

*Financial Statements of*

**FARM RADIO INTERNATIONAL**

*March 31, 2013 and 2012*



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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 sheets as at March 31, 2013, March 31, 2012 and April 1, 2011, and the statements of revenue and expenses, changes in net assets and cash flows for the years ended March 31, 2013 and March 31, 2012, 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 audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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.

## **Independent Auditor's Report (Continued)**

### *Auditor's Responsibility (Continued)*

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Farm Radio International as at March 31, 2013, March 31, 2012 and April 1, 2011, and the results of its operations and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

### ***Report on Other Legal and Regulatory Requirements***

As required by the Canada Corporations Act, we report that, in our opinion, the Canadian accounting standards for not-for-profit organizations have been applied, after giving retrospective effect to the change in the standards as explained in Note 2 to the financial statements, on a basis consistent with that of the preceding year

*Deloitte LLP*

Chartered Professional Accountants, Chartered Accountants  
Licensed Public Accountants

August 14, 2013

**FARM RADIO INTERNATIONAL**  
**Financial Statements**  
**March 31, 2013 and March 31, 2012**

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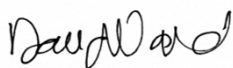
# FARM RADIO INTERNATIONAL

## Balance Sheets

as at March 31, 2013, March 31, 2012 and April 1, 2011

	<u>March 31,</u> <u>2013</u>	<u>March 31,</u> <u>2012</u> (Note 2)	<u>April 1,</u> <u>2011</u> (Note 2)
<b>CURRENT ASSETS</b>			
Cash and cash equivalents (Note 4)	\$ 1,045,947	\$ 364,747	\$ 162,685
Accounts receivable	19,629	11,838	11,239
Project receivables from donors	167,805	30,782	179,744
Program advances	157,578	-	-
Prepaid expenses	2,199	1,302	619
	<b>1,393,158</b>	<b>408,669</b>	<b>354,287</b>
<b>CAPITAL ASSETS (Note 5)</b>			
GIFT RECEIVABLE (Note 6)	12,037	-	1,961
	<b>24,798</b>	<b>23,451</b>	<b>23,891</b>
	<b>\$ 1,429,993</b>	<b>\$ 432,120</b>	<b>\$ 380,139</b>
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 42,992	\$ 133,712	\$ 104,396
Deferred contributions (Note 7)	1,206,694	139,362	123,555
	<b>1,249,686</b>	<b>273,074</b>	<b>227,951</b>
<b>NET ASSETS</b>			
Unrestricted	168,270	159,046	150,227
Invested in capital assets	12,037	-	1,961
	<b>180,307</b>	<b>159,046</b>	<b>152,188</b>
	<b>\$ 1,429,993</b>	<b>\$ 432,120</b>	<b>\$ 380,139</b>

APPROVED BY THE BOARD



Director



Director

**FARM RADIO INTERNATIONAL**  
**Statements of Revenue and Expenses**  
**years ended March 31, 2013 and March 31, 2012**

	<u>2013</u>	<u>2012</u> (Note 2)
Revenue		
African Farm Radio Research Initiative (Note 8)	\$ 1,120,764	\$ 1,127,472
Canadian International Development Agency	216,571	133,337
Donations		
Individuals	300,204	278,419
Foundations	18,489	26,532
Investment	892	1,464
Miscellaneous	8,209	2,818
Other project grants (Note 9)	1,249,241	590,033
	<u>2,914,370</u>	<u>2,160,075</u>
Expenses		
Program		
Impact Programming and Action Research	547,114	311,413
Information Resources for Broadcasters	173,867	135,017
Training and Capacity Development	141,578	136,817
Direct Program Personnel	1,289,631	982,059
Other Direct Program Expenses	207,030	159,615
	<u>2,359,220</u>	<u>1,724,921</u>
Total program expenses (Note 10)		
Administration		
Administrative personnel	61,412	57,862
Amortization of capital assets	1,338	1,961
Governance	24,630	12,956
Other administration	70,096	39,711
WUSC management fee (Note 11)	269,101	212,463
	<u>426,577</u>	<u>324,953</u>
Total administration		
Fundraising	107,312	103,343
	<u>2,893,109</u>	<u>2,153,217</u>
Total expenses		
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 21,261</u>	<u>\$ 6,858</u>

**FARM RADIO INTERNATIONAL**  
**Statements of Changes in Net Assets**  
years ended March 31, 2013, March 31, 2012

	<u>Unrestricted</u>	<u>Invested in Capital Assets</u>	<u>March 31, 2013</u>	<u>March 31, 2012</u> (Note 2)
BALANCE, BEGINNING OF YEAR	\$ 159,046	\$ -	\$ 159,046	\$ 152,188
Excess of revenue over expenses	21,261	-	21,261	6,858
Change in net assets invested in capital assets:				
Amortization of capital assets	1,338	(1,338)	-	-
Purchase of capital assets	(13,375)	13,375	-	-
<b>BALANCE, END OF YEAR</b>	<b>\$ 168,270</b>	<b>\$ 12,037</b>	<b>\$ 180,307</b>	<b>\$ 159,046</b>

