
Financial statements of Farm Radio International

March 31, 2019

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Independent Auditor's Report

To the Members of
Farm Radio International

Opinion

We have audited the financial statements of Farm Radio International (the "Organization"), which comprise the balance sheet as at March 31, 2019, and the statements of revenue and expenses, changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
September 20, 2019

Farm Radio International

Balance sheet

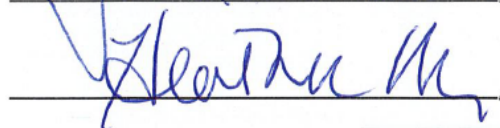
As at March 31, 2019

	Notes	2019 \$	2018 \$
Assets			
Current assets			
Cash and cash equivalents	3	1,931,302	1,733,952
Accounts receivable		68,557	206,296
Project receivables from donors	4	967,100	1,016,449
Prepaid expenses		1,402	476
		2,968,361	2,957,173
Capital assets			
	5	61,020	32,927
		3,029,381	2,990,100
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		914,087	1,224,954
Deferred contributions	6	1,559,544	1,264,614
		2,473,631	2,489,568
Net assets			
Unrestricted		427,892	400,767
Internally restricted		66,838	66,838
Invested in capital assets		61,020	32,927
		555,750	500,532
		3,029,381	2,990,100

The accompanying notes are an integral part of the financial statements.

Approved by the Board

 Director

 Director

Farm Radio International
Statement of revenue and expenses
Year ended March 31, 2019

	Notes	2019 \$	2018 \$
Revenue			
Program grants/contracts			
Global Affairs Canada		961,148	142,494
The International Fund for Agricultural Development (IFAD)		884,871	578,732
Rockefeller Foundation		654,423	160,647
World University Service of Canada (WUSC)		517,868	508,654
Hellen Keller International		371,189	69,739
USAID		326,246	69,739
Canadian Foodgrains Bank		304,516	244,870
Other project grants	7	1,345,522	2,446,374
Donation			
Individuals		765,801	714,152
Foundations		54,866	95,072
Miscellaneous		126,395	74,308
		6,312,845	5,104,781
Expenses			
Programs	8		
Direct program personnel		1,655,672	1,469,322
Impact Programming & Action Research		2,344,123	1,469,863
Resources for Broadcasters and related program expenses		704,291	756,060
Training and Capacity Development		270,776	234,427
Program management		148,709	145,112
Program development		214,089	87,225
		5,337,660	4,162,009
Fundraising and public engagement			
Fundraising		283,191	241,655
Public engagement		100,548	70,045
		383,739	311,700
Administration	9		
WUSC management fee		380,793	355,653
Other administration		68,359	93,602
Administrative personnel		25,456	19,783
Governance		47,213	40,184
Amortization of capital assets		14,407	10,749
		536,228	519,971
		6,257,627	4,993,680
Excess of revenue over expenses		55,218	111,101

The accompanying notes are an integral part of the financial statements.

Farm Radio International**Statement of changes in net assets**

Year ended March 31, 2019

	Unrestricted	Invested in	Internally	2019	2018
	\$	capital assets	restricted	\$	\$
		\$	\$		
Balance, beginning of year	400,767	32,927	66,838	500,532	389,431
Excess of revenue over expenses	55,218	—	—	55,218	111,101
Changes in net assets invested in capital assets					
Amortization of capital assets	14,407	(14,407)	—	—	—
Capital asset additions	(42,500)	42,500	—	—	—
Balance, end of year	427,892	61,020	66,838	555,750	500,532

The accompanying notes are an integral part of the financial statements.

Farm Radio International
Statement of cash flows
Year ended March 31, 2019

	Notes	2019	2018
		\$	\$
Operating activities			
Excess of revenue over expenses		55,218	111,101
Items not affecting cash			
Amortization of capital assets		14,407	10,749
Donated shares		(248,117)	(437,857)
Proceeds from disposal of donated shares		246,835	439,518
Loss (gain) on disposal of donated shares		1,282	(1,661)
Change in deferred contributions		294,930	688,423
		364,555	810,273
Change in non-cash operating working capital items	10	(124,705)	293,371
		239,850	1,103,644
Investing activities			
Purchase of capital assets		(42,500)	—
Net increase in cash and cash equivalents		197,350	1,103,644
Cash and cash equivalents, beginning of year		1,733,952	630,308
Cash and cash equivalents, end of year		1,931,302	1,733,952
Consisting of:			
Cash on deposit			
In Canada		1,579,751	1,635,601
Other countries	3	351,551	98,351
Cash and cash equivalents, end of year		1,931,302	1,733,952

The accompanying notes are an integral part of the financial statements.

