

Financial statements of

Farm Radio International

March 31, 2017

Farm Radio International

March 31, 2017

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Independent Auditor's Report

To the Members of Farm Radio International

We have audited the accompanying financial statements of Farm Radio International, which comprise the balance sheet as at March 31, 2017, and the statements of revenue and expenses, changes in net assets and cash flows for the year then ended, and 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.

Auditor's 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 the auditor's 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, the auditor considers 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 Farm Radio International as at March 31, 2017, 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants

September 19, 2017

Farm Radio International

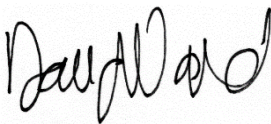
Balance sheet
as at March 31, 2017

	2017	2016
	\$	\$
Assets		
Current assets		
Cash and cash equivalents (Note 3)	630,308	1,783,638
Accounts receivable	161,628	41,482
Project receivables from donors (Note 4)	744,680	992,481
Prepaid expenses	2,356	1,540
	1,538,972	2,819,141
Capital assets (Note 5)	43,676	46,768
	1,582,648	2,865,909
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	617,026	441,308
Deferred contributions (Note 6)	576,191	2,062,189
	1,193,217	2,503,497
Net assets		
Unrestricted	278,917	271,476
Internally restricted	66,838	44,168
Invested in capital assets	43,676	46,768
	389,431	362,412
	1,582,648	2,865,909

Approved by the Board



Director



Director

Farm Radio International

Statement of revenue and expenses year ended March 31, 2017

	2017	2016
	\$	\$
Revenue		
Program grants/contracts:		
International Development Research Centre	852,797	293,008
Bill & Melinda Gates Foundation (Note 7)	761,719	1,157,173
The International Fund for Agricultural Development (IFAD)	716,631	731,004
Catholic Relief Services	455,116	340,471
Global Affairs Canada	389,428	398,345
World University Service of Canada (WUSC)	355,024	129,160
Other project grants (Note 8)	1,981,234	2,190,939
Donations:		
Individuals	681,902	499,403
Foundations	26,500	47,000
Miscellaneous	74,182	83,329
	6,294,533	5,869,832
Expenses		
Program (Note 9)		
Direct Program Personnel	1,840,788	1,907,232
Impact Programming & Action Research	2,097,936	1,857,856
Resources for Broadcasters and related program expenses	785,251	714,811
Training and Capacity Development	331,346	261,161
Program Management	196,335	120,734
Program Development	45,557	99,576
	5,297,213	4,961,370
Fundraising and Public Engagement		
Fundraising	324,126	192,412
Public Engagement	86,099	95,258
	410,225	287,670
Administration		
WUSC management fee (Note 10)	419,534	408,792
Other administration	69,430	66,163
Administrative personnel	19,564	17,016
Governance	37,501	35,402
Amortization of capital assets	14,047	8,610
	560,076	535,983
	6,267,514	5,785,023
Excess of revenue over expenses	27,019	84,809

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

Farm Radio International

Statement of changes in net assets year ended March 31, 2017

	Unrestricted	Invested in capital assets	Internally restricted	2017	2016
	\$	\$	\$	\$	\$
Balance, beginning of year	271,476	46,768	44,168	362,412	277,603
Excess of revenue over expenses	27,019	-	-	27,019	84,809
Change in net assets invested in capital assets:					
Amortization of capital assets	14,047	(14,047)	-	-	-
Capital assets addition	(10,955)	10,955	-	-	-
Interfund transfer (Note 11)	(22,670)	-	22,670	-	-
Balance, end of year	278,917	43,676	66,838	389,431	362,412

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

Farm Radio International

Statement of cash flows year ended March 31, 2017

	2017	2016
	\$	\$
Operating activities		
Excess of revenue over expenses	27,019	84,809
Items not affecting cash:		
Amortization of capital assets	14,047	8,610
Donated shares	(310,468)	(298,314)
Proceeds from disposal of donated shares	310,474	299,812
Gain on disposal of donated shares	(6)	(1,498)
Changes in deferred contributions	(1,485,998)	468,246
	(1,444,932)	561,665
Net Change in non-cash operating working capital items (Note 12)	302,557	501,089
	(1,142,375)	1,062,754
Investing activities		
Purchase of capital assets	(10,955)	(46,502)
Net cash (outflow) inflow	(1,153,330)	1,016,252
Cash and cash equivalents, beginning of year	1,783,638	767,386
Cash and cash equivalents, end of year	630,308	1,783,638
Consisting of:		
Cash on deposit		
In Canada	587,316	1,668,974
Other countries	42,992	114,664
Cash and cash equivalents, end of year (Note 3)	630,308	1,783,638

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

Farm Radio International

Notes to the financial statements

March 31, 2017

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 and 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. Significant 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, gift receivable, 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 and gift receivable, 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 equivalents, accounts receivables, project receivables from donors and accounts payable and accrued liabilities approximate 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.

