

Financial statements of

Farm Radio International

March 31, 2016

Farm Radio International

March 31, 2016

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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, 2016, 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, 2016, 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

September 7, 2016

Farm Radio International

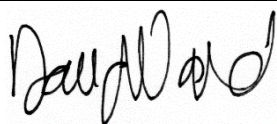
Balance sheet
as at March 31, 2016

| | 2016 | 2015 |
|--|------------------|------------------|
| | \$ | \$ |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents (Note 3) | 1,783,638 | 767,386 |
| Accounts receivable | 41,482 | 44,613 |
| Project receivables from donors (Note 4) | 992,481 | 1,756,754 |
| Prepaid expenses | 1,540 | 1,960 |
| | 2,819,141 | 2,570,713 |
| Capital assets (Note 5) | 46,768 | 8,876 |
| | 2,865,909 | 2,579,589 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | 441,308 | 708,043 |
| Deferred contributions (Note 6) | 2,062,189 | 1,593,943 |
| | 2,503,497 | 2,301,986 |
| Net assets | | |
| Unrestricted | 271,476 | 252,847 |
| Internally restricted (Note 11) | 44,168 | 15,880 |
| Invested in capital assets | 46,768 | 8,876 |
| | 362,412 | 277,603 |
| | 2,865,909 | 2,579,589 |

Approved by the Board



Director



Director

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

Farm Radio International

Statement of revenue and expenses year ended March 31, 2016

| | 2016 | 2015 |
|---|------------------|------------------|
| | \$ | \$ |
| Revenue | | |
| Program grants/contracts | | |
| Bill & Melinda Gates Foundation (Note 7) | 1,157,173 | 1,646,884 |
| Grand Challenges Canada | 672,789 | 977,562 |
| Irish Aid | 731,004 | 672,746 |
| Global Affairs Canada | 398,345 | 405,301 |
| Other project grants (Note 8) | 2,280,789 | 1,319,661 |
| Donations | | |
| Individuals | 499,403 | 346,042 |
| Foundations | 47,000 | 28,500 |
| Investment | 2,797 | 4,711 |
| Miscellaneous | 80,532 | 28,997 |
| | 5,869,832 | 5,430,404 |
| Expenses | | |
| Program (Note 9) | | |
| Direct Program Personnel | 1,907,232 | 2,183,675 |
| Impact Programming & Action Research | 1,857,856 | 1,617,520 |
| Resources for Broadcasters and related program expenses | 714,811 | 608,514 |
| Training and Capacity Development | 261,161 | 199,813 |
| Program Administration | 120,734 | - |
| Program Development | 99,576 | - |
| | 4,961,370 | 4,609,522 |
| Fundraising and Public Engagement | | |
| Fundraising | 192,412 | 183,021 |
| Public Engagement | 95,258 | 51,111 |
| | 287,670 | 234,132 |
| Administration | | |
| WUSC management fee (Note 10) | 408,792 | 400,646 |
| Other administration | 66,163 | 55,814 |
| Administrative personnel | 17,016 | 32,691 |
| Governance | 35,402 | 23,299 |
| Amortization of capital assets | 8,610 | 3,803 |
| | 535,983 | 516,253 |
| | 5,785,023 | 5,359,907 |
| Excess of revenue over expenses | 84,809 | 70,497 |

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

Farm Radio International

Statement of changes in net assets year ended March 31, 2016

| | Unrestricted | Invested in capital assets | Internally restricted | 2016 | 2015 |
|--|-----------------|-------------------------------|--------------------------|----------------|---------|
| | \$ | \$ | \$ | \$ | \$ |
| Balance, beginning of year | 252,847 | 8,876 | 15,880 | 277,603 | 207,106 |
| Excess of revenue over expenses | 84,809 | - | - | 84,809 | 70,497 |
| Changes in net assets invested in capital assets | | | | | |
| Amortization of capital assets | 8,610 | (8,610) | - | - | - |
| Purchase of capital assets | (46,502) | 46,502 | - | - | - |
| Interfund transfer (Note 11) | (28,288) | - | 28,288 | - | - |
| Balance, end of year | 271,476 | 46,768 | 44,168 | 362,412 | 277,603 |

