Financial Statements of

OXFAM CANADA

Year ended March 31, 2014

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INDEPENDENT AUDITORS' REPORT

To the Directors of Oxfam Canada

We have audited the accompanying financial statements of Oxfam Canada, which comprise the statement of financial position as at March 31, 2014, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of 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 financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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 financial statements present fairly, in all material respects, the financial position of Oxfam Canada as at March 31, 2014, and its results of operations, changes in net assets and its cash flows for the year then ended, in accordance with Canadian accounting standards for not-for-profit organizations.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

September 20, 2014

OXFAM CANADA

Statement of Financial Position

March 31, 2014, with comparative information for 2013

	2014	2013
Assets		
Current assets:		
Cash	$ 1,932,345	$ 1,893,834
Short-term investments	-	707,883
Accounts receivable	81,066	483,763
Advances to partners	1,868,088	2,265,390
Prepaid expenses	119,861	154,817
	4,001,360	5,505,687
Tangible capital and intangible assets (note 2)	4,360,021	4,706,942
	$ 8,361,381	$ 10,212,629
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 3)	$ 1,109,372	$ 1,516,179
Deferred revenue (note 5)	3,766,239	5,264,002
Current portion of long-term debt (note 6)	107,857	119,156
	4,983,468	6,899,337
Long-term portion of long-term debt (note 6)	1,061,178	1,162,566
Accrued benefit liability (note 4)	359,000	471,700
Net assets:		
Invested in tangible capital and intangible assets	3,190,986	3,425,220
Endowments	1,289	1,289
Unrestricted	(1,234,540)	(1,747,483)
	1,957,735	1,679,026
Commitments (note 8)		
Contingencies (note 9)		
	$ 8,361,381	$ 10,212,629

See accompanying notes to financial statements.

On behalf of the Board:

M. Hancock Director

[signature] Director

OXFAM CANADA

Statement of Operations

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
Revenue:		
Donations	$ 7,723,639	$ 10,524,765
Bequests	663,429	758,322
Grants and contributions:		
Government of Canada	11,856,890	14,205,840
Non-government organizations	403,484	2,318,780
Other Oxfam	1,704,033	3,543,789
Other governments	807,665	654,949
Interest	11,305	23,620
Miscellaneous income	81,489	91,163
Proceeds on disposal of tangible capital assets	184,000	-
Foreign exchange gain	2,750	-
	23,438,684	32,121,228
Expenses:		
Operating:		
Overseas projects	17,598,842	25,389,918
Overseas project management	383,623	436,414
Education and public affairs	1,062,193	1,305,243
Foreign exchange loss	-	27,917
Program support:		
Administration	2,338,204	2,725,369
Fundraising	1,777,113	2,215,535
	23,159,975	32,100,396
Excess of revenue over expenses	$ 278,709	$ 20,832

See accompanying notes to financial statements.

OXFAM CANADA

Statement of Changes in Net Assets

Year ended March 31, 2014, with comparative information for 2013

	Invested in tangible capital and intangible assets	Endowments	Unrestricted	2014	2013
Net assets (deficiency), beginning of year	$ 3,425,220	$ 1,289	$ (1,747,483)	$ 1,679,026	$ 1,658,194
Excess of revenue over expenses	-	-	278,709	278,709	20,832
Amortization of tangible capital and intangible assets	(306,378)	-	306,378	-	-
Disposals of tangible capital and intangible assets	(40,543)	-	40,543	-	-
Principal repayments of long-term debt	112,687	-	(112,687)	-	-
Net assets (deficiency), end of year	$ 3,190,986	$ 1,289	$ (1,234,540)	$ 1,957,735	$ 1,679,026

See accompanying notes to financial statements.

