxfam had 61% and 53% of its cash invested in funds managed by two major financial institutions. At October 31, 2007 and 2006, \$58,587,000 and \$53,764,000, respectively, was invested in money market funds. Oxfam has not experienced any losses in these accounts and believes such risks are mitigated by restrictions on its money market funds and the credit standing of its banks.

As of October 31, 2007, Oxfam had two contributors that accounted for approximately 52% of the pledges receivable balance. Oxfam had one contributor that made a pledge for restricted purposes that made up 11% of the contribution revenue during the 2007 fiscal year.

Total Return 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.

Reclassifications

Certain reclassifications have been made to the 2006 consolidated financial statements in order to conform with the current year's presentation. These reclassifications had no effect on previously reported change in net assets or ending balances of net assets.

OXFAM AMERICA, INC.

Notes to Consolidated Financial Statements

Note 2 - Investments

Investments consist of the following at October 31:

| | <i>2007</i> | <i>2006</i> |
|----------------------------------|-----------------------------|-----------------------------|
| U.S. Government and agency bonds | \$ 7,408,000 | \$ 8,333,000 |
| Corporate bonds | <u>1,887,000</u> | <u>2,856,000</u> |
| | 9,295,000 | 11,189,000 |
| Money market mutual funds | 58,587,000 | 53,764,000 |
| Stocks, rights, warrants | <u>4,093,000</u> | <u>3,200,000</u> |
| Total investments | \$ <u>71,975,000</u> | \$ <u>68,153,000</u> |

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

| | <i>2007</i> | <i>2006</i> |
|---------------------------------------|----------------------------|-----------------------------|
| Due in one year or less | \$ 2,625,000 | \$ 7,240,000 |
| Due after one year through five years | 6,420,000 | 3,500,000 |
| Due after five years | <u>250,000</u> | <u>449,000</u> |
| | \$ <u>9,295,000</u> | \$ <u>11,189,000</u> |

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

| | <i>2007</i> | <i>2006</i> |
|-------------------------------------------------|----------------------------|----------------------------|
| Investment income | \$ 3,229,000 | \$ 2,960,000 |
| Net realized and unrealized gain on investments | 570,000 | 488,000 |
| Management fees | <u>(55,000)</u> | <u>(43,000)</u> |
| | \$ <u>3,744,000</u> | \$ <u>3,405,000</u> |

OXFAM AMERICA, INC.

Notes to Consolidated Financial Statements

Note 3 - Pledges Receivable

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

| | <i>2007</i> | <i>2006</i> |
|-------------------------------------|-----------------------------|----------------------------|
| One year or less | \$ 7,380,000 | \$ 1,829,000 |
| Between one and five years | <u>7,006,000</u> | <u>3,382,000</u> |
| | 14,386,000 | 5,211,000 |
| Less: Present value discount | (933,000) | (324,000) |
| Allowance for uncollectible pledges | <u>(136,000)</u> | <u>(2,000)</u> |
| Pledges receivable | <u>\$ 13,317,000</u> | <u>\$ 4,885,000</u> |

Note 4 - Fixed Assets

Fixed assets consist of the following at October 31:

| | <i>2007</i> | <i>2006</i> |
|------------------------------------------------|----------------------------|----------------------------|
| Building and building improvements | \$ 1,386,000 | \$ 1,339,000 |
| Furniture and equipment | 2,182,000 | 2,085,000 |
| Computer equipment | 3,649,000 | 2,860,000 |
| Other | <u>171,000</u> | <u>110,000</u> |
| | 7,388,000 | 6,394,000 |
| Less accumulated depreciation and amortization | <u>(4,282,000)</u> | <u>(3,204,000)</u> |
| Net fixed assets | <u>\$ 3,106,000</u> | <u>\$ 3,190,000</u> |

Note 5 - Pension Plan

Oxfam maintains a non-contributory defined contribution pension plan that provides retirement benefits for substantially all U.S. employees who have satisfied the applicable waiting periods. Contributions to the plan are based on a percentage of salary. Contributions to the plan were \$454,000 and \$362,000 for the years ended October 31, 2007 and 2006, respectively, and are reflected as part of payroll and related expenses in the accompanying Statements of Functional Expenses. Oxfam also maintains a 403(b) tax deferred annuity retirement plan, which is funded solely by employee contributions.

