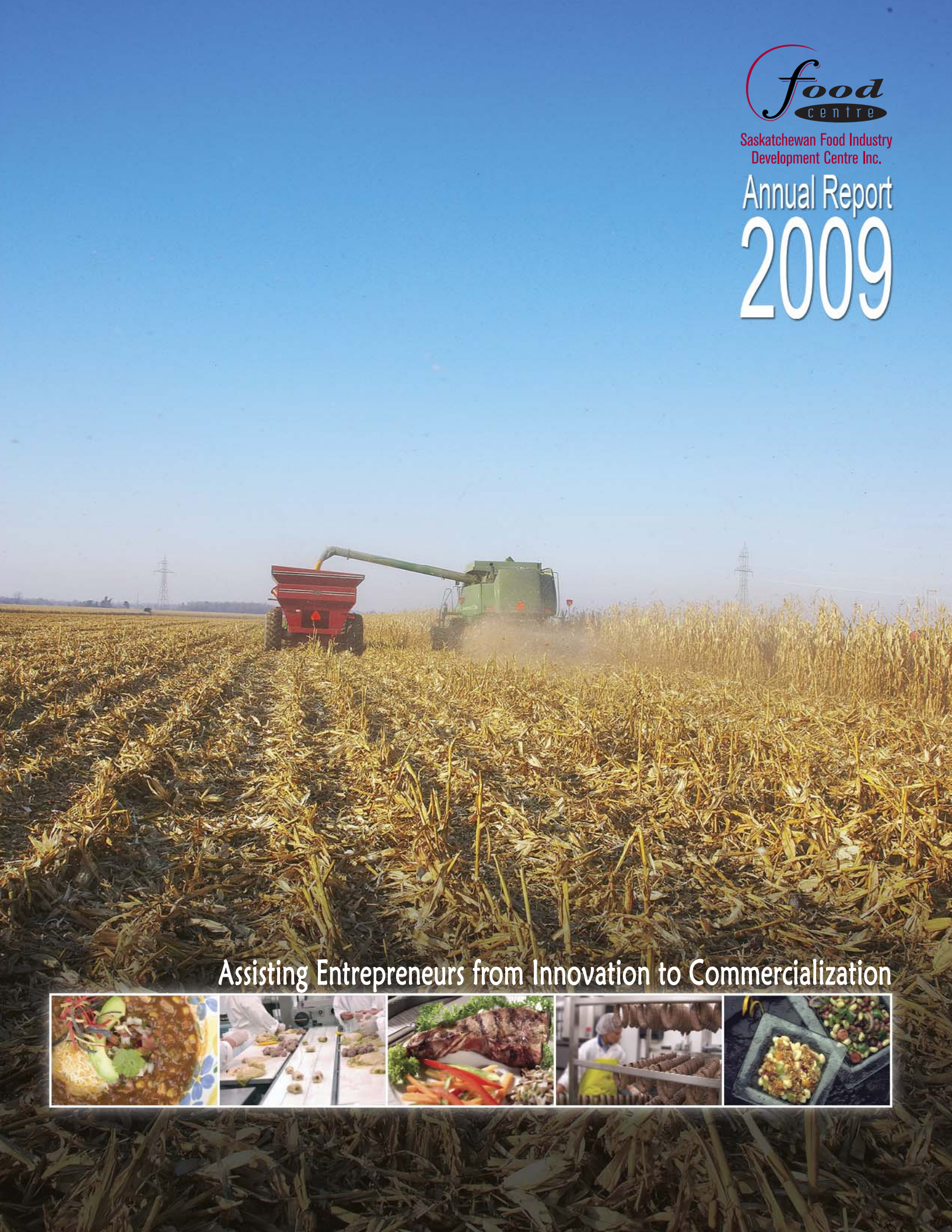




Saskatchewan Food Industry
Development Centre Inc.

