
Financial statements of Farm Radio International

March 31, 2021

Independent Auditor's Report	1-2
Balance sheet	3
Statement of revenue and expenses	4
Statement of changes in net assets	5
Statement of cash flows	6
Notes to the financial statements	7-12

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, 2021, 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, 2021, 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 7, 2021

Farm Radio International

Balance sheet

As at March 31, 2021

	Notes	2021 \$	2020 \$
Assets			
Current assets			
Cash and cash equivalents	3	3,516,856	1,038,434
Accounts receivable		148,713	118,162
Project receivables from donors	4	1,017,609	806,658
Prepaid expenses		25,249	16,311
		4,708,427	1,979,565
Capital assets			
	5	38,922	43,786
		4,747,349	2,023,351
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		654,848	690,202
Deferred contributions	6	3,373,695	619,370
Bank loan	7	—	95,000
		4,028,543	1,404,572
Net assets			
Unrestricted		613,046	508,155
Invested in capital assets		38,922	43,786
Internally restricted		66,838	66,838
		718,806	618,779
		4,747,349	2,023,351

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

Approved by the Board


_____, Director


_____, Director

Farm Radio International
Statement of revenue and expenses
Year ended March 31, 2021

	Notes	2021 \$	2020 \$
Revenue			
Program grants/contracts			
Global Affaires Canada (GAC)		1,737,604	1,332,295
GIZ		908,460	341,030
Helen Keller International (HKI)		568,164	467,027
ACDI/VOCA		440,997	—
Alliance for a Green Revolution in Africa (AGRA)		373,714	389,931
MOFA		276,960	4,237
CODE		265,132	—
Other project grants	8	1,731,485	3,267,985
		6,302,516	5,802,505
Donations			
Individuals		897,394	684,209
Foundations		128,843	103,158
Miscellaneous		43,388	110,322
		7,372,141	6,700,194
Expenses			
Program	9		
Direct Program Personnel		1,805,141	1,676,191
Impact Programming & Action Research		2,419,937	2,387,632
Resources for Broadcasters and related program expenses		1,076,590	1,017,506
Training and Capacity Development		287,543	281,977
Program Management		278,878	189,732
Program Development		254,202	233,320
		6,122,291	5,786,358
Fundraising and Public Engagement			
Fundraising		321,642	291,024
Public Engagement		154,389	124,079
		476,031	415,103
Administration	10		
WUSC management fee		202,947	240,036
Other administration		285,677	82,957
Administrative personnel		118,373	41,375
Governance		55,671	54,492
Amortization of capital assets		11,124	16,844
		673,792	435,704
		7,272,114	6,637,165
Excess of revenue over expenses		100,027	63,029

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

Farm Radio International
Statement of changes in net assets

Year ended March 31, 2021

	Unrestricted	Invested in capital assets	Internally restricted	2021	2020
	\$	\$	\$	\$	\$
Balance, beginning of year	508,155	43,786	66,838	618,779	555,750
Excess of revenue over expenses	100,027	—	—	100,027	63,029
Change in net assets invested in capital assets					
Amortization of capital assets	11,124	(11,124)	—	—	—
Capital asset additions	(9,495)	9,495	—	—	—
Disposal of capital assets	3,235	(3,235)	—	—	—
Balance, end of year	613,046	38,922	66,838	718,806	618,779

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

Farm Radio International
Statement of cash flows
Year ended March 31, 2021

	Notes	2021 \$	2020 \$
Operating activities			
Excess of revenue over expenses		100,027	63,029
Items not affecting cash			
Amortization of capital assets		11,124	16,844
Donated shares		(298,370)	(301,771)
Proceeds from disposal of donated shares		289,851	296,699
Loss on disposal of donated shares		8,519	5,072
Loss (gain) on disposal of capital assets		3,235	(4,253)
Changes in deferred contributions		2,754,325	(940,174)
		2,868,711	(864,554)
Net change in non-cash operating working capital items	11	(285,794)	(127,957)
		2,582,917	(992,511)
Investing activities			
Purchase of capital assets		(9,495)	—
Proceeds on disposal of capital assets		—	4,643
		(9,495)	4,643
Financing activity			
Draw (payment) on line of credit		(95,000)	95,000
Net increase (decrease) in cash and cash equivalents		2,478,422	(892,868)
Cash and cash equivalents, beginning of year		(1,038,434)	1,931,302
Cash and cash equivalents, end of year		3,516,856	1,038,434
Consisting of			
Cash on deposit			
In Canada		3,326,127	921,728
Other countries		190,729	116,706
Cash and cash equivalents, end of year		3,516,856	1,038,434