OXFAM AMERICA, INC.

Notes to Consolidated Financial Statements

Note 6 - Temporarily Restricted Net Assets

Temporarily restricted net assets include the following at October 31:

| | 2006 <i>Balance</i> | <i>Additions</i> | <i>Releases</i> | 2007 <i>Balance</i> |
|---------------------------------------------|-------------------------------|----------------------|----------------------|-------------------------------|
| <i>Resources with Purpose Restrictions:</i> | | | | |
| Campaign for Oxfam | \$ 15,012,000 | \$ 14,474,000 | \$ 6,465,000 | \$ 23,021,000 |
| Gulf Coast Recovery and Rehabilitation | 2,945,000 | 7,448,000 | 2,100,000 | 8,293,000 |
| Humanitarian Relief and Rehabilitation | 14,611,000 | 3,595,000 | 10,388,000 | 7,818,000 |
| South Asia Tsunami Relief | 2,305,000 | 111,000 | 925,000 | 1,491,000 |
| Other Donor Designated Funds | 1,334,000 | 2,298,000 | 2,444,000 | 1,188,000 |
| U.S. Program Investment Fund | 1,095,000 | 65,000 | 66,000 | 1,094,000 |
| Amazon Programs | 1,015,000 | 52,000 | - | 1,067,000 |
| Fair Trade Program | 268,000 | - | 119,000 | 149,000 |
| Advocacy Related Projects | 51,000 | - | 50,000 | 1,000 |
| | 38,636,000 | 28,043,000 | 22,557,000 | 44,122,000 |
| <i>Resources with Time Restrictions:</i> | | | | |
| Split-Interest Agreements | 1,009,000 | 16,000 | - | 1,025,000 |
| Unexpended net appreciation-endowment | 1,848,000 | 158,000 | 96,000 | 1,910,000 |
| | \$ 41,493,000 | \$ 28,217,000 | \$ 22,653,000 | \$ 47,057,000 |
| | | | | |
| | 2005 <i>Balance</i> | <i>Additions</i> | <i>Releases</i> | 2006 <i>Balance</i> |
| <i>Resources with Purpose Restrictions:</i> | | | | |
| Campaign for Oxfam | \$ 1,218,000 | \$ 15,595,000 | \$ 1,801,000 | \$ 15,012,000 |
| Humanitarian Relief and Rehabilitation | 12,072,000 | 7,070,000 | 4,531,000 | 14,611,000 |
| Gulf Coast Recovery and Rehabilitation | 951,000 | 3,712,000 | 1,718,000 | 2,945,000 |
| South Asia Tsunami Relief | 7,986,000 | 1,711,000 | 7,392,000 | 2,305,000 |
| Other Donor Designated Funds | 1,263,000 | 2,729,000 | 2,658,000 | 1,334,000 |
| U.S. Program Investment Fund | 1,079,000 | 78,000 | 62,000 | 1,095,000 |
| Amazon Programs | 956,000 | 59,000 | - | 1,015,000 |
| Fair Trade Program | 1,391,000 | - | 1,123,000 | 268,000 |
| Advocacy Related Projects | 295,000 | 955,000 | 1,199,000 | 51,000 |
| | 27,211,000 | 31,909,000 | 20,484,000 | 38,636,000 |
| <i>Resources with Time Restrictions:</i> | | | | |
| Split-Interest Agreements | 955,000 | 54,000 | - | 1,009,000 |
| Unexpended net appreciation-endowment | 1,811,000 | 189,000 | 152,000 | 1,848,000 |
| | \$ 29,977,000 | \$ 32,152,000 | \$ 20,636,000 | \$ 41,493,000 |

OXFAM AMERICA, INC.

