

Financial statements of

Farm Radio International

March 31, 2014

Farm Radio International

March 31, 2014

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Independent Auditor's Report

To the Members of
Farm Radio International

Report on the Financial Statements

We have audited the accompanying financial statements of Farm Radio International, which comprise the balance sheet as at March 31, 2014, 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, 2014, 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, Chartered Accountants
Licensed Public Accountants

September 22, 2014

Farm Radio International

Balance sheet
as at March 31, 2014

	2014	2013
	\$	\$
Assets		
Current assets		
Cash and cash equivalents (Note 3)	745,780	1,045,947
Accounts receivable	27,692	19,629
Project receivables from donors (Note 4)	918,305	167,805
Program advances	13,072	157,578
Prepaid expenses	4,289	2,199
	1,709,138	1,393,158
Capital assets (Note 5)	12,679	12,037
Gift receivable (Note 6)	25,638	24,798
	1,747,455	1,429,993
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	240,052	42,992
Deferred contributions (Note 7)	1,300,297	1,206,694
	1,540,349	1,249,686
Net assets		
Unrestricted	188,030	168,270
Internally restricted (Note 10)	6,397	-
Invested in capital assets	12,679	12,037
	207,106	180,307
	1,747,455	1,429,993

Approved by the Board



Director



Director

Farm Radio International

Statement of revenue and expenses year ended March 31, 2014

	2014	2013
	\$	\$
Revenue		
Program grants/contracts:		
Bill & Melinda Gates Foundation (Note 8)	1,388,588	1,386,480
Grand Challenges	760,318	227,991
DFATD/CIDA	457,375	216,571
Canadian Feed the Children	353,100	22,026
Irish Aid	343,498	52,337
Other project grants (Note 9)	1,317,075	681,171
Donations:		
Individuals	270,194	300,204
Foundations	54,800	18,489
Investment	8,318	892
Miscellaneous	12,772	8,209
	4,966,038	2,914,370
Expenses		
Program		
Impact Programming and Action Research	1,563,364	547,114
Information Resources for Broadcasters	424,246	173,867
Training and Capacity Development	155,814	141,578
Direct Program Personnel	1,842,327	1,289,631
Other Direct Program Expenses	262,799	207,030
Total program expenses (Note 10)	4,248,550	2,359,220
Administration		
Administrative personnel	38,514	61,412
Amortization of capital assets	4,084	1,338
Governance	33,239	24,630
Other administration	67,407	70,096
WUSC management fee (Note 11)	377,652	269,101
Total administration	520,896	426,577
Fundraising	169,793	107,312
Total expenses	4,939,239	2,893,109
Excess of revenue over expenses	26,799	21,261

Farm Radio International

Statement of changes in net assets year ended March 31, 2014

	Unrestricted	Invested in capital assets	Internally restricted	2014	2013
	\$	\$	\$	\$	\$
Balance, beginning of year	168,270	12,037	-	180,307	159,046
Excess of revenue over expenses	26,799	-	-	26,799	21,261
Change in net assets invested in capital assets:					
Amortization of capital assets	4,084	(4,084)	-	-	-
Purchase of capital assets	(4,726)	4,726	-	-	-
Interfund transfer (Note 12)	(6,397)	-	6,397	-	-
Balance, end of year	188,030	12,679	6,397	207,106	180,307

Farm Radio International

Statement of cash flows year ended March 31, 2014

	2014	2013
	\$	\$
Net inflow (outflow) of cash related to the following activities:		
Operating activities		
Excess of revenue over expenses	26,799	21,261
Items not affecting cash:		
Amortization of capital assets	4,084	1,338
Donated shares	(249,479)	(240,715)
Proceeds from disposal of donated shares	249,168	239,991
Loss on disposal of donated shares	311	724
Changes in deferred contributions	93,603	1,067,332
Change in fair value of gift receivable	(840)	(1,347)
	123,646	1,088,584
Changes in non-cash operating working capital items (Note 13)	(419,087)	(394,009)
	(295,441)	694,575
Investing activities		
Purchase of capital assets	(4,726)	(13,375)
Net cash inflow (outflow)	(300,167)	681,200
Cash and cash equivalents, beginning of year	1,045,947	364,747
Cash and cash equivalents, end of year	745,780	1,045,947
Consisting of:		
In Canada:		
Cash on deposit	528,190	142,837
Cash equivalents	-	800,000
	528,190	942,837
Other countries:		
Cash on deposit	217,590	103,110
Cash and cash equivalents, end of year (Note 3)	745,780	1,045,947

Farm Radio International

Notes to the financial statements

March 31, 2014

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

Farm Radio International 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 and the gift receivable are disclosed in Notes 3 and 5, respectively.