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.

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.

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.

2. Accounting policies (continued)

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

As of March 31, 2021, the cash and cash equivalents include three foreign currency accounts with the following balances:

	Base currency \$	Converted balance \$
European Euro	1,758,829	2,599,525
British pound sterling	89,087	154,533
US Dollar	2,590	3,257
	1,850,506	2,757,315

4. Project receivables from donors

	2021	2020
	\$	\$
GIZ	248,957	68,917
ACDI/VOCA	216,307	—
AGRA	164,785	57,742
ALINEA	116,683	—
ENABEL	78,307	13,155
World University Service of Canada (WUSC)	50,396	123,408
Island of Peace	26,691	—
Co-operative Development Foundation of Canada (CDFC)	23,387	—
Others	92,096	543,436
	1,017,609	806,658

5. Capital assets

	2021	2020		
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Vehicles	71,041	52,814	18,227	29,272
Equipment	15,134	6,876	8,258	3,719
Computer	4,167	52	4,115	—
Furniture and fixtures	9,837	6,211	3,626	4,533
Leasehold improvement	23,749	19,053	4,696	6,262
	123,928	85,006	38,922	43,786

6. Deferred contributions

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

The deferred contribution balance is composed of the following:

	2021	2020
	\$	\$
GIZ	2,937,644	—
Alliance for a Green Revolution in Africa (AGRA)	338,723	156,640
Biovision	35,990	—
CDFC	33,289	—
Global Affairs Canada (GAC)	14,815	234,484
Others	13,234	228,246
	3,373,695	619,370

7. Bank loan

During the year, the Organization 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, 2021 the outstanding balance is nil (\$95,000 in 2019).

8. Other project grants

	2021	2020
	\$	\$
FAO	227,471	28,043
ENABEL	210,478	122,141
IFC	190,518	128,246
ALINEA	116,683	—
WFP	111,499	276,832
Rockefeller Foundation	106,707	831,228
Oscroft	102,689	185,979
Minstry of Agriculture (Ethiopia)	99,942	—
Others	565,498	113,191
	<u>1,731,485</u>	<u>1,685,660</u>

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 16 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:

	2021	2020
	\$	\$
Africa program expenditures		
Burkina Faso	916,282	669,655
Ghana	722,652	146,843
Ethiopia	445,602	429,761
Senegal	393,023	356,116
Mali	390,811	398,429
Tanzania	275,864	607,394
Nigeria	239,620	230,837
Uganda	99,826	115,737
Kenya	32,125	71,698
Democratic Republic of the Congo	21,035	—
Malawi	18,474	8,676
Togo	11,555	—
Mozambique	10,028	—
Cameroon	8,832	—
Zambia	8,112	—
Côte d'Ivoire	5,332	—
	3,599,173	3,035,146
Canada program expenses	2,523,118	2,751,212
Total program expenses	6,122,291	5,786,358

Total program expenses incurred in Africa (field) represent approximately 59% (52% in 2020) 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 agreement between FRI and WUSC, the management fee charged for these services for the year ended March 31, 2021, was \$202,947 (\$240,036 in 2020). The 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.

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

	2021	2020
	\$	\$
Accounts receivable	(30,551)	(49,605)
Project receivables from donors	(210,951)	160,442
Prepaid expenses	(8,938)	(14,909)
Accounts payable and accrued liabilities	(35,354)	(223,885)
	(285,794)	(127,957)

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.