Financial Statements of

OXFAM CANADA

Year ended March 31, 2015

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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, 2015, 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.

KPMG

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Oxfam Canada as at March 31, 2015, 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

October 24, 2015

Ottawa, Canada

OXFAM CANADA

Statement of Financial Position

March 31, 2015, with comparative information for 2014

		2015		2014
Assets				
Current assets:				
Cash	$	2,711,517	$	1,932,345
Accounts receivable		183,577		81,066
Advances to partners		1,977,451		1,868,088
Prepaid expenses		115,655		119,861
		4,988,200		4,001,360
Tangible capital and intangible assets (note 3)		4,061,087		4,360,021
	$	9,049,287	$	8,361,381
Liabilities and Net Assets				
Current liabilities:				
Accounts payable and accrued liabilities (note 4)	$	985,258	$	1,109,372
Deferred revenue (note 6)		4,509,191		3,766,239
Current portion of long-term debt (note 7)		110,664		107,857
		5,605,113		4,983,468
Long-term portion of long-term debt (note 7)		950,726		1,061,178
Accrued benefit liability (note 5)		166,900		242,600
Net assets:				
Invested in tangible capital and intangible assets		2,999,697		3,190,986
Endowments		1,289		1,289
Unrestricted		(674,438)		(1,118,140)
		2,326,548		2,074,135
Commitments (note 9)				
Contingencies (note 10)				
	$	9,049,287	$	8,361,381

See accompanying notes to financial statements.

On behalf of the Board:

M. Hancock ______ Director

______ Director

OXFAM CANADA

Statement of Operations

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Revenue:		
Donations	$ 6,230,127	$ 7,723,639
Bequests	762,989	663,429
Grants and contributions:		
Government of Canada	4,057,491	11,856,890
Non-government organizations	952,257	403,484
Other Oxfam	2,269,662	1,704,033
Other governments	482,051	807,665
Interest	23,626	11,305
Miscellaneous income	105,854	81,489
Proceeds on disposal of tangible capital assets	64,468	184,000
Foreign exchange gain	3,795	2,750
	14,952,320	23,438,684
Expenses:		
Operating:		
Overseas projects	9,273,644	17,598,842
Overseas project management	424,168	383,623
Education and public affairs	961,701	1,062,193
Program support:		
Administration	1,886,743	2,221,804
Fundraising	2,136,851	1,777,113
	14,683,107	23,043,575
Excess of revenue over expenses	$ 269,213	$ 395,109

See accompanying notes to financial statements.

OXFAM CANADA

Statement of Changes in Net Assets

Year ended March 31, 2015, with comparative information for 2014

	Invested in tangible capital and intangible assets	Endowments	Unrestricted	2015	2014
Net assets (deficiency), beginning of year	$ 3,190,986	$ 1,289	$ (1,118,140)	$ 2,074,135	$ 1,795,426
Excess of revenue over expenses	-	-	269,213	269,213	395,109
Amortization of tangible capital and intangible assets	(280,647)	-	280,647	-	-
Disposals of tangible capital and intangible assets	(18,287)	-	18,287	-	-
Principal repayments of long-term debt	107,645	-	(107,645)	-	-
Remeasurements and other items related to employee future benefits	-	-	(16,800)	(16,800)	(116,400)
Net assets (deficiency), end of year	$ 2,999,697	$ 1,289	$ (674,438)	$ 2,326,548	$ 2,074,135

See accompanying notes to financial statements.

OXFAM CANADA

Statement of Cash Flows

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	$ 269,213	$ 395,109
Items not involving cash:		
Amortization of tangible capital and intangible assets	280,647	306,378
Gain on disposal of tangible capital assets	(64,468)	(163,082)
Disposals of tangible capital and intangible assets	18,287	19,625
Change in non-cash operating working capital:		
Decrease (increase) in accounts receivable	(102,511)	402,697
Decrease (increase) in advances to partners	(109,363)	397,302
Decrease in prepaid expenses	4,206	34,956
Decrease in accounts payable and accrued liabilities	(124,114)	(406,807)
Decrease in accrued benefit liability	(75,700)	(112,700)
Increase (decrease) in deferred revenue	742,952	(1,497,763)
Decrease in remeasurement and other items related to employee future benefits	(16,800)	(116,400)
	822,349	(740,685)
Investing activities:		
Proceeds from disposal of tangible capital assets	64,468	184,000
Net decrease in short-term investments	-	707,883
	64,468	891,883
Financing activities:		
Principal repayments of long-term debt	(107,645)	(112,687)
Increase in cash	779,172	38,511
Cash, beginning of year	1,932,345	1,893,834
Cash, end of year	$ 2,711,517	$ 1,932,345

Interest paid during the year was $31,993 (2014 - $53,355).

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 paragraph 149(1)(f) of 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, 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 immediate recognition 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.