1. Description of activities and status

Farm Radio International (the "Organization"), formerly known as Developing Countries Farm Radio Network, was founded in 1979 as an information exchange network, which promotes sensible, sustainable development for small-scale farmers. It gathers ideas about farming, nutrition and health, produces radio scripts and provides these and other resources to radio broadcasters in 38 countries in Sub-Saharan Africa. It also implements action research on best practices in farm radio.

The Organization was incorporated by letters patent as a corporation without share capital on February 11, 1986, under the *Canada Corporations Act* and continued on November 14, 2012, under the *Canada Not-for-profit Corporations Act*. The Organization is a registered charitable organization under the *Income Tax Act* and as such is exempt from income taxes.

2. Accounting policies

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

Revenue recognition

The Organization follows the deferral method of accounting for contributions. 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 donations relating to specific projects extending beyond the end of the year are deferred to the extent that matching expenditures have not been incurred. A loss is recognized on projects when total expenses are expected to exceed total contributions.

A substantial number of volunteers have made significant contributions of their time to the Organization's programs. Since these services are not normally purchased by the Organization, their value cannot be readily estimated. Consequently, donated services are not recognized in the financial statements.

Program advances

Advances made to fund program expenses, which have not yet been reported as an expense, are reported as an asset.

Financial instruments

Financial instruments consist of cash and cash equivalents, accounts receivable, project receivables from donors, and accounts payable and accrued liabilities.

The Organization initially measures its financial assets and financial liabilities at fair value. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for cash and cash equivalents, which are measured at fair value. The carrying values of all other financial instruments approximate their fair values. Changes in fair value are recorded in the statement of revenue and expenses.

Fair value

The fair value of cash and cash equivalents, accounts receivable, project receivables from donors and accounts payable and accrued liabilities approximates their carrying value due to their short-term maturity. It is management's opinion that the Organization is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The fair value and the related risks of cash deposits held by host field offices are disclosed in Note 3.

2. Accounting policies (continued)

Related party transactions

Related party transactions in the normal course of operations are recorded at exchange amounts.

Translation of foreign currencies

Transactions conducted in a foreign currency are translated into Canadian dollars at the average rates of exchange in effect for the period. Assets and liabilities denominated in foreign currencies are adjusted at the balance sheet date to reflect the exchange rates in effect at that date. Exchange gains and losses are recorded in the statement of revenue and expenses.

Capital assets

Capital assets are recorded at cost and are amortized over their estimated useful lives on a declining balance basis using the following annual rates:

Vehicles	30%
Equipment	20%
Furniture	20%

The following category of capital assets is amortized over their estimated useful lives on a straight-line basis using the following annual rate:

Leasehold improvements	25%
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Use of estimates

The preparation of 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management's estimates include the collectible amounts of receivables and the amount of accrued liabilities. Actual results could differ from these estimates.

Internally restricted net assets

The Organization has internally restricted net assets for the future purchase of vehicles for overseas operations and to build a contingency reserve.

3. Cash and cash equivalents

Cash and cash equivalents include highly liquid investments with terms to maturity at acquisition of three months or less. As at March 31, 2019, host field offices had cash deposits of \$351,551 (\$98,351 in 2018) of which 21% (32% in 2018) were in U.S. dollars and 79% (68% in 2018) were in other currencies.

