Financial statements of
Farm Radio International

March 31, 2022

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	7–13

Deloitte.

Deloitte LLP
Suite 1600
100 Queen Street
Ottawa ON K1P 5T8
Canada

Tel: 613-236-2442
Fax: 613-236-2195
www.deloitte.ca

Independent Auditor's Report

To the Members of
Farm Radio International

Opinion

We have audited the financial statements of Farm Radio International (the "Organization"), which comprise the balance sheet as at March 31, 2022, and the statements of revenue and expenses, changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
August 3, 2022

	Notes	2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents	3	**2,429,835**	3,516,856
Accounts receivable		**107,061**	148,713
Project receivables from funders	4	**1,665,505**	1,017,609
Prepaid expenses		**53,552**	25,249
		4,255,953	4,708,427
Capital assets	5	**28,669**	38,922
		4,284,622	4,747,349
Liabilities			
Current liabilities			
Purchase of capital asset	7	**20,000**	—
Accounts payable and accrued liabilities		**402,183**	654,848
Deferred fundraising revenue		**110,000**	—
Deferred contributions	6	**2,773,932**	3,373,695
		3,306,115	4,028,543
Net assets			
Unrestricted		**882,999**	613,046
Invested in capital assets		**28,669**	38,922
Internally restricted		**66,838**	66,838
		978,506	718,806
		4,284,622	4,747,349

The accompanying notes are an integral part of the consolidated financial statements.

Approved by the Board

____________________ Director

____________________ Director

Farm Radio International

Statement of revenue and expenses

Year ended March 31, 2022

	Notes	2022 $	2021 $
Revenue			
Program grants/contracts:			
GIZ		**4,371,837**	908,460
Global Affairs Canada (GAC)		**1,087,667**	1,737,604
Marie Stopes International (MSI)		**537,720**	—
WFP		**376,390**	111,499
ALINEA		**358,798**	116,683
ACDI-VOCA		**338,574**	440,997
Alliance for a Green Revolution in Africa (AGRA)		**303,418**	373,714
Other project grants	8	**2,266,274**	2,613,559
		9,640,678	6,302,516
Donations:			
Individuals		**1,021,737**	897,394
Foundations		**111,510**	128,843
Miscellaneous		**46,997**	43,388
		1,180,244	1,069,625
		10,820,922	7,372,141
Expenses			
Program	9		
Impact Programming & Action Research		**3,879,748**	2,419,937
Direct Program Personnel		**3,163,078**	1,805,141
Resources for Broadcasters and related program expenses		**1,259,179**	1,076,590
Training and Capacity Development		**353,785**	287,543
Program Development		**288,047**	254,202
Program Management		**279,006**	278,878
		9,222,843	6,122,291
Fundraising and Public Engagement			
Fundraising		**319,543**	321,642
Public Engagement		**203,642**	154,389
		523,185	476,031
Administration			
Administrative personnel		**310,285**	118,373
Other administration		**262,950**	285,677
WUSC management fee	10	**153,373**	202,947
Governance		**78,333**	55,671
Amortization of capital assets		**10,253**	11,124
		815,194	673,792
		10,561,222	7,272,114
Excess of revenue over expenses		**259,700**	100,027

The accompanying notes are an integral part of the consolidated financial statements.

Farm Radio International

Statement of changes in net assets

Year ended March 31, 2022

	Unrestricted	Invested in capital assets	Internally restricted	2022	2021
	$	$	$	$	$
Balance, beginning of year	**613,046**	**38,922**	**66,838**	**718,806**	618,779
Excess of revenue over expenses	**259,700**	**—**	**—**	**259,700**	100,027
Change in net assets invested in capital assets:					
Amortization of capital assets	**10,253**	**(10,253)**	**—**	**—**	—
Balance, end of year	**882,999**	**28,669**	**66,838**	**978,506**	718,806

