
Financial statements of Farm Radio International

March 31, 2020

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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, 2020, 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, 2020, 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
July 22, 2020

Farm Radio International

Balance sheet


As at March 31, 2020

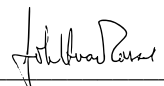
(In thousands of dollars)

	Notes	2020 \$	2019 \$
Assets			
Current assets			
Cash and cash equivalents	3	1,038,434	1,931,302
Accounts receivable		118,162	68,557
Project receivables from donors	4	806,658	967,100
Prepaid expenses		16,311	1,402
		1,979,565	2,968,361
Capital assets	5	43,786	61,020
		2,023,351	3,029,381
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		690,202	914,087
Deferred contributions	6	619,370	1,559,544
Bank loan	7	95,000	—
		1,404,572	2,473,631
Net assets			
Unrestricted		508,155	427,892
Invested in capital assets		43,786	61,020
Internally restricted		66,838	66,838
		618,779	555,750
		2,023,351	3,029,381

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, 2020

(In thousands of dollars)

	Notes	2020 \$	2019 \$
Revenue			
Program grants/contracts			
Global Affairs Canada		1,332,295	961,148
Rockefeller Foundation		831,228	654,423
World University Service of Canada (WUSC)		478,502	517,868
Helen Keller International (HKI)		467,027	371,189
Alliance for a Green Revolution in Africa (AGRA)		389,931	242,615
GIZ		341,030	—
World Food Program (WFP)		276,832	109,313
Other project grants	8	1,685,660	2,509,227
		5,802,505	5,365,783
Donations			
Individuals		684,209	765,801
Foundations		103,158	54,866
Miscellaneous		110,322	126,395
		897,689	947,062
		6,700,194	6,312,845
Expenses			
Program	9		
Direct Program Personnel		1,676,191	1,655,672
Impact Programming & Action Research		2,387,632	2,344,123
Resources for Broadcasters and related program expenses		1,017,506	704,291
Training and Capacity Development		281,977	270,776
Program Management		189,732	148,709
Program Development		233,320	214,089
		5,786,358	5,337,660
Fundraising and Public Engagement			
Fundraising		291,024	283,191
Public Engagement		124,079	100,548
		415,103	383,739
Administration	10		
WUSC management fee		240,036	380,793
Other administration		82,957	68,359
Administrative personnel		41,375	25,456
Governance		54,492	47,213
Amortization of capital assets		16,844	14,407
		435,704	536,228
		6,637,165	6,257,627
Excess of revenue over expenses		63,029	55,218

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

Farm Radio International
Statement of changes in net assets
Year ended March 31, 2020
(In thousands of dollars)

	Unrestricted	Invested in	Internally	2020	2019
	\$	capital assets	restricted	\$	\$
		\$	\$	\$	\$
Balance, beginning of year	427,892	61,020	66,838	555,750	500,532
Excess of revenue over expenses	63,029	—	—	63,029	55,218
Change in net assets invested in capital assets					
Amortization of capital assets	16,844	(16,844)	—	—	—
Gain of disposal of capital assets	(4,253)	4,253	—	—	—
Disposal of capital assets	4,643	(4,643)	—	—	—
Balance, end of year	508,155	43,786	66,838	618,779	555,750

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

Farm Radio International

Statement of cash flows

Year ended March 31, 2020

(In thousands of dollars)

	Notes	2020 \$	2019 \$
Operating activities			
Excess of revenue over expenses		63,029	55,218
Items not affecting cash			
Amortization of capital assets		16,844	14,407
Donated shares		(301,771)	(248,117)
Proceeds from disposal of donated shares		296,699	246,835
Loss on disposal of donated shares		5,072	1,282
Gain on disposal of capital assets		(4,253)	—
Changes in deferred contributions		(940,174)	294,930
		(864,554)	364,555
Net change in non-cash operating working capital items	11	(127,957)	(124,705)
		(992,511)	239,850
Investing activities			
Purchase of capital assets		—	(42,500)
Proceeds on disposal of capital assets		4,643	—
		4,643	(42,500)
Financing activity			
Borrowings		95,000	—
Net (decrease) increase in cash and cash equivalents		(892,868)	197,350
Cash and cash equivalents, beginning of year		1,931,302	1,733,952
Cash and cash equivalents, end of year		1,038,434	1,931,302
Consisting of			
Cash on deposit			
In Canada		921,728	1,579,751
Other countries		116,706	351,551
Cash and cash equivalents, end of year	3	1,038,434	1,931,302

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

Farm Radio International

Notes to the financial statements

March 31, 2020

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:

Adoption of Section 4433, Tangible capital assets held by not-for-profit organizations

Effective April 1, 2019, the Organization adopted Handbook Section 4433, *Tangible capital assets held by not-for-profit organizations* ("Section 4433") replacing Section 4431 on the same topic. Section 4433 provides additional guidance related to componentization of tangible capital assets consisting of significant separable component parts, the recognition of partial impairments when the conditions indicate a tangible capital asset is impaired and related impairment disclosures. In accordance with the transition provisions, the Organization has applied Section 4433 prospectively with no significant impact on the disclosures or amounts recorded in the financial statements of the Organization.