OXFAM CANADA

Statement of Cash Flows

Year ended March 31, 2014, with comparative information for 2013

		2014		2013
Cash provided by (used in):				
Operating activities:				
Excess of revenue over expenses	$	278,709	$	20,832
Items not involving cash:				
Amortization of tangible capital and intangible assets		306,378		389,818
Gain on disposal of tangible capital assets		(163,082)		-
Change in non-cash operating working capital				
Decrease in accounts receivable		402,697		365,678
Decrease in advances to partners		397,302		7,527,382
Decrease in prepaid expenses		34,956		40,732
Increase (decrease) in accounts payable and accrued liabilities		(406,807)		704,608
Increase (decrease) accrued benefit liability		(112,700)		13,400
Decrease in deferred revenue		(1,497,763)		(13,770,434)
		(760,310)		(4,707,984)
Investing activities:				
Disposals (additions) to tangible capital and intangible assets		19,625		(39,299)
Proceeds from disposal of tangible capital assets		184,000		-
Net decrease in short-term investments		707,883		37,818
		911,508		(1,481)
Financing activities:				
Principal repayments of long-term debt		(112,687)		(113,158)
Increase (decrease) in cash position		38,511		(4,822,623)
Cash position, beginning of year		1,893,834		6,716,457
Cash position, end of year	$	1,932,345	$	1,893,834

Interest paid during the year was $53,355 (2013 - $71,951)

See accompanying notes to financial statements.

Oxfam Canada ("Oxfam") is an international development agency working through Oxfam International and partner organizations in Africa, South Asia and the Americas to tackle the root causes of poverty, injustice and inequality. Oxfam is incorporated without share capital. Oxfam was previously incorporated under the Canada Corporations Act and was continued under the Canada Not-for-profit Corporations Act in April 2013. As a registered charity, Oxfam is exempt from income taxes under the Income Tax Act (Canada).

1. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Basis of presentation:

These financial statements include the assets and liabilities of Oxfam's Canadian operations and the six overseas Country Offices for which it has responsibility and the revenue and expenses for which Oxfam and its six overseas Country Offices enter into contracts with donors for the funding of projects in various countries.

(b) Financial statement presentation and basis of accounting:

Financial instruments are recorded at fair value on initial recognition. Investments are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. Oxfam has not elected to subsequently carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, Oxfam determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount Oxfam expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

1. Significant accounting policies (continued):

(c) Advances to partners:

Oxfam's approach to development involves working with a large number of local partners. Oxfam, via agreements with funders, provides funding, support and monitoring to its partners. Funds disbursed to partners as advances are recorded on the statement of financial position as advances to partners until the partner submits a financial report to Oxfam, as required by the agreements. The disbursed funds are recorded as expenses and corresponding revenue is recognized in the period that the financial report is received.

(d) Tangible capital and intangible assets:

Tangible capital and intangible assets acquired for direct use in projects are expensed in the year of acquisition. Those that are not project specific are capitalized and amortized over their estimated useful lives.

Tangible capital and intangible assets are stated at cost. Amortization is computed using the following methods and rates:

Asset	Basis	Rate
Tangible capital assets:		
Building	Declining balance	5%
Furniture and equipment	Declining balance	20%
Management information system	Declining balance	20%
Computer equipment	Declining balance	30%
Vehicles	Declining balance	25%
Leasehold improvements	Straight-line	5 years
Intangible assets:		
Computer software	Declining balance	30%

In the year of acquisition, capital asset purchases are amortized at one-half of the normal annual rate.

1. Significant accounting policies (continued):

(e) Employee post-employment benefit plan:

Oxfam maintains a post-employment benefit plan for some of its employees.

Oxfam uses the deferral and amortization approach to account for the plan. Oxfam accrues its obligations under the plan as the employees render the services necessary to earn the retirement benefits. The actuarial determination of the accrued benefit obligation uses the projected benefit method prorated on service (which incorporates management's best estimate of future salary levels, mortality of employees, termination and retirement ages of employees and other actuarial factors). The measurement date of the accrued benefit obligation coincides with Oxfam's fiscal year. The most recent actuarial valuation of the plan for funding purposes was as of March 31, 2014, and the next valuation will be as of March 31, 2017.

Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The excess of the net accumulated actuarial gains (losses) over 10% of the accrued benefit obligation is amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by the plan is 7 years (2013 - 4 years).

(f) Revenue recognition:

Oxfam follows the deferral method of accounting for contributions for not-for-profit organizations.

Restricted contributions are recorded as deferred revenue and subsequently transferred to revenue when such funds are utilized in accordance with the donor restrictions.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions and interest relating to restricted endowments are recognized as direct increases in net assets.