# FARM RADIO INTERNATIONAL

## Statements of Cash Flows

years ended March 31, 2013 and March 31, 2012

	<u>2013</u>	<u>2012</u> (Note 2)
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 21,261	\$ 6,858
Items not affecting cash:		
Amortization of capital assets	1,338	1,961
Donated shares	(240,715)	(210,421)
Proceeds from disposal of donated shares	239,991	211,620
Loss (gain) on disposal of donated shares	724	(1,199)
Changes in deferred contributions	1,067,332	15,807
Change in fair value of gift receivable	(1,347)	440
	<u>1,088,584</u>	<u>25,066</u>
Changes in non-cash operating working capital items (Note 12)	(394,009)	176,996
	<u>694,575</u>	<u>202,062</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(13,375)	-
NET CASH INFLOW	681,200	202,062
CASH, BEGINNING OF YEAR	364,747	162,685
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,045,947	\$ 364,747
Consisting of:		
In Canada:		
Cash on deposit	\$ 142,837	\$ 307,569
Cash equivalents	800,000	-
	<u>942,837</u>	<u>307,569</u>
Other countries:		
Cash on deposit	103,110	57,178
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 4)	\$ 1,045,947	\$ 364,747



# FARM RADIO INTERNATIONAL

## Notes to the Financial Statements

years ended March 31, 2013 and 2012

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### 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. The Organization is a registered charitable organization under the Income Tax Act and as such is exempt from income taxes.

### 2. ADOPTION OF A NEW ACCOUNTING FRAMEWORK

On April 1, 2012, the Organization adopted Canadian accounting standards for not-for-profit organizations issued by the Accounting Standards Board of the Canadian Institute of Chartered Accountants ("CICA") as set out in Part III of the CICA Handbook. The Organization also applies the standards for private enterprises in Part II of the CICA Handbook to the extent that the Part II standards address topics not addressed in Part III. In accordance with Section 1501 of Part III of the CICA Handbook, *First-time adoption by not-for-profit organizations*, ("Section 1501"), the date of transition to the new standards is April 1, 2011 and the Organization has prepared and presented an opening balance sheet at the date of transition to the new standards. This opening balance sheet is the starting point for the entity's accounting under the new standards. In its opening balance sheet, under the recommendations of Section 1501, the Organization:

- recognized all assets and liabilities whose recognition is required by the new standards;
- did not recognize items as assets or liabilities if the new standards do not permit such recognition;
- reclassified items that it recognized previously as one type of asset, liability or component of fund balance, but are recognized as a different type of asset, liability or component of fund balance under the new standards; and
- applied the new standards in measuring all recognized assets and liabilities.

In accordance with the requirements of Section 1501, the accounting policies set out in Note 3 have been consistently applied to all years presented. The Organization has not applied any of the exemptions available under section 1501, as it determined there is no impact.

# **FARM RADIO INTERNATIONAL**

## **Notes to the Financial Statements**

**years ended March 31, 2013 and 2012**

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### **2. ADOPTION OF A NEW ACCOUNTING FRAMEWORK (Continued)**

There were no adjustments required to the March 31, 2012 or April 1, 2011 balances as a result of the transition to Canadian accounting standards for not-for profit organizations. However, the Organization reclassified advances to host field offices to cash and cash equivalents which resulted in an increase in cash and cash equivalents of \$57,178 as at March 31, 2012 and of \$42,125 as at April 1, 2011 and a decrease in program advances by the same amounts.

### **3. 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.

# FARM RADIO INTERNATIONAL

## Notes to the Financial Statements

years ended March 31, 2013 and 2012

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### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *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 advances to field host offices and the gift receivable are disclosed in Notes 4 and 6, respectively.

#### *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:

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

#### *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, the estimated useful lives of capital assets and the amount of accrued liabilities. Actual results could differ from these estimates.

**FARM RADIO INTERNATIONAL**  
**Notes to the Financial Statements**  
years ended March 31, 2013 and 2012

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**4. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include highly liquid investments with terms to maturity at acquisition of three months or less.

The Organization's advances to host field offices include balances held in foreign currencies.

As at March 31, 2013, 62% (March 31, 2012 - 61%; April 1, 2011 - 48%) of advances to host field offices are held in U.S. dollars and 38% (March 31, 2012 - 39%; April 1, 2011 - 52%) are held in other currencies.

