
Financial statements of

Farm Radio International

March 31, 2015

Farm Radio International

March 31, 2015

Table of contents

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.....	7-11

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, 2015, 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, 2015, 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

August 14, 2015

Farm Radio International

Balance sheet

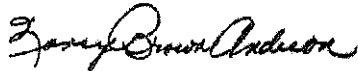
as at March 31, 2015

	2015	2014
	\$	\$
Assets		
Current assets		
Cash and cash equivalents (Note 3)	767,386	745,780
Accounts receivable	44,613	27,692
Project receivables from donors (Note 4)	1,756,754	918,305
Program advances	-	13,072
Prepaid expenses	1,960	4,289
	2,570,713	1,709,138
Capital assets (Note 5)		
Gift receivable (Note 6)	8,876	12,679
	-	25,638
	2,579,589	1,747,455
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	708,043	240,052
Other current liabilities	-	-
Deferred contributions (Note 7)	1,593,943	1,300,297
	2,301,986	1,540,349
Net assets		
Unrestricted	252,847	188,030
Internally restricted (Note 12)	15,880	6,397
Invested in capital assets	8,876	12,679
	277,603	207,106
	2,579,589	1,747,455

Approved by the Board



Director



Director

Farm Radio International

Statement of revenue and expenses year ended March 31, 2015

	2015	2014
	\$	\$
Revenue		
Program grants/contracts:		
Bill & Melinda Gates Foundation (Note 8)	1,646,884	1,388,588
Grand Challenges Canada	977,562	760,318
Irish Aid	672,746	343,498
Department of Foreign Affairs, Trade and Development	405,301	457,375
Other project grants (Note 9)	1,319,661	1,670,175
Donations:		
Individuals	346,042	270,194
Foundations	28,500	54,800
Investment	4,711	8,318
Miscellaneous	28,997	12,772
	5,430,404	4,966,038
Expenses		
Program		
Direct Program Personnel	2,183,675	1,842,327
Impact Programming & Action Research	1,617,520	1,563,364
Resources for Broadcasters and related program expenses	608,514	687,045
Training and Capacity Development	199,813	155,814
Total program (Note 10)	4,609,522	4,248,550
Fundraising and Public Engagement		
Fundraising	183,021	169,793
Public Engagement	51,111	42,102
Total Fundraising and Public Engagement	234,132	211,895
Administration		
WUSC management fee (Note 11)	400,646	377,652
Other administration	55,814	54,700
Administrative personnel	32,691	9,119
Governance	23,299	33,239
Amortization of capital assets	3,803	4,084
Total administration	516,253	478,794
Total expenses	5,359,907	4,939,239
Excess of revenue over expenses	70,497	26,799

Farm Radio International

Statement of changes in net assets
year ended March 31, 2015

	Unrestricted	Invested in capital assets	Internally restricted	2015	2014
	\$	\$	\$	\$	\$
Balance, beginning of year	188,030	12,679	6,397	207,106	180,307
Excess of revenue over expenses	70,497	-	-	70,497	26,799
Change in net assets invested in capital assets:					
Amortization of capital assets	3,803	(3,803)	-	-	-
Interfund transfer (Note 12)	(9,483)	-	9,483	-	-
Balance, end of year	252,847	8,876	15,880	277,603	207,106

Farm Radio International

Statement of cash flows year ended March 31, 2015

	2015	2014
	\$	\$
Net inflow (outflow) of cash related to the following activities:		
Operating activities		
Excess of revenue over expenses	70,497	26,799
Items not affecting cash:		
Amortization of capital assets	3,803	4,084
Donated shares	(313,970)	(249,479)
Proceeds from disposal of donated shares	315,900	249,168
Loss (gain) on disposal of donated shares	(1,930)	311
Changes in deferred contributions	293,646	93,603
Change in gift receivable	25,638	(840)
	393,584	123,646
Changes in non-cash operating working capital items (Note 13)	(371,978)	(419,087)
	21,606	(295,441)
Investing activities		
Purchase of capital assets	-	(4,726)
Net cash inflow (outflow)	21,606	(300,167)
Cash and cash equivalents, beginning of year	745,780	1,045,947
Cash and cash equivalents, end of year	767,386	745,780
Consisting of:		
In Canada:		
Cash on deposit	481,749	528,190
Cash equivalents	200,000	-
	681,749	528,190
Other countries:		
Cash on deposit	85,637	217,590
Cash and cash equivalents, end of year (Note 3)	767,386	745,780

Farm Radio International

Notes to the financial statements

March 31, 2015

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 and the gift receivable are disclosed in Notes 3 and 6, 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, 2015

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, 2015, host field offices had cash deposits of \$ 85,637 (2014 - \$217,590), of which 34% (2014 - 44%) were in U.S. dollars and 66% (2014 - 56%) were in other currencies.