Annual Report 2009



Assisting Entrepreneurs from Innovation to Commercialization



CONTENTS



*Wild Rosehip Spread, Garlic Pesto, Rhubarb Savory Sauce
Fresh Air Flavors, Nipawin, SK*

VISION

The Food Centre will continue to **BE LEADERS IN DEVELOPING THE SASKATCHEWAN FOOD PROCESSING INDUSTRY.**

The Saskatchewan Food Industry Development Centre Inc. (Food Centre) will be **THE FOCAL POINT** in Saskatchewan where all food processing companies seeking **TO DEVELOP NEW FOOD PRODUCTS AND EXPLORE NEW MARKET OPPORTUNITIES** can obtain the expertise and services required to support their goals in product development, interim processing and technology.

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Audited 2009 financial statements available upon request by contacting the Food Centre at (306) 933-7555 or email info@foodcentre.sk.ca

** Cover food images courtesy of Saskatchewan Ministry of Agriculture and Saskatchewan Pulse Growers*



*Dried Saskatoon Berries - Prairie Berries, Keeler, SK
Saskatoon berry image courtesy of Native Fruit Development Program,
Department of Plant Sciences, U of S*

Centre for “Innovation to Commercialization”

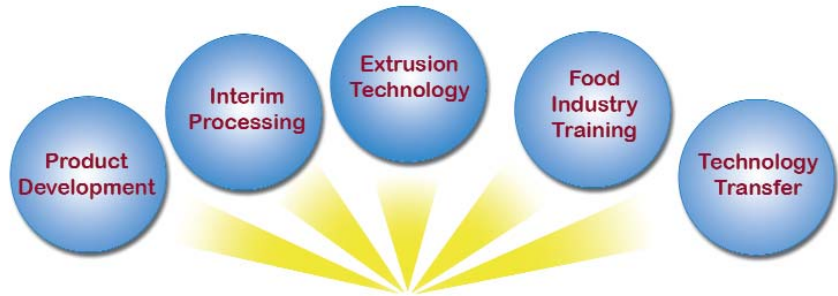
A BIT OF HISTORY

The Saskatchewan Food Industry Development Centre Inc. (Food Centre) was incorporated in October of 1997 by a committee exploring options to assist the Saskatchewan food processing industry in expanding its market opportunities. As such, the Food Centre has members rather than shareholders; in this case, the members are the Province of Saskatchewan (as represented by Saskatchewan Ministry of Agriculture), the University of Saskatchewan and the Saskatchewan Food Processors Association.

The Agri-Food Innovation Fund Strategic Area Committee for food processing (SAC) conceived the Food Centre. Over a one and a half-year period Industry, University and Government representatives met together to determine what resources were needed to grow the food industry within Saskatchewan.

The conclusion was that the Food Centre should target the following to:

- > Develop a specialized pool of expertise within the Food Centre, targeting the development of provincial industry strengths.
- > Improve skills of processor employees and to increase the pool of qualified potential employees.
- > Work with the existing resource providers wherever possible in the provision of services, and to continually identify the gaps in services.



WHERE WE ARE AT

With over 150 clients and almost 600 products developed and/or processed at the Food Centre since inception, we have built a solid reputation in the food industry for our expertise, experience and services.

The Food Centre’s role in pre-commercialization and commercialization of food products increases the competitiveness of Saskatchewan made foods in the global marketplace. Through our process, the Food Centre ensures the required resources are available and that the commercialization game plan is ready to roll.

Entrepreneurs come to the Food Centre to confidentially explore new product opportunities. Our experience in the generation, development and evaluation of ideas for new products is second to none.

The Food Centre assists the food industry with product development, ingredient sourcing, processing, packaging, labelling, extrusion, technology transfer, food safety training and pathfinding. If the expertise is not available at the Food Centre, we can guide companies and entrepreneurs to public and private sector industry players such as technology providers and manufacturers to meet their needs.

We Are

An important link and portal to industry experts for the food industry.

Working together with industry players focused on development of our post farm processing industry.