1. Significant accounting policies (continued):

(g) Government of Canada and other contributions:

Oxfam enters into contracts with the Government of Canada (mainly the Department of Foreign Affairs, Trade and Development – "DFATD", formerly known as the Canadian International Development Agency – "CIDA") and other donors for the funding of projects in various countries. In accordance with the revenue recognition policy, these funds are recorded as revenue in the statement of revenue and expenses as related expenses are incurred. Any indirect cost recovery, management fee or procurement fee that is applicable to Oxfam is recorded as revenue in the statement of revenue and expenses in accordance with the terms in the individual contracts.

Contributions received in excess of donors' share of funds expended in the current year for project activities represent unspent externally restricted contributions for expenditures in future years, and are shown in the statement of financial position as deferred revenue. Any contributions expended in excess of the contributions received from the donors are recorded as accounts receivable.

(h) Expense allocation:

Oxfam classifies expenses in the statement of revenue and expenses by function. Expenses are recognized in the year they are incurred and are recorded to operating or program support to which they are directly related. Oxfam does not allocate expenses between operating and program support after initial recognition.

(i) Contributed services:

Volunteers contribute significant time per year to assist Oxfam in carrying out its service delivery activities. These contributed services are not recognized in the financial statements because of the difficulty associated with measurement.

(j) Foreign currency translation:

Transactions denominated in foreign currencies are translated into Canadian dollars at the rate of exchange prevailing at the date of transaction. Foreign currency monetary assets and liabilities are translated into Canadian dollars at exchange rates in effect at the statement of financial position date. Foreign currency non-monetary assets are translated into Canadian dollars at exchange rates in effect at the time of acquisition. Any resulting foreign exchange gains or losses are included in the statement of operations.

1. Significant accounting policies (continued):

(k) Use of estimates:

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from these estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period they become known.

2. Tangible capital and intangible assets:

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Tangible assets:				
Land	$ 465,880	$ -	$ 465,880	$ 465,880
Building	3,847,701	690,001	3,157,700	3,308,068
Furniture and equipment	342,392	297,545	44,847	56,059
Vehicles	115,720	107,030	8,690	11,586
Computer equipment	1,264,515	1,198,511	66,004	91,292
Intangible assets:				
Management information system	1,169,481	569,001	600,480	750,601
Computer software	71,619	55,199	16,420	23,456
	$ 7,277,308	$ 2,917,287	$ 4,360,021	$ 4,706,942

The building in St. John's was destroyed by fire in September 2013 and the net book value of $20,917 was written off. In addition, leasehold improvements with both cost and accumulated amortization of $36,689 were written off due to the termination of the Toronto office lease in June 2013.

Cost and accumulated amortization at March 31, 2013 amounted to $7,354,538 and $2,647,596 respectively.

3. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities consist of:

		2014		2013
Trade accounts payable	$	213,124	$	428,202
Severance accrual due to restructuring		398,975		845,807
Payroll-related costs		121,131		68,050
Other accruals		376,142		174,120
	$	1,109,372	$	1,516,179

4. Post-employment benefits:

Oxfam maintains a post-employment benefit plan for some of its employees. Employees hired since August 1, 2008 are not eligible for this benefit. Furthermore, employees hired prior to July 31, 2008 have the choice to opt out of this benefit in favour of a higher employer contribution to the pension benefit plan. For eligible employees, the following criteria must be met to receive the benefit: the sum of the employee's age and years of continuous service is equal or greater than 80, the employee has completed 25 years of continuous service, or the employee has reached the age of 55 with at least five years of continuous service. Eligible employees receive a retirement allowance equivalent to two weeks of salary for each year of continuous service, at the rate of pay on date of retirement, plus a prorated amount for any partial year of service.