	Notes	2022	2021
		$	$
Operating activities			
Excess of revenue over expenses		**259,700**	100,027
Items not affecting cash:			
Amortization of capital assets		**10,253**	11,124
Donated shares		**(380,521)**	(298,370)
Proceeds from disposal of donated shares		**382,419**	289,851
Gain (loss) on disposal of donated shares		**(1,897)**	8,519
Gain (loss) on disposal of capital assets		**–**	3,235
Changes in deferred contributions		**(599,763)**	2,754,325
		(329,810)	2,868,711
Net Change in non-cash operating working capital items	11	**(777,212)**	(285,794)
		(1,107,021)	2,582,917
Investing activities			
Purchase of capital asset		**–**	(9,495)
Financing activity			
Proceeds from (payment of) line of credit		**20,000**	(95,000)
Net (decrease) increase in cash and cash equivalents		**(1,087,021)**	2,478,422
Cash and cash equivalents, beginning of year		**3,516,856**	1,038,434
Cash and cash equivalents, end of year		**2,429,835**	3,516,856
Consisting of:			
Cash on deposit			
In Canada		**2,226,273**	3,326,127
Other countries		**203,562**	190,729
Cash and cash equivalents, end of year		**2,429,835**	3,516,856

The accompanying notes are an integral part of the consolidated financial statements.

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:

Adoption of the amendments to Section 3856, Financial Instruments, for financial instruments originated or exchanged in a related party transaction

Effective April 1, 2021, the Organization has adopted the amendments to Handbook Section 3856, *Financial Instruments* ("Section 3856") related to the recognition of financial instruments originated or exchanged in a related party transaction, referred to herein as the "related party financial instruments amendments".

These amendments to Section 3856 establish new guidance for determining the measurement of a related party financial instrument. The related party financial instruments amendments require that such a financial instrument be initially measured at cost, which is determined based on whether the instrument has repayment terms. If the instrument has repayment terms, the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any reduction for impairment. Otherwise, the cost is determined using the consideration transferred or received by Organization in the transaction. Subsequent measurement is based on how the instrument was initially measured.

The Organization has applied the related party financial instruments amendments in accordance with the transition provisions of Section 3856. The amendments should be applied retrospectively. When related party financial instruments exist at the date these amendments are applied for the first time, the cost of an instrument that has repayment terms is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment as at the beginning of the earliest comparative period, i.e. April 1, 2020. The cost of an instrument that does not have repayment terms is deemed to be its carrying amount in the Organization's financial statements, less any impairment, as at the same date.
The fair value of an instrument that is an investment in shares quoted in an active market is determined as at the same date.

When related party financial instruments do not exist at the date these amendments are applied for the first time, transition relief was provided such that the related party financial instruments do not need to be restated as at the beginning of the earliest comparative period.

The adoption of these amendments had no material impact on the amounts recognized in the Organization's financial statements or disclosures.

2. Significant accounting policies (continued)

Financial instruments

Initial measurement

Financial assets and financial liabilities originated or exchanged in arm's length transactions are initially recognized at fair value when the Organization becomes a party to the contractual provisions of the financial instrument. Financial assets and financial liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Organization is in the capacity of management, are initially recognized at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. The cost of financial instruments with repayment terms is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. The cost of financial instruments without repayment terms is determined using the consideration transferred or received by the Organization in the transaction.

Subsequent measurement
All financial instruments are subsequently measured at amortized cost.

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.

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 are disclosed in Note 3.