A cost effective avenue for entrepreneurs to prototype test market and prove demand and viability before capitalizing.

A key resource contributing to Saskatchewan’s economic growth.

INITIAL FUNDING SUPPORT

Agri-Food Innovation Fund (AFIF)

The Food Centre was established by an \$8.5 million operating endowment from AFIF. AFIF contributed a further \$1 million for capitalization of facilities and equipment.

Saskatchewan Industry and Resources (SIR)

The Food Centre received \$2 million from SIR toward the construction of the federally inspected pilot plant.

Canadian Adaptation and Rural Development Fund (CARDS)

CARDS supplied financial support for training programs offered at the Food Centre.

Centre for “Innovation to Commercialization”



*Bison Pemmican - Manitou Pemmican Co., Drake, SK
Buffalo Stix - Trails End Bison, Livelong, SK
Bison image courtesy of Canadian Bison Association*

PRODUCT INNOVATION STARTS HERE

Unique food products can be developed from a secret family recipe, scratch or on new consumer market information. Our Product Development Team is able to adapt research to industry applications and products. Since inception, the Food Centre has developed over 450 products for clients to test market.

Products such as ready-to eat-meals, sauces, jams, various meat products, healthy snacks and even pet food have successfully hit retail shelves.

The Food Centre’s Product Development Kitchen, Microbial and QA/QC Laboratory are well equipped to assist in the evaluation and development of new and innovative food concepts for the marketplace.

The Food Centre is committed to ensuring client confidentiality. From initial point of contact, product/project information disclosed to the Food Centre by the client is kept in strict confidence, even after termination of contract.



COST EFFECTIVE PROCESSING FACILITIES

The Food Centre’s two processing facilities, Commercial Kitchen and Federal Facility, are available to food processors from all sectors and of all sizes. These two facilities are a great transition for the entrepreneur after validation of prototype.

Budding entrepreneurs and local manufacturers can use the health inspected Commercial Kitchen to test market within Saskatchewan.

Medium to large-sized processors utilize the CFIA Federal Facility to access global markets. The Federal Facility is organic certified, HACCP approved and FDA licensed for meat, dairy and processed foods. Its inspection status provides clients with export capabilities particularly in the areas of meat processing where stringent controls are required. The Federal Facility operates under a HACCP based food safety system to ensure all foods processed are of the highest standard for food safety.

The two facilities act as an incubator so that food companies can evaluate market viability of their products before investing in capital equipment and/or facilities.



EXTRUSION TECHNOLOGY

The twin screw extruder has found a permanent home in the Food Centre’s Commercial Kitchen. Purchased in 2008, the extruder’s purpose is for research and development and test marketing. Its usage is focused on utilization of agricultural based products such as cereals, pulses, and proteins and test marketing of various products from consumer foods to ingredients and biodegradable bio-polymers.

INDUSTRY TRAINING

The Food Centre offers numerous training seminars and workshops throughout the year to assist food processors in all aspects of their business, specifically food safety. The Food Centre can tailor training to organizational requirements and deliver the training on-site.

In addition, the Food Centre offers online training in Hazard Analysis and Critical Control Points (HACCP) and Good Manufacturing Practices (GMPs) through our Food Industry Training Centre. Online training offers flexibility for busy operations and ease of access for rural companies.

The Food Centre works closely with industry in developing training programs to equip Saskatchewan food processors with the tools to manufacture a safe and quality product.