4. Project receivables from donors

	2015	2014
	\$	\$
Bill & Melinda Gates Foundation	973,289	652,146
Grand Challenges Canada	506,844	154,282
World University Service Canada	95,374	16,360
Global communities	31,016	-
Catholic Relief Services	24,107	-
Ministry of Agriculture of Ghana	24,115	-
Canadian Feed the Children	18,660	-
International Maize and Wheat Improvement center	18,369	-
Centro Internacional de Agricultura Tropical & International Food Policy Research Institute	14,533	20,126
World Food Program	14,312	-
Aga Khan Foundation	13,024	-
Africa Rice Center	12,002	-
Other	11,109	75,391
	<u>1,756,754</u>	<u>918,305</u>

Farm Radio International

Notes to the financial statements

March 31, 2015

5. Capital assets

		2015	2014
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Vehicles	18,101	9,225	8,876
			12,679

6. Gift receivable

The Organization was a beneficiary of an irrevocable charitable remainder trust arrangement. As result of the death of the donor during the current fiscal year, the interest of the Organization as a capital beneficiary became vested. Due to the nature of the assets, the distribution to beneficiaries was in cash. The total consideration received by the Organization during the fiscal year, following the liquidation of the charitable remainder trust was \$27,075. A gain of \$1,437 was recognized in the statement of revenue and expenses.

7. Deferred contributions

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

	2015	2014
	\$	\$
Balance, beginning of year	1,300,297	1,206,694
Amounts received and receivable during the year	5,315,799	4,713,557
Amounts recognized as revenue	(5,022,153)	(4,619,954)
Balance, end of year	1,593,943	1,300,297

The deferred contribution balance is comprised of the following:

	2015	2014
	\$	\$
Irish Aid	863,188	694,867
The Bill & Melinda Gates Foundation	409,777	355,159
Oscroft Ltd.	100,074	19,641
Department of Foreign Affairs, Trade and Development	69,787	5,258
International Union for Conservation of Nature and Natural Resources	32,286	-
Grameen Foundation	31,967	-
Others	86,864	225,372
	1,593,943	1,300,297

8. Bill & 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 (AFRR), Ethiopia Staples and Orange Flesh Sweet Potato. The Organization is implementing these contracts on WUSC's behalf. For the year ended March 31, 2015, total grants recognized from the Bill and Melinda Gates Foundation were \$1,646,884 (2014 - \$1,388,588).

Farm Radio International

Notes to the financial statements

March 31, 2015

9. Other project grants

	2015	2014
	\$	\$
Catholic Relief Service	213,153	14,400
International Maize and Wheat Improvement Center	173,077	162,497
Centro Internacional de Agricultura Tropical & International Food Policy Research Institute	139,082	126,615
Oscroft	96,581	129,438
World University Service of Canada	96,160	83,350
International Potato Center	68,064	-
Deutsche Gesellschaft fur Internationale Zusammenarbeit	65,659	25,740
Canadian Feed the Children	41,649	353,100
Others	426,236	775,035
	<u>1,319,661</u>	<u>1,670,175</u>

10. 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 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:

	2015	2014
	\$	\$
Tanzania	942,777	1,042,010
Malawi	432,220	439,764
Ghana	344,045	300,241
Uganda	315,258	228,481
Ethiopia	513,576	198,410
Mali	82,228	154,109
Burkina Faso	192,874	86,384
Total program expenses in Africa	<u>2,822,978</u>	<u>2,449,399</u>
Program expenses in Canada	<u>1,786,544</u>	<u>1,799,151</u>
Total program expenses	<u>4,609,522</u>	<u>4,248,550</u>

Total program expenses incurred in Africa (field) represent approximately 61% (2014 - 57%) 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% (2014 - 37%) 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, 2015 was \$400,646 (2014 - \$377,652). 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.

Farm Radio International

Notes to the financial statements

March 31, 2015

12. Interfund transfer

During the year, \$9,483 (2014 - \$6,397) was internally restricted for the future purchase of vehicles for overseas operations.

13. Changes in non-cash operating working capital items

	2015	2014
	\$	\$
Accounts receivable	(16,921)	(8,063)
Project receivables from donors	(838,449)	(750,500)
Program advances	13,072	144,506
Prepaid expenses	2,329	(2,090)
Accounts payable and accrued liabilities	467,991	197,060
	<u>(371,978)</u>	<u>(419,087)</u>

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.