4. Project receivables from funders

	2019	2018
	\$	\$
The International Fund for Agricultural Development (IFAD)	201,795	—
World University Service of Canada	170,859	162,042
Canadian Foodgrains Bank	134,877	76,038
Bill & Melinda Gates Foundation	120,209	120,209
Mennonite Economic Development Associates (MEDA)	42,953	20,591
TechForce Innovations	31,645	6,466
World Food Programme (WFP)	31,019	4,049
Catholic Relief Services	30,375	121,109
ELANCO	27,817	—
Other	175,551	505,945
	967,100	1,016,449

5. Capital assets

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
	\$	\$	\$	\$
Vehicles	74,667	32,309	42,358	8,902
Equipment	9,806	5,159	4,647	5,795
Furniture	9,837	4,171	5,666	7,098
Leasehold improvements	23,749	15,400	8,349	11,132
	118,059	57,039	61,020	32,927

6. Deferred contributions

Deferred contributions represent externally restricted contributions to fund program expenses and related expenses of future periods.

	2019	2018
	\$	\$
Balance, beginning of year	1,264,614	576,191
Amounts received or receivable during the year	5,660,713	4,897,036
Amounts recognized as revenue	(5,365,783)	(4,208,613)
Balance, end of year	1,559,544	1,264,614

6. Deferred contributions (continued)

The deferred contribution balance is comprised of the following:

	2019	2018
	\$	\$
The Rockefeller Foundation	937,935	857,833
Global Affairs Canada	270,549	—
Oscroft Ltd.	96,492	193,048
USAID	80,553	—
International Development Research Centre	76,832	25,693
Helen Keller International	39,361	—
Other	57,822	188,040
	1,559,544	1,264,614

7. Other project grants

	2019	2018
	\$	\$
AGRA	242,615	77,521
Lux-Development	215,813	—
Oscroft Ltd.	196,556	121,415
Mennonite Economic Development Associates (MEDA)	122,681	—
International Development Research Center (IDRC)	110,740	815,856
World Food Program (WFP)	109,313	—
Bill & Melinda Gates Foundation	3,457	327,126
Other	344,347	1,104,456
	1,345,522	2,446,374

8. Overseas program expenses in Africa

In 2007, the Organization began implementing program activities in select countries of Africa, either through its own field offices or in partnership with other organizations located in those countries. As a result, a portion of program expenses are incurred and paid directly in ten African countries (eight in 2018), particularly for impact radio campaigns, action research and training programs. The following are program expenses incurred on the field by geographic location of spending during the year:

	2019	2018
	\$	\$
Africa program expenses		
Burkina Faso	612,305	205,573
Ethiopia	444,117	536,488
Ghana	243,030	289,743
Kenya	82,228	—
Malawi	28,775	27,436
Mali	349,084	169,470
Niger	—	75,672
Nigeria	75,326	—
Senegal	146,997	—
Tanzania	1,043,230	883,154
Uganda	78,255	184,654
	3,103,347	2,372,190
Canada program expenses	2,234,313	1,789,819
	5,337,660	4,162,009

Program expenses incurred in Africa (field) represent approximately 58% (57% in 2018) of the total program expenses. Program expenses in Canada are paid directly by the Canadian office. Personnel costs in the countries listed above represent 15% (18% in 2018) of the total program expenses.

9. Shared costs

The Organization contracts WUSC to provide office infrastructure, project management and administrative services including advisory staff. The management fee charged for these services for the year ended March 31, 2019 was \$380,793 (\$355,653 in 2018). The fee is calculated as a percentage of revenue according to an agreed formula. WUSC also incurs expenses on behalf of the Organization such as payroll, telephone and courier, which are reimbursed on a dollar for dollar basis with no mark-up.

10. Net changes in non-cash operating working capital items

	2019	2018
	\$	\$
Accounts receivable	137,739	(44,668)
Project receivables from donors	49,349	(271,769)
Prepaid expenses	(926)	1,880
Accounts payable and accrued liabilities	(310,867)	607,928
	(124,705)	293,371

11. Capital management

The Organization defines its capital as its net assets. The Organization's objectives, when managing capital, are to safeguard its ability to continue operations as a going concern so that it can continue to provide long-term benefits to its stakeholders.

The Organization's Board of Directors is responsible for overseeing the effective management of capital. The Board of Directors reviews and approves the Organization's financial budget annually. There has been no change in the Organization's definition of capital or its objectives from the previous year.

The Organization is not subject to any externally imposed capital restrictions.

12. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.