Staff & Directors

*Delicious barley snack - Martin Munchies, Watrous, SK
Barley image courtesy of Saskatchewan Ministry of Agriculture*

Food Centre Staff

Dan Prefontaine
President

Valerie Menzies
Administrative Assistant

Sherree Wood
Accountant

Carmen Ly
Communications Director

Sara Lui
Product Development and Technical
Services Manager

Nai-Yee Jay
Product Development Specialist

Catherine Querimit
Product Development Assistant

Shannon Hood-Niefer
Senior Food Scientist,
Extrusion Program Manager

Matthew Marcotte
Extrusion Equipment Operator

Erin Hiebert
Food Safety and Quality Manager

Allan Coulthard
Food Safety Specialist

Shelley Ferley
Food Safety Specialist

Brev Chesky
Processing Coordinator

Dave Schneider
HACCP Coordinator

Mike Baht
Pilot Plant Operator Supervisor

Michelle Paul
Processing Technician

Barry Motilag
Equipment Maintenance

Board of Directors

Bob Morgan (Chair)
POS Pilot Plant Corporation

Bob Tyler
University of Saskatchewan

Mitchell Demyen
Saskatchewan Ministry of Agriculture

Derek J. Burden
SYSCO Food Services

Trenton Baisley
File Hills Qu'Appelle Tribal Council

Muriel Garven
Garven & Associates Management
Consultants

Carl Flis
LT Global Services

Steve Naccarato
Saskatchewan Food Processors Association

Tim Wiens
O & T Farms

Board Advisor

Michele Kuxhaus
Agriculture and Agri-Food Canada

Members

Alanna Koch, Deputy Minister
Saskatchewan Ministry of Agriculture

Dr. Richard Florizone
University of Saskatchewan

Steven Naccarato
Saskatchewan Food Processors Association

Partnership



Minced Garlic, Jelly, Powder - M&M Garlic, Whitefox, SK

The Food Centre was founded on a partnership arrangement with Saskatchewan Ministry of Agriculture, University of Saskatchewan and the Saskatchewan Food Processors Association. This partnership provides resources targeted at growing and diversifying Saskatchewan's food processing industry.

Saskatchewan Ministry of Agriculture

<http://www.agriculture.gov.sk.ca/>

The Ministry of Agriculture offers valuable support to the Saskatchewan food industry. Their experienced staff is available to assist the agriculture industry through its service offerings such as business expertise and leadership, research, etc. The branches in Ministry of Agriculture is committed to enhancing the development of a vibrant agricultural industry. The Food Centre is pleased to be working with the Ministry of Agriculture in many value added initiatives.



**Saskatchewan
Ministry of
Agriculture**

University of Saskatchewan

<http://agbio.usask.ca/>

The Food Centre works closely with the research scientists at University of Saskatchewan's College of Agriculture and Biore-sources' Food and Bioproduct Sciences Department. The Department links proces-sors to the latest technology and research information. Their food product develop-ment group assists the Food Centre in the expansion and diversification of the food industry.

Dr. Phyllis Shand, Professor
Heather Silcox, Analytical Services



Saskatchewan Food Processors Association

www.SaskMade.ca

The SFPA is an industry association that provides marketing and business develop-ment programs to the Saskatchewan food industry. It forges alliances with leaders in the food industry and assists members with education, funding, and other initiatives. It also offers consolidated shipping & distribu-tion through the Saskatchewan Made Marketplace store in Saskatoon, and has spearheaded the Saskatchewan Made Program and its efforts to raise the profile of locally-produced goods. The SFPA's role as an umbrella organization has become crucial in the promotion, support, and growth of its member companies.

Darrell J. Schneider - Chief Operating Officer

Sask Made Program
Kim Hill - Director
Kerry Krzyzaniak - Assistant

Saskatchewan Made Marketplace
Karen Parenteau - Manager





Chairman's Message

Certified Organic Delicacies - Clear Creek Organics, Pangman, SK

The Food Centre experienced considerable growth and change in 2009. The fiscal year was a celebration of achievements for the Food Centre.

The Food Centre celebrated 10 years of "Innovation to Commercialization", bringing together industry, processors, associations, and government representatives at a Saskatchewan Made BBQ. The Board of Directors is proud of the Food Centre's accomplishments over the past 10 years. From inception with only the Commercial Kitchen and a handful of staff and clients, the Food Centre now boasts a federal facility, twin screw extruder, 17 full time staff and over 150 clients under their wing.