**5. CAPITAL ASSETS**

	<b>March 31, 2013</b>		
	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 55,758	\$ 55,758	\$ -
Furniture and fixtures	12,444	12,444	-
Vehicles	13,375	1,338	12,037
	<b>\$ 81,577</b>	<b>\$ 69,540</b>	<b>\$ 12,037</b>
	<b>March 31, 2012</b>		
	Cost	Accumulated Amortization (Note 2)	Net Book Value
Computer equipment	\$ 55,758	\$ 55,758	\$ -
Furniture and fixtures	12,444	12,444	-
	<b>\$ 68,202</b>	<b>\$ 68,202</b>	<b>\$ -</b>
	<b>April 1, 2011</b>		
	Cost	Accumulated Amortization (Note 2)	Net Book Value
Computer equipment	\$ 55,758	\$ 53,912	\$ 1,846
Furniture and fixtures	12,444	12,329	115
	<b>\$ 68,202</b>	<b>\$ 66,241</b>	<b>\$ 1,961</b>

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**Notes to the Financial Statements**  
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**6. GIFT RECEIVABLE**

The Organization is entitled to a gift upon the death of a donor, under an irrevocable charitable remainder trust arrangement. The fair value of the underlying investments held by the trust was \$24,798 as at March 31, 2013 (March 31, 2012 - \$23,451; April 1, 2011 - \$23,891).

**7. DEFERRED CONTRIBUTIONS**

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

	<b>March 31, 2013</b>	March 31, 2012
	<u>                    </u>	<u>                    </u> (Note 2)
Balance, beginning of year	<b>\$ 139,362</b>	\$ 123,555
Amounts received during the year	<b>3,653,908</b>	1,866,649
Amounts recognized as revenue	<b>(2,586,576)</b>	<u>(1,850,842)</u>
Balance, end of year	<b><u>\$ 1,206,694</u></b>	<u>\$ 139,362</u>

**FARM RADIO INTERNATIONAL**  
**Notes to the Financial Statements**  
years ended March 31, 2013 and 2012

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**7. DEFERRED CONTRIBUTIONS (Continued)**

The deferred contribution balance at the balance sheet date is comprised of the following:

	<b>March 31, 2013</b>	March 31, 2012	April 1, 2011
	<u>2013</u>	<u>2012</u>	<u>2011</u>
		(Note 2)	(Note 2)
Irish Aid	<b>333,283</b>	-	-
Grand Challenges	<b>199,244</b>	-	-
Feed the Children	<b>177,974</b>	-	-
The Bill and Melinda Gates Foundation	<b>\$ 99,996</b>	\$ 39,783	\$ -
Rockefeller Foundation	<b>89,652</b>	-	-
CIMMYT	<b>63,821</b>	-	-
World Vision (Canada & Tanzania)	<b>48,518</b>	-	-
Canadian International Development Agency	<b>37,909</b>	-	50,004
Harvest Plus	<b>36,039</b>	-	-
Oscroft Ltd.	-	16,136	22,097
Commonwealth of Learning	-	13,039	-
Others	<b>120,258</b>	70,404	51,454
	<b><u>\$ 1,206,694</u></b>	<b><u>\$ 139,362</u></b>	<b><u>\$ 123,555</u></b>

**8. BILL AND MELINDA GATES FOUNDATION**

World University Service of Canada ("WUSC") received 3 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.

**FARM RADIO INTERNATIONAL**  
**Notes to the Financial Statements**  
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**9. OTHER PROJECT GRANTS**

	<u>2013</u>	<u>2012</u> (Note 2)
Bill & Melinda Gates Foundation	\$ 265,716	\$ -
Grand Challenges Canada	227,991	-
Oscroft Ltd.	145,866	130,857
FAIDA Market Link Company	83,530	3,227
American Institutes for Research	78,238	91,203
The Minister for Foreign Affairs of Ireland (Irish Aid)	52,337	-
The International Crops Research Institute for the Semin-Arid Tropics	-	114,213
Others	395,563	250,533
	<u>\$ 1,249,241</u>	<u>\$ 590,033</u>
Total other project grants		

**10. OVERSEAS PROGRAM EXPENDITURES 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 six 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:

Program expenses in Africa:

	<u>2013</u>	<u>2012</u> (Note 2)
Ghana	\$ 168,591	\$ 105,171
Malawi	209,132	108,670
Mali	143,605	179,935
Ethiopia	90,805	76,736
East Africa (Uganda & Tanzania)	612,791	309,802
	<u>\$ 1,224,924</u>	<u>\$ 780,314</u>
Total program expenses in Africa		
Program expenses in Canada	<u>\$ 1,134,296</u>	<u>\$ 944,607</u>
Total program expenses	<u>\$ 2,359,220</u>	<u>\$ 1,724,921</u>

**FARM RADIO INTERNATIONAL**  
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**10. OVERSEAS PROGRAM EXPENDITURES IN AFRICA (Continued)**

Total program expenses incurred in Africa (field) represent approximately 52% (2012 - 45%) of the total program expenses. Program expenses in Canada are paid directly by the Canadian office. Personnel costs in the six countries listed above represent 49% (2012 - 47%) 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, 2013 was \$269,101 (2012 - \$212,463). 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.

**12. CHANGES IN NON-CASH OPERATING WORKING CAPITAL ITEMS**

	<u>2013</u>	<u>2012</u> (Note 2)
Accounts receivable	\$ (7,791)	\$ (599)
Project receivables from donors	(137,023)	148,962
Program advances	(157,578)	-
Prepaid expenses	(897)	(683)
Accounts payable and accrued liabilities	(90,720)	(29,316)
	<u>\$ (394,009)</u>	<u>\$ 176,996</u>

**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.