The reconciliation of the funded status of the post-employment benefit plan to the amount recorded in the financial statements is as follows:

		2014		2013
Accrued benefit obligation	$	242,600	$	464,900
Funded status-plan deficit		242,600		464,900
Unamortized actuarial gains		116,400		6,800
Accrued benefit liability	$	359,000	$	471,700

4. Post-employment benefits (continued):

The significant actuarial assumptions adopted in measuring Oxfam's accrued benefit obligation are as follows:

	2014	2013
Accrued benefit obligation as of March 31:		
Discount rate	3.25%	2.75%
Salary escalation	3.0%	3.0%
Benefit costs for years ended March 31:		
Discount rate	2.75%	3.25%
Salary escalation	3.0%	3.0%

5. Deferred revenue:

Deferred revenue represents unspent resources that have been externally restricted. Changes in deferred revenue are as follows:

	2014	2013
Balance, beginning of year	$ 5,264,002	$ 19,034,436
Add amounts received in the year or included as receivable at year end	15,774,569	12,048,668
Less amounts recognized as revenue in the year	(17,272,332)	(25,819,102)
Balance, end of year	$ 3,766,239	$ 5,264,002

6. Long-term debt:

Oxfam purchased a building in Ottawa in October 2008. In order to finance the purchase, a term loan was obtained on October 14, 2008 for the sum of $1,907,500 at a fixed rate of 5.34%. During the year, Oxfam renegotiated the loan at a fixed rate of 2.82%. As of March 31, 2014, the loan outstanding amounted to $1,169,035 (2013 - $1,281,722). Of that amount, the current portion is $107,857 (2013 - $119,156).

The loan is secured by the land and building and a general security agreement.

The principal repayments of long-term debt for each of the three years subsequent to March 31, 2014 are as follows: 2015 - $107,857; 2016 - $110,929; 2017 - $114,089; and thereafter - $836,160.

7. Financial risks and concentration of credit risk:

(a) Foreign currency risk:

Oxfam operates internationally, giving rise to exposure to financial risks as a result of exchange rate fluctuations and the volatility of these rates.

Cash at March 31, 2014 includes amounts held in foreign currencies as follows:

United States Dollar	$	96,692
Ethiopia Birr		30,852
Mozambique Metical		247

(b) Liquidity risk:

Liquidity risk is the risk that Oxfam will be unable to fulfill its obligations on a timely basis or at a reasonable cost. Oxfam manages its liquidity risk by monitoring its operating requirements. Oxfam prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. The Organization is exposed to this risk mainly in respect of its long-term debt..

(c) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. Oxfam is exposed to credit risk with respect to the accounts receivable and advances to partners. Oxfam assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. Oxfam believes that its exposure to credit risk is not significant.

(d) Interest rate risk:

Oxfam is exposed to interest rate risk on its fixed interest rate financial instruments. Further details about the long-term debt are included in note 6. Oxfam believes that its exposure to interest rate risk is not significant.

There has been no change to the risk exposures from 2013.

8. Commitments:

Oxfam rents premises under operating leases of varying terms to June 2019. The minimum annual rental payments are as follows:

2015	$	22,068
2016		14,692
2017		14,078
2018		11,618
2019		9,499
	$	71,955

In addition to the minimum annual rental payments above, Oxfam is also responsible for operating and other related costs for its premises.

9. Contingencies:

As stated in note 1(g), the DFATD and certain other contributions are subject to conditions regarding the expenditures of the funds. Oxfam's accounting records, as well as those of member institutions subcontracted to execute the projects, are subject to audit by the DFATD and other funding agencies to identify instances, if any, in which the amounts charged to projects have not complied with the agreed terms and conditions, and which, therefore, would be refundable to the funding agency. Adjustments to the financial statements as a result of these audits will be recorded in the period in which they become known.

10. Capital disclosure:

Oxfam defines tangible capital and intangible assets as net assets invested in tangible capital and intangible assets, internally restricted net assets and unrestricted net assets.

Oxfam's objective with respect to capital is to fund its tangible capital and intangible assets and to have funds available for future projects and ongoing operations. Oxfam manages its capital by transferring unrestricted net assets to internally restricted net assets for specific projects and a contingency reserve for project funding continuity as described below.

Oxfam is not subject to externally imposed capital requirements and its overall strategy with respect to capital remains unchanged from the year ended March 31, 2013.

10. Capital disclosure (continued):

Internally-restricted net assets

The Board of Directors has established a contingency reserve policy to ensure continuity of partner funding and to address unforeseen circumstances. Per the reserve policy, the excess of unrestricted net assets over amounts internally restricted for specific projects will be allocated to this reserve on an annual basis until a threshold of $3 million is reached. Disbursements from this reserve require the approval of the Board of Directors.

11. Comparative information:

Certain 2013 comparative information has been reclassified to conform with the financial statement presentation adopted for the current year.