The Centre's multifaceted services available to the food industry were expanded in 2008 to include extrusion technology. 2009 marked one full year of the twin screw extruder at the Food Centre. This new service and technology has opened doors to many opportunities to not only the Food Centre, but also Saskatchewan's agriculture. The Food Centre is exploring projects incorporating agricultural inputs and has experienced successful outcomes. Year 2010 will see these outcomes being applied to finished products for the marketplace. The Extrusion Program has been going strong and is expected to become a core business component of the Food Centre.

The global marketplace is turbulent and competitive. New food regulations, food recalls, changing consumer attitudes and lifestyles all provide a challenging setting for small and medium sized companies. The Food Centre continues to expand its operation and services to meet the needs of the industry. New programs in training, product development and extrusion are paving the way for a strong value added food industry to compete in the marketplace.

I have been very fortunate to be on a dynamic Board whose vision for Saskatchewan's food industry is of growth and opportunities. 2009 marks the last year for me as the Chairman. It has been a pleasure to serve on the Food Centre's Board of Directors for the past six years. Seeing the milestones accomplished by the Food Centre instill confidence in the Board's direction for the Centre.

As Directors, we are excited about the path the Food Centre has taken. In the years to come we envision the Food Centre as not only a provider of expert services to the food industry, but a leader in growing the industry.

I wish Muriel Garven, my successor, and the Food Centre all the best.

Robert E. Morgan, P.Ag.



President's Message



Peppered jellies - Grandora Gardens, Grandora, SK

Growth, prosperity, opportunity - words often spoken in our food industry as we begin to emerge from our commodity roots to a province expanding its position in value added agriculture. Our industry is evolving as consumer preferences change and as market demand increases for quality products produced in Saskatchewan. The world, as is our province, is constantly evolving and the ability to adapt quickly to these changes will have a positive impact to our industry.

The Food Centre celebrated its tenth anniversary in 2009 and has served as a key element in Saskatchewan's growth strategy for value added food processing. Our role from inception has been to encourage entrepreneurship, nurture incubation, foster discovery and support the industry in its quest for new products for new markets.

Over the last year, the Food Centre has increased its capacity in the development of new products and initiatives from cereal crops. The expansion of our extrusion technology program, supported by Western Economic Diversification and ACS's - ACAAFS program, has provided the Centre and the province, new opportunities to advance development activities utilizing plant based materials. The extrusion program has expanded our diversity in research, development of new innovative ingredients and byproduct unitization technologies.

The Food Centre's pilot plant facility is home to the province's only commercial incubation centre for food processing. Supported by our expert team in product development and processing, the federally inspected facility continues to lead the province in new food product and process development.

The Centre's food safety and quality program had a noticeable impact in the food industry in 2009. Over 250 individuals received direct training from the Food Centre. With proper training, the food industry is being equipped with skills and knowledge in food safety to keep pace with the ever changing regulatory environment and remain competitive in the marketplace. Whether implementing food safety programs, training or providing technical troubleshooting, the Food Centre staff has been close at hand to lend support and guidance to our industry.

It is predicted that agriculture and the food processing industry will have the largest impact on human health over the next twenty years. From producer to processors, we are exploring ways to develop and deliver healthier foods, gentler processing techniques to preserve Saskatchewan's premium quality, and incorporating new ingredients that contribute to health and wellness to our consumers.

Growth and prosperity for our industry can be achieved. We must tackle the challenges impacting our industry, capture opportunities through industry collaboration, research, strong partnerships and the dedicated individuals who focus on the benefits to the industry and our competitiveness in the global market.