Related party transactions

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

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%
Furniture	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 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

As of March 31, 2022, the cash and cash equivalents include three foreign currency accounts with the following balances:

	Base currency $	Converted balance $
European Euro	**999,359**	**1,379,783**
British pound sterling	**42,603**	**69,830**
US Dollar	**166,757**	**208,530**
	1,208,719	**1,658,143**

4. Project receivables from funders

	2022	2021
	$	$
GIZ	**421,836**	248,957
AGRA	**297,095**	164,785
ALINEA	**250,144**	116,683
Alma production	**157,322**	—
Biovision	**116,608**	—
Lively Minds	**88,520**	—
ACDI VOCA	**76,113**	216,307
ENABEL	**52,097**	78,307
WUSC	**51,211**	50,396
FAO	**46,699**	6,919
Other	**107,861**	135,256
	1,665,505	1,017,609

5. Capital assets

	Cost	**Accumulated amortization**	**2022 Net book value**	2021 Net book value
	$	**$**	**$**	$
Vehicles	**71,041**	**58,282**	**12,759**	18,227
Equipment	**15,134**	**8,528**	**6,606**	8,258
Computer	**4,167**	**1,286**	**2,881**	4,115
Furniture and fixtures	**9,837**	**6,936**	**2,901**	3,626
Leasehold improvement	**23,749**	**20,227**	**3,522**	4,696
	123,928	**95,259**	**28,669**	38,922

6. Deferred contributions

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

The deferred contribution balance is comprised of the following:

	2022	2021
	$	$
GAC	**1,104,960**	14,815
IKEA	**1,024,694**	—
MSI	**336,244**	—
AGRA	**259,473**	338,723
Others	**48,561**	13,234
GIZ	**—**	2,937,644
Biovision	**—**	35,990
CDF	**—**	33,289
	2,773,932	3,373,695

7. Bank loan

The Organization has a demand operating facility agreement with a Canadian bank, which allows it to borrow up to $600,000 (2021 - $400,000) at an interest rate of prime plus 0.75% per annum, with a general security agreement. As at March 31, 2022, the outstanding balance was $20,000 ($nil in 2021).

8. Other project grants

	2022	2021
	$	$
Alma production	**300,628**	10,456
Biovision	**287,445**	39,532
CODE	**282,040**	265,132
IFAD	**220,922**	190,518
CDF	**204,064**	74,110
ENABLE	**186,799**	210,478
MOFA	**173,142**	276,960
WUSC	**128,949**	77,127
Lively Minds	**114,321**	—
FAO	**105,413**	227,471
Ministry of Agriculture (Ethiopia)	**44,410**	99,942
Rockefeller Foundation	**—**	106,707
Oscroft	**—**	102,689
Others	**218,141**	932,437
	2,266,274	2,613,559

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 fourteen 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:

	2022	2021
	$	$
Africa program expenditures		
Mali	**1,181,024**	390,811
Ghana	**596,193**	722,652
Ethiopia	**587,884**	445,602
Nigeria	**542,785**	239,620
Tanzania	**449,904**	275,864
Côte d'Ivoire	**390,908**	5,332
Senegal	**375,777**	393,023
Malawi	**373,416**	18,474
Burkina Faso	**330,525**	916,282
Togo	**256,813**	11,555
Mozambique	**251,433**	10,028
Zambia	**187,225**	8,112
Uganda	**62,792**	99,826
Kenya	**4,413**	32,125
Cameroon	**—**	8,832
Democratic Republic of Congo	**—**	21,035
	5,591,092	3,599,173
Canada program expenses	**3,631,751**	2,523,118
Total program expenses	**9,222,843**	6,122,291

Total program expenses incurred in Africa (field) represent approximately 61% (59% in 2021) of the total program expenses. Program expenses in Canada are paid directly by the Canadian office.

10. Shared costs

WUSC provides the Organization with office infrastructure, project management and administrative services. Per the new agreement between FRI and WUSC, the management fee charged for these services for the year ended March 31, 2022 was $153,373 ($202,947 in 2021). 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. Changes in non-cash operating working capital items

	2022 $	2021 $
Accounts receivable	**41,651**	(30,551)
Project receivables from donors	**(647,896)**	(210,951)
Prepaid expenses	**(28,303)**	(8,938)
Account payable and accrued liabilities	**(252,664)**	(35,354)
Deferred fundraising revenue	**110,000**	—
	(777,212)	(285,794)

12. 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.

13. Comparative figures

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