Related party transactions

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

Farm Radio International

Notes to the financial statements

March 31, 2017

2. Significant accounting policies (continued)

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-basis using the following annual rates:

Vehicles	30%
Equipment	20%
Furniture and fixtures	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 Improvement	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, 2017, host field offices had cash deposits of \$42,992 (2016 - \$114,664), of which 50% (2016 - 13%) were in U.S. dollars and 50% (2016 - 87%) were in other currencies.

4. Project receivables from donors

	2017	2016
	\$	\$
Catholic Relief Services	200,492	19,329
World University Service of Canada	143,614	-
International Development Research Centre	129,341	-
CIMMYT	61,524	18,363
International Fund for Agricultural Development	29,287	-
World Vision	17,685	-
JSI Research & Training Institute, Inc.	17,368	-
Grameen Foundation	13,539	34,185
International Fertilizer Development Center	10,982	41,316
Other	120,848	879,288
	744,680	992,481

Farm Radio International

Notes to the financial statements

March 31, 2017

5. Capital assets

			2017	2016
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Vehicles	32,166	19,447	12,719	18,168
Equipment	9,806	2,545	7,261	7,820
Furniture and fixtures	9,837	984	8,853	-
Leasehold improvement	23,749	8,906	14,843	20,780
	75,558	31,882	43,676	46,768

6. Deferred contributions

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

	2017	2016
	\$	\$
Balance, beginning of year	2,062,189	1,593,943
Amounts received or receivable at year-end	4,025,951	5,708,347
Amounts recognized as revenue	(5,511,949)	(5,240,101)
Balance, end of year	576,191	2,062,189

The deferred contribution balance is comprised of the following:

	2017	2016
	\$	\$
Oscroft Ltd.	133,834	130,634
The Bill & Melinda Gates Foundation	66,875	494,285
International Development Research Centre	59,831	246,104
Digital Green	55,772	83,479
Canadian Food Grains Bank	53,732	-
DK Mac Donald foundation	37,792	50,000
International Union for Conservation of Nature and Natural Resources	21,876	-
Global Affairs Canada	19,709	77,351
Others	126,770	980,336
	576,191	2,062,189

7. Bill & Melinda Gates Foundation

World University Service of Canada ("WUSC") received a grant from the Bill & Melinda Gates Foundation to fund Ethiopia Staples. The Organization is implementing the contract on WUSC's behalf. For the year ended March 31, 2017, the total amount recognized from the Bill and Melinda Gates Foundation was \$761,719 (2016 - \$1,157,173).

Farm Radio International

Notes to the financial statements

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8. Other project grants

	2017	2016
	\$	\$
International Maize and Wheat Improvement Center	209,684	219,295
Centro Internacional de Agricultura Tropical & International Food Policy Research Institute	181,866	271,036
Oscroft Ltd.	157,751	111,291
Irish Aid	155,116	-
Grameen Foundation	119,254	158,587
Digital Green	117,986	108,888
World Food Program	115,274	-
Save the Children	94,829	-
Grand Challenges Canada	91,475	-
Canadian Foodgrains Bank	90,143	-
International Fertilizer Development Center	87,815	103,562
International Union for Conservation of Nature	66,784	-
Others	493,257	1,218,280
	1,981,234	2,190,939

9. 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 eight African countries, particularly for impact radio campaigns, action research and training programs. The following are program expenses incurred in the field by geographic location of spending during the year:

	2017	2016
	\$	\$
Africa program expenditures		
Ethiopia	821,117	555,494
Ghana	555,322	467,950
Burkina Faso	202,769	227,326
Malawi	65,660	231,715
Mali	266,517	189,347
Tanzania	1,040,245	899,168
Uganda	392,056	457,662
Niger	147,831	97,240
	3,491,517	3,125,902
Canada program expenses	1,805,696	1,835,468
Total program expenses	5,297,213	4,961,370

Total program expenses incurred in Africa (field) represent approximately 66% (2016 - 63%) of the total program expenses. Program expenses in Canada are paid directly by the Canadian office. Personnel costs in the seven countries listed above represent 26% (2016 - 27%) of the total program expenses.

Farm Radio International

Notes to the financial statements

March 31, 2017

10. Contracted Services

The Organization is a Canadian non-governmental organization that uses Communication for Development techniques to help rural Africans improve their food security, their health and their livelihoods. The Organization is governed by a board of directors and it develops its own program, and does its own fundraising. The Organization contracts WUSC to provide staffing, office facilities and administrative services.

The fee charged for these services for the year ended March 31, 2017 was \$419,534 (2016 - \$408,792). 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.

11. Interfund transfer

During the year, \$22,670 (2016 - \$28,288) was internally restricted for the future purchase of vehicles for overseas operations as well as for the contingency reserve.

12. Changes in non-cash operating working capital items

	2017	2016
	\$	\$
Accounts receivable	(120,146)	3,131
Project receivables from donors	247,801	764,273
Prepaid expenses	(816)	420
Accounts payable and accrued liabilities	175,718	(266,735)
	302,557	501,089

13. 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.

14. Comparative figures

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