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.

Financial instruments

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

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 due to their short-term maturity. Changes in fair value are recorded in the statement of revenue and expenses.

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-basis using the following annual rates:

Vehicles	30%
Equipment	20%
Furniture and fixtures	20%

Leasehold improvements are amortized over its estimated useful life on a straight-line basis using an annual rate of 25%.

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.

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, 2020, host field offices had cash deposits of \$144,455 (\$351,551 in 2019), of which 87% (21% in 2019) were in U.S. dollars and 13% (79% in 2019) were in other currencies.

4. Project receivables from donors

	2020 \$	2019 \$
Elanco	148,919	—
Lux-Development	91,658	—
World University Service of Canada	71,887	170,859
AGRA	57,742	1,795
GIZ	53,825	—
World University Service of Canada	51,521	12,373
Canadian Food Grains Bank	38,129	163,765
WFP	30,406	—
IFC	28,791	—
MEDA	22,367	26,979
Others	211,413	591,329
	806,658	967,100

5. Capital assets

	Cost \$	Accumulated amortization \$	2020 Net book value \$	2019 Net book value \$
Vehicles	74,127	44,855	29,272	42,357
Equipment	9,807	6,088	3,719	4,648
Furniture and fixtures	9,837	5,304	4,533	5,666
Leasehold improvement	23,749	17,487	6,262	8,349
	117,520	73,734	43,786	61,020

6. Deferred contributions

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

The deferred contribution balance is composed of the following:

	2020 \$	2019 \$
Global Affairs Canada (GAC)	234,484	270,549
Alliance for a Green Revolution in Africa (AGRA)	127,504	23,999
Rockefeller Foundation	106,707	937,943
Helen Keller International	65,548	39,361
Oscroft Ltd.	42,689	96,492
Others	42,438	191,210
	619,370	1,559,554

7. Bank loan

During the year, the Organization has entered into a demand operating facility agreement with a Canadian bank, which allows it to borrow up to \$400,000 at an interest rate of prime plus 0.75% per annum, with a general security agreement. As at March 31, 2020 the outstanding balance is \$95,000 (nil in 2019).

8. Other project grants

	2020	2019
	\$	\$
Elanco	250,344	51,776
Canadian Food Grains Bank	244,863	304,516
Lux-Development	215,280	215,813
Oscroft	185,979	196,556
International Development Research Centre	157,451	111,146
Fintrac	144,957	326,245
IFC	128,246	67,128
ENABEL	122,141	—
Others	236,399	1,236,047
	1,685,660	2,509,227

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 ten 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:

	2020	2019
	\$	\$
Africa program expenditures		
Burkina Faso (3050)	669,655	612,305
Tanzania (3190)	607,394	1,043,230
Ethiopia (3080)	429,761	444,117
Mali (3140)	398,429	349,084
Senegal (3230)	356,116	146,997
Nigeria (3220)	230,837	75,326
Ghana (3090)	146,843	243,030
Uganda (3200)	115,737	78,255
Kenya (3120)	71,698	82,228
Malawi (3130)	8,676	28,775
	3,035,146	3,103,347
Canada program expenses	2,751,212	2,234,313
Total program expenses	5,786,358	5,337,660

Total program expenses incurred in Africa (field) represent approximately 52% (58% in 2019) of the total program expenses. Program expenses in Canada are paid directly by the Canadian office.

10. Shared costs

WUSC provides the Organization with office infrastructure, project management and administrative services including advisory staff. Per the new agreement between FRI and WUSC, the management fee charged for these services for the year ended March 31, 2020, was \$240,036 (\$380,793 in 2019). The new fee is calculated based on the number of workstations occupied, the number of employees based in Canada getting Human Resources and Corporate Finance support, as well as some other reimbursable costs, whereas in prior years it was based on a percentage of revenue according to an agreed upon 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. Net changes in non-cash operating working capital items

	2020 \$	2019 \$
Accounts receivable	(49,605)	137,739
Project receivables from donors	160,442	49,349
Prepaid expenses	(14,909)	(926)
Accounts payable and accrued liabilities	(223,885)	(310,867)
	(127,957)	(124,705)

12. 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.

13. Comparative figures

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

14. COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic, which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 are unknown at this time and it is not possible to reliably estimate the impact that the length and severity of the pandemic will have on the financial results and condition of the Organization in future periods.