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

Farm Radio International

Statement of cash flows year ended March 31, 2016

| | 2016 | 2015 |
|--|------------------|------------------|
| | \$ | \$ |
| Operating activities | | |
| Excess of revenue over expenses | 84,809 | 70,497 |
| Items not affecting cash | | |
| Amortization of capital assets | 8,610 | 3,803 |
| Donated shares | (298,314) | (313,970) |
| Proceeds from disposal of donated shares | 299,812 | 315,900 |
| Gain on disposal of donated shares | (1,498) | (1,930) |
| Change in deferred contributions | 468,246 | 293,646 |
| Change in gift receivable | - | 25,638 |
| | 561,665 | 393,584 |
| Net change in non-cash operating working capital items (Note 12) | 501,089 | (371,978) |
| | 1,062,754 | 21,606 |
| Investing activity | | |
| Purchase of capital assets | (46,502) | - |
| Net cash inflow | 1,016,252 | 21,606 |
| Cash and cash equivalents, beginning of year | 767,386 | 745,780 |
| Cash and cash equivalents, end of year | 1,783,638 | 767,386 |
| Consisting of | | |
| In Canada | | |
| Cash on deposit | 1,668,974 | 481,749 |
| Cash equivalents | - | 200,000 |
| | 1,668,974 | 681,749 |
| Other countries | | |
| Cash on deposit | 114,664 | 85,637 |
| Cash and cash equivalents, end of year (Note 3) | 1,783,638 | 767,386 |

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

Farm Radio International

Notes to the financial statements

March 31, 2016

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, which are measured at fair value. Changes in fair value are recorded in the statement of revenue and expenses.

Fair value

The fair value of cash and 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 are disclosed in Note 3.

Related party transactions

Related party transactions in the normal course of operations are recorded at the exchange amounts.

Farm Radio International

Notes to the financial statements

March 31, 2016

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:

| | |
|-----------|-----|
| Vehicles | 30% |
| Equipment | 20% |

The following category of capital assets is amortized over their estimated useful lives on a straight-line basis using the following annual rate:

| | |
|-----------------------|-----|
| Leasehold improvement | 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, useful life of capital assets 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 as well as in order to build a contingency reserve.

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, 2016, host field offices had cash deposits of \$114,664 (2015 - \$85,637), of which 13% (2015 - 34%) were in U.S. dollars and 87% (2015 - 66%) were in other currencies.

4. Project receivables from donors

| | 2016 | 2015 |
|--|----------------|------------------|
| | \$ | \$ |
| Bill & Melinda Gates Foundation | 695,750 | 973,289 |
| International Food Policy Research Institute | 109,521 | - |
| International Fertilizer Development Center | 41,316 | - |
| Grand Challenges Canada | 39,633 | 506,844 |
| Grameen Foundation | 34,185 | - |
| World Food Program-GH | 21,140 | - |
| Catholic Relief Services | 19,329 | 24,107 |
| Global Affairs Canada | 18,363 | - |
| Other | 13,244 | 252,514 |
| | 992,481 | 1,756,754 |

Farm Radio International

Notes to the financial statements

March 31, 2016

5. Capital assets

| | 2016 | | 2015 | |
|-----------------------|---------------|--------------------------|----------------|----------------|
| | Cost | Accumulated amortization | Net book value | Net book value |
| | \$ | \$ | \$ | \$ |
| Vehicles | 32,166 | 13,998 | 18,168 | 8,876 |
| Equipment | 8,689 | 869 | 7,820 | - |
| Leasehold improvement | 23,749 | 2,969 | 20,780 | - |
| | 64,604 | 17,836 | 46,768 | 8,876 |

6. Deferred contributions

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

| | 2016 | 2015 |
|---|------------------|------------------|
| | \$ | \$ |
| Balance, beginning of year | 1,593,943 | 1,300,297 |
| Amounts received or receivable at the end of the year | 5,708,347 | 5,315,799 |
| Amounts recognized as revenue | (5,240,101) | (5,022,153) |
| Balance, end of year | 2,062,189 | 1,593,943 |