Notes to Consolidated Financial Statements

Note 7 - Permanently Restricted Net Assets

Permanently restricted net assets consist of gifts to be invested in perpetuity. As of October 31, 2007 and 2006, these gifts totaled \$1,568,000. The unexpended net appreciation on these gifts is reflected in the temporarily restricted net assets detailed in Note 6.

Note 8 - Donated Assets and Services

Oxfam received contributed assets and services including legal and public education services, contributed software, advertising and furniture of approximately \$562,000 and \$2,124,000 in 2007 and 2006, respectively. The contributed services are reflected in the Statement of Activities as required under SFAS 116, "Accounting for Contributions Received and Contribution Made", which recognizes contribution services if the services received require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Note 9 - Commitments and Contingencies

Oxfam leases a substantial portion of its office space, domestically and internationally, under operating lease arrangements that expire through 2016. Certain leases contain other provisions such as future increased rents and intermediate rental negotiations, as applicable. In addition, certain of the leases include terms that allow for any increase in operating costs to be charged to Oxfam.

Future minimum lease payments are as follows:

| | <u><i>Gross Lease Commitments</i></u> | <u><i>Sublease Revenue</i></u> | <u><i>Net Lease Commitments</i></u> |
|--------------|-------------------------------------------|------------------------------------|-----------------------------------------|
| 2008 | \$ 1,791,000 | (214,000) | 1,577,000 |
| 2009 | 1,813,000 | (221,000) | 1,592,000 |
| 2010 | 1,780,000 | (227,000) | 1,553,000 |
| 2011 | 1,622,000 | (58,000) | 1,564,000 |
| 2012 | 1,691,000 | - | 1,691,000 |
| Thereafter | <u>6,164,000</u> | <u>-</u> | <u>6,164,000</u> |
| Total | <u><u>\$ 14,861,000</u></u> | <u><u>\$ (720,000)</u></u> | <u><u>\$ 14,141,000</u></u> |

OXFAM AMERICA, INC.

Notes to Consolidated Financial Statements

Note 9 - Commitments and Contingencies (Continued)

Total gross rent expense under operating leases was \$1,776,000 and \$1,662,000, and sublease income totaled \$216,000 and \$169,000, for the years ended October 31, 2007 and 2006, respectively.

Oxfam has union contracts for certain staff in the Boston and Washington D.C. offices. A contract covering staff in the Washington D.C. office was ratified subsequent to year-end. A contract covering staff in the Boston office has been extended from its original end-date of May 31, 2007 to an on-going basis while negotiations continue. In an agreement dated July 21, 2006, Oxfam provided a guarantee of up to a maximum of \$1,000,000 for a loan to MicroCredit Enterprises (herein "MCE"), a 501(c)(3) IRS non profit organization, whose purpose is to leverage private capital to help finance micro-businesses of impoverished entrepreneurs in the developing world. In the event of a default, the allocation of losses is calculated on a pro rata basis among all guarantors. Management does not presently believe that it is probable that it will be required to perform under this guaranty. If Oxfam were required to perform, management has concluded that the value of this guaranty when issued was not material. As of October 31, 2007, no draws on the guaranty were made.

Note 10 - Direct Grants to Partners

Oxfam incurred \$46,688,000 and \$41,707,000 of program service expenses during the 2007 and 2006 fiscal years. Included in these expenses are direct development grants provided to partners as follows for the years ended October 31:

| | <i>2007</i> | <i>2006</i> |
|--------------------------------------------------------|----------------------|----------------------|
| Regions of Africa | \$ 4,252,000 | \$ 3,197,000 |
| Regions of Asia | 2,013,000 | 1,660,000 |
| South America region | 2,295,000 | 1,331,000 |
| Central America/Caribbean/Mexico | 2,360,000 | 2,025,000 |
| United States | 1,846,000 | 1,572,000 |
| Miscellaneous | 593,000 | 442,000 |
| | <hr/> | <hr/> |
| Total direct grants to partners for development | \$ 13,359,000 | \$ 10,227,000 |

Note 11 - Other Reserves

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