Daniel Prefontaine





Organic Wild Rice Pancake & Waffle Mix - Northern Lights, La Ronge, SK
Wild rice image courtesy of Saskatchewan Ministry of Agriculture

Year In Review

YOU'VE GOT QUESTIONS, WE'VE GOT ANSWERS

For a non profit organization like the Food Centre, it is difficult to put a value towards its pathfinding and information sourcing services. Calling or meeting with the Food Centre to obtain information about processing, packaging, labelling or starting up a business is free. It may take 5 minutes to relay the information back to the individual, or it may take days, depending on the depth of the inquiry. No matter the timeline, the information relayed back is immeasurable to the individual.

Daily, the Food Centre receives numerous inquiries, conducts meetings and provides assistance in a variety of areas relating to the food industry. Inquiry topics are diverse and can range from product ideas, packaging techniques, regulations to product development and interim processing.

Year 2009 logged in approximately 2,833 inquiries from the industry. Top service requests were in regards to new food development, information request and technical assistance (Figure A).

The Food Centre services all sectors in the food industry. For the past several years, including 2009, the most requests for service came from the Meat sector (Figure B). Not surprising as the meat industry is the most regulated and most challenging market to penetrate. Following behind the Meat sector is Condiment and then Prepared & Specialty. Processors of jam, chutney, relish, spreads, honey, etc., fall into the Condiments category. Prepared & Specialty include processors of non meat ready-to-eat products, ethnic cuisine such as samosas or sauces, cabbage rolls, etc.

The Food Centre will continue to be an important pathfinder for the food industry. Our networks in the industry make the Food Centre the one stop shop for food entrepreneurs.

Types of Service Requests from the Industry

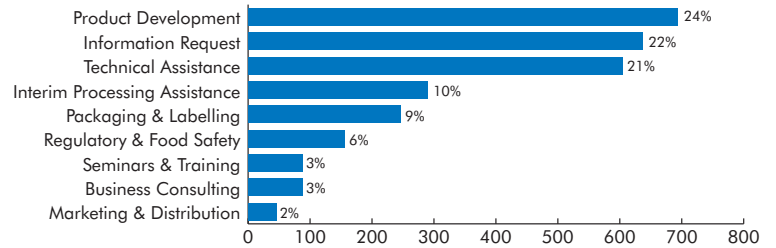


Figure A

Industry Sectors Seeking Assistance from the Food Centre

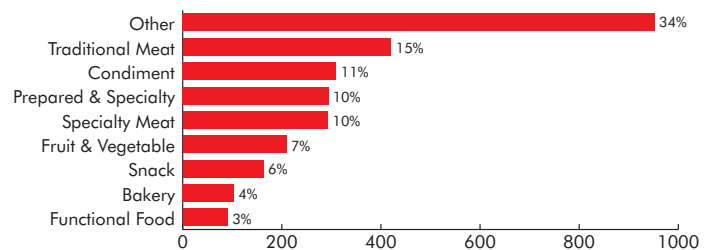


Figure B

Year In Review



From cherry juice, spreads, to toppings - Over the Hill Orchards, Lumsden, SK

A Catalyst for Building Saskatchewan's Agri-Food Industry.

OUR CLIENT BASE

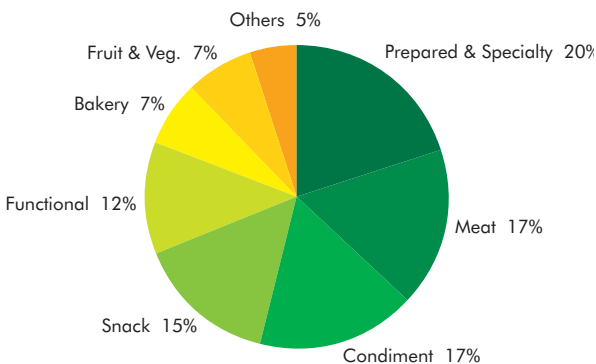
In 2009, the Food Centre worked with 41 clients in product development and interim processing, a slight decrease from 2008. New to this client list was the inclusion of our extrusion clients which accounted for 22%. Clients ranged from start up to large sized businesses largely situated within Saskatchewan with a few international companies.