In years between valuations, Oxfam uses a roll-forward technique to estimate the accrued benefit obligation. Oxfam recognizes the accrued benefit obligation net of the statement of financial position at the end of the year.

The annual benefit cost is recognized in the statement of operation and actuarial gains and losses are recognized in the statement of changes in net assets.

(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. Adoption of new accounting standards:

Effective April 1, 2014, Oxfam adopted new CPA Canada Handbook – Accounting Part III Section 3463, *Reporting Employee Future Benefits by Not-for-Profit Organizations* which incorporates *Section 3462, Employee Future Benefits*, issued.

Under the new standard, the changes in actuarial gains and losses and past service costs are no longer recorded through operations. The full actuarial liability net of assets is recorded in the Statement of Financial Position, the annual benefit cost is recorded in the Statement of Operations and the change in unamortized gains and losses is recognized in the Statement of Changes in Net Assets. In addition, interest cost and expected rate of return on plan assets are replaced with a net interest amount that is calculated by applying the discount rate used to calculate the net defined benefit obligation.

Oxfam implemented the new standard retrospectively. The impact on the financial statements for the year ended March 31, 2014 is as follows:

Statement of Operations:

	As previously reported March 31, 2014	Amended Section 3463 effects	Restated March 31, 2014
Administration expense	$ 2,338,204	$ (116,400)	$ 2,221,804
Excess of revenue over expenses	278,709	116,400	395,109

2. Adoption of new accounting standards (continued):

Statement of Changes in Net Assets:

	As previously reported March 31, 2014	Amended Section 3463 effects	Restated March 31, 2014
Excess of revenue over expenses	$ 278,709	$ 116,400	$ 395,109
Remeasurements and other items related to employee future benefits	-	(116,400)	(116,400)

Statement of Cash Flows:

	As previously reported March 31, 2014	Amended Section 3463 effects	Restated March 31, 2014
Excess of revenue over expenses	$ 278,709	$ 116,400	$ 395,109
Remeasurements and other items related to employee future benefits	-	(116,400)	(116,400)

3. Tangible capital and intangible assets:

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Tangible assets:				
Land	$ 450,000	$ -	$ 450,000	$ 465,880
Building	3,853,501	816,373	3,037,128	3,157,700
Furniture and equipment	342,392	306,514	35,878	44,847
Vehicles	107,513	107,513	-	8,690
Computer equipment	1,264,515	1,218,312	46,203	66,004
Intangible assets:				
Management information system	1,169,481	689,097	480,384	600,480
Computer software	71,619	60,125	11,494	16,420
	$ 7,259,021	$ 3,197,934	$ 4,061,087	$ 4,360,021

Cost and accumulated amortization at March 31, 2014 amounted to $7,277,308 and $2,917,287 respectively.

4. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities consist of:

	2015	2014
Trade accounts payable	$ 432,548	$ 213,124
Severance accrual due to restructuring	115,321	398,975
Payroll-related costs	96,285	121,131
Other accruals	341,104	376,142
	$ 985,258	$ 1,109,372

5. Post-employment benefits:

Oxfam maintains a post-employment benefit plan for some of its employees. Employees hired after 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 accrued benefit obligation of $166,900 (2014 - $242,600) presents the funded status of the post-employment benefit plan.

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

	2015	2014
Accrued benefit obligation as of March 31:		
Discount rate	1.75%	3.25%
Salary escalation	N/A	3.0%
Benefit costs for years ended March 31:		
Discount rate	3.25%	2.75%
Salary escalation	N/A	3.0%

6. Deferred revenue:

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

	2015	2014
Balance, beginning of year	$ 3,766,239	$ 5,264,002
Add amounts received in the year or included as receivable at year end	9,372,053	15,774,569
Less amounts recognized as revenue in the year	(8,629,101)	(17,272,332)
Balance, end of year	$ 4,509,191	$ 3,766,239

7. 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 2.93%. As of March 31, 2015, the loan outstanding amounted to $1,061,390 (2014 - $1,169,035). Of that amount, the current portion is $110,664 (2014 - $107,857).

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 five years subsequent to March 31, 2015 are as follows:

	2015
2016	$ 110,664
2017	114,776
2018	118,045
2019	121,408
2020	124,867
Thereafter	471,630
	$ 1,061,390

8. 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, 2015 includes amounts held in foreign currencies as follows:

United States Dollar	$ 109,343
Ethiopia Birr	109,466

8. Financial risks and concentration of credit risk (continued):

(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 7. Oxfam believes that its exposure to interest rate risk is not significant.

There has been no change to the risk exposures from 2014.

9. Commitments:

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

2016	$ 27,286
2017	15,932
2018	11,618
2019	2,119
	$ 56,955

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

10. 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.

11. Net assets:

Oxfam considers its capital to consist of its 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, 2014.

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.

12. Comparative information:

Certain 2014 comparative information has been reclassified to conform with the financial statement presentation adopted for the current year.