Financial Statements of

FARM RADIO INTERNATIONAL

March 31, 2011

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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, 2011 and the statements of changes in net assets, revenue and expenses 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 generally accepted accounting principles, 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.

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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 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, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Report on Other Legal and Regulatory Requirements

As required by the Canada Corporations Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants

June 22, 2011

FARM RADIO INTERNATIONAL
Financial Statements
March 31, 2011

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FARM RADIO INTERNATIONAL
Balance Sheet
as at March 31, 2011

		2011		2010
CURRENT ASSETS				
Cash	$	**120,560**	$	487,060
Accounts receivable		**190,983**		143,972
Advances to host field offices (Note 3)		**42,125**		46,810
Prepaid expenses		**619**		-
		354,287		677,842
CAPITAL ASSETS (Note 4)		**1,961**		2,781
GIFT RECEIVABLE (Note 5)		**23,891**		22,841
	$	**380,139**	$	703,464
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	$	**104,396**	$	361,908
Amounts payable to host field offices		**-**		12,348
Deferred contributions (Note 6)		**123,555**		189,246
		227,951		563,502
NET ASSETS				
Unrestricted		**150,227**		137,181
Invested in capital assets		**1,961**		2,781
		152,188		139,962
	$	**380,139**	$	703,464

APPROVED BY THE BOARD

_________________________ Director

_________________________ Director

FARM RADIO INTERNATIONAL
Statement of Changes in Net Assets
year ended March 31, 2011

	Unrestricted	Invested in Capital Assets	**2011**	2010
BALANCE, BEGINNING OF YEAR	**$ 137,181**	**$ 2,781**	**$ 139,962**	$ 127,138
Excess (deficiency) of revenue over expenses	**13,046**	**(820)**	**12,226**	12,824
BALANCE, END OF YEAR	**$ 150,227**	**$ 1,961**	**$ 152,188**	$ 139,962

FARM RADIO INTERNATIONAL
Statement of Revenue and Expenses
year ended March 31, 2011

		2011		2010
Revenue				
African Farm Radio Research Initiative (Note 7)	**$**	**1,254,425**	$	1,472,596
Canadian International Development Agency		**199,996**		200,000
Donations				
Individuals		**352,378**		312,512
Foundations		**30,000**		37,500
Investment		**1,424**		2,750
Miscellaneous		**-**		48
Other project grants		**385,888**		281,422
		2,224,111		2,306,828
Expenses				
Program				
Impact Programming and Action Research		**428,417**		526,684
Other direct program expenses		**82,710**		28,989
Personnel		**884,862**		827,539
Resources for Broadcasters		**231,733**		273,323
Training and capacity development		**142,900**		184,468
Total program expenses (Note 8)		**1,770,622**		1,841,003
Administration				
Administrative personnel		**57,592**		56,150
Amortization of capital assets		**820**		1,166
Governance		**9,669**		11,020
Other administration		**62,724**		60,816
WUSC management fee (Note 9)		**211,021**		219,510
Total administration		**341,826**		348,662
Fundraising		**99,437**		104,339
Total expenses		**2,211,885**		2,294,004
EXCESS OF REVENUE OVER EXPENSES	**$**	**12,226**	$	12,824

FARM RADIO INTERNATIONAL
Statement of Cash Flows
year ended March 31, 2011

		2011		2010
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:				
OPERATING				
Excess of revenue over expenses	**$**	**12,226**	$	12,824
Items not affecting cash:				
Amortization of capital assets		**820**		1,166
Donated shares		**(177,981)**		(151,091)
Proceeds from disposal of donated shares		**179,507**		207,605
Changes in deferred contributions		**(65,691)**		172,902
(Gain) loss on disposal of donated shares		**(1,526)**		2,271
Change in unrealized gain on gift receivable		**(1,050)**		(2,000)
		(53,695)		243,677
Changes in non-cash operating working capital items (Note 10)		**(312,805)**		96,504
NET CASH INFLOW (OUTFLOW)		**(366,500)**		340,181
CASH, BEGINNING OF YEAR		**487,060**		146,879
CASH, END OF YEAR	**$**	**120,560**	$	487,060

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. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) and reflect the following policies:

Future accounting changes

In 2010, the Canadian Institute of Chartered Accountants (CICA) issued a new accounting framework applicable to Canadian not-for-profit organizations. Effective for fiscal years beginning on or after January 1, 2012, not-for-profit organizations may adopt either International Financial Reporting Standards or GAAP for not-for-profit organizations. The Organization currently plans to adopt GAAP for not-for-profit organizations effective April 1, 2012.

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. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Program advances

Advances made to fund program expenses, which have not yet been reported as an expense, are reported as an asset.

Financial instruments

All financial assets are required to be classified as either held-for-trading, held-to-maturity investments, loans and receivables, or as available-for-sale. All financial liabilities are required to be classified as held-for-trading or as other liabilities.

The classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Organization's designation of said instruments, at the time of initial recognition. Settlement date accounting is used and transaction costs related to investments are expensed as incurred. Interest on interest-bearing available-for-sale financial assets is calculated using the effective interest rate method.

Classifications made by the Organization:

Cash	Held-for-trading
Accounts receivable	Loans and receivables
Advances to field host offices	Loans and receivables
Gift receivable	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities
Amounts payable to host field offices	Other liabilities

Held for trading

These financial assets are measured at fair value at the balance sheet date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in miscellaneous revenue.

Loans receivable

These financial assets are measured at amortized cost using the effective interest rate method, less any impairment. Related party loans and receivables are measured at exchange amounts.

Other liabilities

These financial liabilities are recorded at amortized cost using the effective interest rate method. Related party liabilities are recorded at exchange amounts.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Fair value and risks

The fair value of cash, accounts receivables, 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 the financial instruments.

The fair value and the related risks of advances/payables to field host offices and the gift receivable are disclosed in Notes 3 and 5, respectively.

Translation of foreign currencies

Transactions in foreign currencies are translated into Canadian dollars at the rate of exchange in effect at the transaction date. Assets and liabilities denominated in foreign currencies at the balance sheet date are translated at rates in effect at year-end.

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%

Use of estimates

The preparation of financial statements in conformity with Canadian GAAP 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 accrued liabilities, the deferred contributions and the useful lives of capital assets. Actual results could differ from these estimates.

3. ADVANCES/PAYABLES TO HOST FIELD OFFICES

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

As at March 31, 2011, 48% (2010 - 84%) of advances to host field offices are held in U.S. dollars and 52% (2010 - 16%) are held in other currencies.

As at March 31, 2011, NIL% (2010 - 34%) of amounts payable to host field offices are held in U.S. dollars and NIL% (2010 - 66%) are held in other currencies.

4. CAPITAL ASSETS

	2011			2010
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	$ 55,758	$ 53,912	$ 1,846	$ 2,637
Furniture and fixtures	12,444	12,329	115	144
	$ 68,202	$ 66,241	$ 1,961	$ 2,781

5. 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 $23,891 (2010 - $22,841) as at March 31, 2011.

6. DEFERRED CONTRIBUTIONS

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

	2011	2010
Balance, beginning of year	$ 189,246	$ 16,344
Amounts received during the year	1,785,822	1,996,291
Amounts recognized as revenue	(1,851,513)	(1,823,389)
Balance, end of year	$ 123,555	$ 189,246

6. DEFERRED CONTRIBUTIONS (Continued)

	2011	2010
Canadian International Development Agency	**$ 50,004**	$ -
The Bill and Melinda Gates Foundation	**-**	150,511
Oscroft Ltd.	**22,097**	2,752
Mr. David Frere	**20,668**	15,480
International Development Research Centre	**20,558**	20,503
Technical Centre for Agriculture and Rural Cooperation	**10,228**	-
	$ 123,555	$ 189,246

7. AFRICAN FARM RADIO RESEARCH INITIATIVE ("AFRRI")

World University Service of Canada ("WUSC") received a grant from the Bill & Melinda Gates Foundation to fund AFRRI. The Organization is implementing AFRRI on WUSC's behalf.

8. 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 direct program expenses is incurred and paid directly in five African countries, particularly for impact radio campaigns, action research and training programs. The following are direct program expenses incurred in the field by place of spending during the year:

Africa program expenditures:

	2011	2010
Ghana	**$ 124,142**	$ 127,940
Malawi	**179,175**	240,940
Mali	**121,095**	187,891
Tanzania	**131,993**	209,810
Uganda	**186,605**	173,477
	$ 743,010	$ 940,058

Total program expenses incurred in Africa (field) represent 42% (2010 - 51%) of the total program expenses. The balance of program expenses are paid directly by the Canadian office.

9. SHARED COSTS

WUSC provides the Organization with office infrastructure as well as administrative services and advisory staff. The management fee charged for these services for the year ended March 31, 2011 was $211,021 (2010 - $219,510). The fee is calculated as a percentage of expenses 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.

10. CHANGES IN NON-CASH OPERATING WORKING CAPITAL ITEMS

	2011	2010
Accounts receivable	**$ (47,011)**	$ (6,950)
Advances to host field offices	**4,685**	(11,101)
Prepaid expenses	**(619)**	-
Accounts payable and accrued liabilities	**(257,512)**	120,086
Amounts payable to host field offices	**(12,348)**	(5,531)
	$ (312,805)	$ 96,504
Supplementary non-cash information		
Non-cash increase in investments (donated shares)	**$ 177,981**	$ 151,091

11. 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.

The Organization is not subject to any externally imposed capital restrictions.

12. COMPARATIVE FIGURES

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