The breakdown of our client base shows that 20% came from the Prepared & Specialty sector, 17% came from Meat, and 17% from Condiment sector. See Figure C.

Majority of the 41 clients were accessing the Food Centre for test marketing purposes, with 66%. Next year, we will see some of these clients moving into the Food Centre's incubation role.

Figure C

Breakdown of Client Base



CELEBRATING 10 YEARS OF INNOVATION TO COMMERCIALIZATION

From years 1999 to end of 2008, 10 years of service to the industry, the Food Centre has achieved many milestones for the food industry. From 5 employees to 16; launch of successful online training programs; over 135 clients serviced; more than 400 products developed and 230 test marketed; grand opening of the Commercial Kitchen (1999) and Federal Facility (2001); over 3,000 individuals trained in areas of food safety and processing; and almost 27,000 inquiries and consultations from industry, these are just some of the accomplishments in these 10 years.

To commemorate this milestone, the Food Centre hosted a 10 year celebration event in May 2009. Over 100 industry representatives from processors and industry associations to government to past employees

enjoyed a scrumptious Saskatchewan Made BBQ which profiled unique client products.

Keynote speakers were, Mr. Rick Burton, Assistant Deputy Minister for Saskatchewan Ministry of Agriculture, Food Centre Chairman, Bob Morgan, and Food Centre President, Dan Prefontaine.

The Food Centre looks forward to another successful 10 years of assisting entrepreneurs in exploring value-added opportunities.

Guests networked and enjoyed SK Made BBQ at tenth anniversary event.



Year In Review



Products ranging from lamb meatballs to kabobs - Canadian Prairie Lamb, Saskatoon, SK
Lamb image courtesy of Prairie Feed Resource Centre

NEW TECHNOLOGY PROVES SUCCESSFUL FOR THE FOOD CENTRE

News and activities have swarmed around the Food Centre's extrusion program since the acquisition of the twin screw extruder from Cleextral Inc. in the fall of 2008, making it a unique highlight for the Food Centre in 2009. In March, the Food Centre hosted an "Extruder Demonstration Event" to show off the capabilities of the equipment. This coincided with a media event to announce additional funding from Western Economic Diversification towards the purchase of extra pieces for the extruder.

Year 2009 saw the Food Centre solidifying its partnership with Cleextral Inc. through a joint project to install and conduct research on HMEC (high moisture extrusion cooking) and expand its applications to pulses and

other cereal products. Cleextral provided training to Food Centre staff on HMEC using the extruder. Several internal tests were performed to fine-tune parameters and process on the extruder's capabilities in HMEC.

Although extrusion is a relatively new service at the Food Centre, it is gaining momentum and interest from the industry. So far, the Food Centre has attracted a dozen clients from across North America with several companies entering the test marketing stage.

The Food Centre will begin to pursue extrusion projects under the management of Shannon Hood-Niefer, newly hired to head up the extrusion program. Year 2010 will see the extrusion program focus on development of healthier food alternatives in snacking and easy to prepare main courses.

our Commercial Kitchen and Federal Facility. The state of the art facilities allow clients to manufacture production runs for market trials and larger market access without having to invest in equipment or facility.

Twenty-two clients were using the Food Centre's interim processing capabilities. Of these clients, 32% were start ups, 54% were considered small and 14% were medium sized. A bulk of the clients were using the facilities for test marketing of products and incubation, with several for market expansion.

Usage of the Federal Facility and Commercial Kitchen has increased slightly as compared to 2008, 7% and 18% respectively. The increased usage of the Commercial Kitchen has been due to extrusion projects. Total usage designated to extrusion in the Commercial Kitchen is approximately 60%. The remainder of the time is used to facilitate product development activities and projects, and processing for "farmers' market" clients and small start-up companies. In 2009, several kitchen clients were redirected to the federal facility as the area was occupied with extrusion projects. As more extrusion projects come into play, the Commercial Kitchen will be re-evaluated for 2010.