The deferred contribution balance is comprised of the following:

| | 2016 | 2015 |
|--|------------------|------------------|
| | \$ | \$ |
| The International Fund for Agricultural Development (IFAD) | 704,412 | - |
| The Bill & Melinda Gates Foundation | 494,285 | 409,777 |
| International Development Research Centre | 246,104 | - |
| Irish Aid | 155,116 | 863,188 |
| Oscroft Ltd. | 130,634 | 100,074 |
| Digital Green | 83,479 | - |
| Global Affairs Canada | 77,351 | 69,787 |
| DK Mac Donald foundation | 50,000 | - |
| International Union for Conservation of Nature and Natural Resources | - | 32,286 |
| Grameen Foundation | - | 31,967 |
| Others | 120,808 | 86,864 |
| | 2,062,189 | 1,593,943 |

7. Bill & Melinda Gates Foundation

World University Service of Canada ("WUSC") received four grants from the Bill & Melinda Gates Foundation to fund: the African Farm Radio Research Initiative (AFRRI), Ethiopia Staples, Orange Flesh Sweet Potato and Listening Posts Project. The Organization is implementing these contracts on WUSC's behalf. For the year ended March 31, 2016, total grants recognized from the Bill and Melinda Gates Foundation were \$1,157,173 (2015 - \$1,646,884).

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Notes to the financial statements

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8. Other project grants

| | 2016 | 2015 |
|--|------------------|------------------|
| | \$ | \$ |
| Catholic Relief Services | 340,471 | 213,153 |
| International Development Research Centre | 293,008 | - |
| Centro Internacional de Agricultura Tropical & International Food Policy Research Institute | 271,036 | 139,082 |
| International Maize and Wheat Improvement Center | 219,295 | 173,077 |
| The International Fund for Agricultural Development | 158,868 | 2,532 |
| Grameen Foundation | 158,847 | 6,111 |
| World University Service of Canada | 129,160 | 96,160 |
| Oscroft Ltd. | 111,291 | 96,581 |
| Digital Green | 108,888 | - |
| International Fertilizer Development Center | 103,562 | 2,919 |
| CAB International Africa | 88,427 | - |
| International Union for Conservation of Nature | 80,718 | 33,129 |
| Canadian Feed the Children | 17,706 | 41,649 |
| Deutsche Gesellschaft Fur Internationale Zusammenarbeit | 17,130 | 65,659 |
| Others | 182,382 | 449,609 |
| | 2,280,789 | 1,319,661 |

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 eight 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:

| | 2016 | 2015 |
|-----------------------------|------------------|------------------|
| | \$ | \$ |
| Africa program expenditures | | |
| Ethiopia | 555,494 | 513,576 |
| Ghana | 467,950 | 344,045 |
| Burkina Faso | 227,326 | 192,874 |
| Malawi | 231,715 | 432,220 |
| Mali | 189,347 | 82,228 |
| Tanzania | 899,168 | 942,777 |
| Uganda | 457,662 | 315,258 |
| Niger | 97,240 | - |
| | 3,125,902 | 2,822,978 |
| Canada program expenses | 1,835,468 | 1,786,544 |
| Total program expenses | 4,961,370 | 4,609,522 |

Total program expenses incurred in Africa (field) represent approximately 63% (2015 - 61%) of the total program expenses. Program expenses in Canada are paid directly by the Canadian office. Personnel costs in the eight countries listed above represent 27% (2015 - 22%) of the total program expenses.

Farm Radio International

Notes to the financial statements

March 31, 2016

10. 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, 2016 was \$408,792 (2015 - \$400,646). 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.

11. Interfund transfer

During the year, \$28,288 (2015 - \$9,483) was internally restricted for the future purchase of vehicles for overseas operations as well the creation of a contingency reserve.

12. Changes in non-cash operating working capital items

| | 2016 | 2015 |
|--|----------------|------------------|
| | \$ | \$ |
| Accounts receivable | 3,131 | (16,921) |
| Project receivables from donors | 764,273 | (838,449) |
| Program advances | - | 13,072 |
| Prepaid expenses | 420 | 2,328 |
| Accounts payable and accrued liabilities | (266,735) | 467,992 |
| | 501,089 | (371,978) |

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.

14. Comparative figures

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