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, 2014

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:

Computer equipment	30%
Furniture and fixtures	20%
Vehicles	30%

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, 2014, host field offices had cash deposits of \$217,590 (2013 - \$103,110), of which 44% (2013 - 62%) were in U.S. dollars and 56% (2013 - 38%) were in other currencies.

4. Project receivables from donors

	2014	2013
	\$	\$
Bill & Melinda Gates Foundation	652,146	115,477
Grand Challenges Canada	154,282	-
CIDA	33,335	25,984
Centro Internacional de Agricultura Tropical & International Food		
Policy Research Institute	20,126	-
World University Service of Canada	16,360	-
FAIDA Market Link Company	10,399	-
AFC Consultants International GmbH	-	19,425
Other	31,657	6,919
	918,305	167,805

Farm Radio International

Notes to the financial statements

March 31, 2014

5. Capital assets

	2014		2013
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Vehicles	18,100	5,421	12,679
			12,037

6. Gift receivable

The Organization is a beneficiary of an irrevocable charitable remainder trust arrangement. As at March 31, 2014, the fair value of the underlying investments held by the trust was \$25,638 (2013 - \$24,798). The trust assets are transferable upon the death of the donor.

7. Deferred contributions

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

	2014	2013
	\$	\$
Balance, beginning of year	1,206,694	139,362
Amounts received during the year	4,713,557	3,653,908
Amounts recognized as revenue	(4,619,954)	(2,586,576)
Balance, end of year	1,300,297	1,206,694

The deferred contribution balance is comprised of the following:

	2014	2013
	\$	\$
Irish Aid	694,867	333,283
The Bill and Melinda Gates Foundation	355,159	99,996
Catholic Relief Service	100,888	-
GIZ	41,544	-
CIMMYT	34,140	63,821
Oscroft Ltd.	19,641	-
Canadian International Development Agency	5,258	37,909
Grand Challenges	-	199,244
Canadian Feed the Children	-	177,974
Rockefeller Foundation	-	89,652
World Vision (Canada and Tanzania)	-	48,518
Harvest Plus	-	36,039
Others	48,800	120,258
	1,300,297	1,206,694

8. Bill and Melinda Gates Foundation

World University Service of Canada ("WUSC") received three grants from the Bill & Melinda Gates Foundation to fund: the African Farm Radio Research Initiative (AFRRI), Ethiopia Staples and Orange Flesh Sweet Potato. The Organization is implementing these contracts on WUSC's behalf. As at March 31, 2014, total grants from the Bill and Melinda Gates Foundation were \$1,388,588 (2013 - \$1,386,480).

Farm Radio International

Notes to the financial statements

March 31, 2014

9. Other project grants

	2014	2013
	\$	\$
World Vision	166,110	-
The International Maize & Wheat Improvement Center	162,497	37,401
Oscroft Ltd.	129,438	145,866
Harvest Plus	126,615	22,230
FAIDA Market Link Company	90,160	83,530
American Institutes for Research	-	78,238
Others	642,255	313,906
	1,317,075	681,171

10. Overseas program expenses in Africa

In 2007, Farm Radio International 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 seven 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:

	2014	2013
	\$	\$
Tanzania	1,042,010	513,234
Malawi	439,764	209,132
Ghana	300,241	168,591
Uganda	228,481	99,557
Ethiopia	198,410	90,805
Mali	154,109	143,605
Burkina Faso	86,384	-
Total program expenses in Africa	2,449,399	1,224,924
Program expenses in Canada	1,799,151	1,134,296
Total program expenses	4,248,550	2,359,220

Total program expenses incurred in Africa (field) represent approximately 57% (2013 - 52%) 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 37% (2013 - 49%) of the total program expenses.

11. Shared costs

WUSC provides the Organization with office infrastructure, project management and administrative services including advisory staff. The management fee charged for these services for the year ended March 31, 2014 was \$377,652 (2013 - \$269,101). 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.

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Notes to the financial statements

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12. Interfund transfer

During the year, \$6,397 (2013 - \$NIL) was internally restricted for the future purchase of vehicles for overseas operations.

13. Changes in non-cash operating working capital items

	2014	2013
	\$	\$
Accounts receivable	(8,063)	(7,791)
Project receivables from donors	(750,500)	(137,023)
Program advances	144,506	(157,578)
Prepaid expenses	(2,090)	(897)
Accounts payable and accrued liabilities	197,060	(90,720)
	(419,087)	(394,009)

14. 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.

15. Comparative figures

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