PROCESSING ACTIVITY

The Food Centre is well known for its "proof of concept" incubation role in the food industry. The Centre continues to attract small to medium sized processors for food manufacturing in

NEW PRODUCTS HIT STORE SHELVES

Year 2009 saw entrepreneurs thinking outside of the box when it came to developing a unique food product for the marketplace. There was stronger emphasis on consumer health and convenience.

Extrusion Demonstration Event - MP Brad Trost, on behalf of Government of Canada, taste testing extruded product.



Year In Review



*Pulse Pro bars - Muscle Bird Nutrition, Ardath, SK
Pulse image courtesy of Saskatchewan Ministry of Agriculture*

Sixty-five products were in development in 2009; 42 were completed and 28 of those headed for test marketing. Products making their way into the market include organic meat items, barley snacks, organic gluten free fruit bars, salad dressing mix, high protein snacks, ingredient applications and re-formulated products.

Next year will continue to see new food products emphasize on consumer health and wellness - specifically sodium reduced.

FOOD SAFETY TRAINING

Over 250 individuals were trained through webinars, on-site training, and workshops held at the Food Centre in 2009.

Throughout the course of the year, the Food Centre conducted One-Day HACCP Training Workshops throughout the province which drew 75 participants; 3 Day HACCP training; webinar on Listeria in conjunction with FOODTECH Canada; provided food safety assessments for several companies; assisted in many audits and pre-audits; and several on-site training on GMPs, food safety principles, critical control points, plant security, etc.

In 2009, the Food Centre completed development of the Vendor Recognition, a GMP-based food safety program for non-federally registered food processing facilities. The Food Centre worked with retailers to ensure the program met their specific needs. The program has been designed to assist small to medium processors in implementing vendor food safety programs that may assist in gaining recognition as a vendor for new market access to retailers, the food service industry and institutions. Once implemented, the program is supported with auditing services that is available for processors wishing to achieve vendor recognition certification from the Food Centre.

ONLINE TRAINING

Since the launch of the GMPs Online Training in June 2007, 51 companies have registered for the training. Eighty percent of registrants are within province. GMP training is being applied to various sectors in the food industry. At the end of 2009, there were 21 active accounts.

The Food Centre's HACCP & Food Safety Certificate Program online training is attracting students across Canada.

Since its launch in October 2008, 31 students have enrolled and 13 have already graduated. Food Centre received federal funding for 50% of registration from Agriculture and Agri-Food Canada, through the Canadian Food Safety and Quality Program's Food Safety Initiative, under the Agriculture

Policy Framework. Five companies took advantage of this funding.

Busy production schedules and staff shortages make online training an ideal venue for employers to train their staff.

THANK YOU TO OUR FUNDING AGENCIES

Food Centre programs continue to run thanks to the financial support from several agencies in 2009 for special projects.

Thanks to the National Research Council (IRAP) for providing funding to the Food Centre to assist clients with development of new technologies.

Thanks to Western Economic Diversification for funding to purchase additional equipment for the twin screw extruder.

Thanks to Agriculture Council of Saskatchewan - Advancing Canadian Agriculture and Agri-Food Saskatchewan (ACAAFS) Program for their support and funding for food safety programs and other projects.

Thanks to Saskatchewan Government for their continuous financial support of the Food Centre.

Thanks also to our industry partners and networks who have worked closely with the Food Centre in building a strong agri-food industry.



Martin Munchies and Clear Creek Organics launches new products to the market.



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AUDITORS' REPORT

TO THE MEMBERS OF
THE SASKATCHEWAN FOOD INDUSTRY DEVELOPMENT CENTRE INC.

Audited 2009 financial statements available upon request by contacting the Food Centre at
tel: (306) 933-7555 or by email: info@foodcentre.sk.ca



Saskatchewan Food Industry Development Centre Inc.

strategic funding and support provided by



Saskatchewan



Saskatchewan
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