

2007



Annual Report

Assisting entrepreneurs from "concept to consumer".





Saskatchewan Food Industry
Development Centre Inc.

2007



vision

To be leaders in developing the
Saskatchewan food processing industry.

goal

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 expand or
explore new market opportunities can obtain the expert-
ise and services required to support their goals in product
development, interim processing and technology.

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Corporate Profile

Concept to Consumer

The Food Centre operates as a non profit corporation and has been servicing the food industry since September 1997. In 1999, the Commercial Kitchen and laboratory were added and in the later part of the year construction began on the federally inspected facility. At this time the Food Centre was in its infancy and assisted a small handful of clients with interim processing. In 2001, the 10,000 square foot HACCP accredited federally inspected facility was completed, providing new opportunities for Saskatchewan's processors and entrepreneurs. Over the past 10 years, the Food Centre has built a strong relationship and reputation in the food industry for its customer service, expertise in new product development, food safety programs, interim processing and training. To date, the Food Centre has helped over 100 clients to launch over 250 new products into the marketplace.

The Food Centre's incubation role allows companies to test market food ideas before making additional investments. It has been a pivotal point of entry for food processors and has become the central location for the co-ordination and delivery of support services to assist Saskatchewan entrepreneurs with their product ideas. Every client and their product ideas have its unique service requirements. For some clients, projects touch on all of the services offered at the Food Centre:

- product and process development
- interim processing
- technology development and transfer
- training & education
- quality assurance
- food safety

Not all resources are housed at the Food Centre. In many cases, the Centre guides companies and entrepreneurs to public and private sector industry players such as technology providers and manufacturers to match innovators' ideas.

Processing Facilities

The Food Centre operates two specialized processing facilities, namely the Commercial Kitchen and federal facility. Both facilities are available to food processors from all sectors and of all sizes and each has its own unique advantages. Budding entrepreneurs and local manufacturers can test market a product locally using the health inspected Commercial Kitchen for their processing needs. The Commercial Kitchen also provides flexibility for a variety of product development projects, scale up's and short run processing.

The CFIA federal facility is organic certified, HACCP approved and FDA licensed for processing meat, dairy and processed foods. The facility's inspection status provides clients with export capabilities particularly in the areas of meat processing where stringent controls are required. Medium to large-sized existing processors utilize the federal facility to access markets beyond Saskatchewan's borders.

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

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.



cooking kettles (Commercial Kitchen)





The Food Centre operates under a HACCP based food safety system to ensure all foods processed in the facility are of the highest standard for food safety and recognized as a premium Saskatchewan made product. The Food Centre's trained staff is available to assist entrepreneurs with inquiries and all their processing needs.

From small production runs for test marketing to larger full scale production for market access, the Food Centre's "proof of concept" incubation facility allows entrepreneurs to evaluate market viability of their products before investing in capital equipment and/or facilities. In addition, clients are provided with the technical expertise to guide them through the regulatory environment and in the right direction for their food processing business.

Product Development Expertise

The Food Centre team can assist clients in developing the technical requirements for products that are innovative and safe for consumers. In many cases, home recipes usually require modifications to adapt them to profitable commercial scale production. Our product development team can help to modify recipes to meet industry standards while maintaining quality and product characteristics. The Food Centre will work closely and confidentially with all clients to ensure they understand their formulation and perfect the product prior to production trials. Sensory evaluation plays a key role in the product development process. This process involves a panel of objective individuals who evaluate prototype characteristics for attributes such as taste, texture, appearance, and overall acceptability.



meat grinding (Pilot Plant)

The Food Centre's Product Development Kitchen, Microbial and QA/QC Lab is well equipped to assist in the evaluation and development of new food concepts for the market.

Food Industry Training

Providing current training to staff is an important part of operating a business in the food industry. Changes in the regulatory environment, new legislation, food safety concerns and profitable processing techniques are all areas that training can assist in. Training provides skills and knowledge that contribute to the growth of the food industry.

The Food Centre offers numerous training seminars and workshops throughout the year to assist food processors in all aspects of their business. It also tailors training to specific organizational needs and will deliver the training on-site if required. Over the years industry feedback has led the Food Centre to focus training on food safety programs, employee GMPs and more specifically Hazard Analysis and Critical Control Points (HACCP) programs.



Food analysis (QA/QC laboratory)

A Successful Partnership

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 has provided resources targeted at growing and diversifying Saskatchewan's food processing industry. The members of the partnership are centrally located on the University of Saskatchewan campus which provides for a one-stop-shop for food processors seeking assistance in their projects. Food processors looking to the Food Centre in product development and interim processing also have access to services provided by our partners in the areas of research, marketing, distribution, technical support, and regulatory compliance.





2007

staff
board members

Food Centre Staff

Dan Prefontaine - President
Valerie Menzies - Administrative Assistant
Sherree Wood - Accountant
Carmen Ly - Communications Director
Paul Rogers - Commercialization Specialist
Sara Lui - Product Development and Technical Services Manager
Nai-Yee Jay - Product Development Specialist
Matthew Marcotte - Product Development Assistant
Erin Hiebert - Food Safety and Quality Manager
Allan Coulthard - Food Safety and Quality Specialist
Joy Shinn - Food Safety and Quality Specialist
Brev Chesky - Processing Coordinator
Colin Bishop - HACCP Coordinator
Mike Baht - Pilot Plant Operator Supervisor
Barry Motilag - Equipment Maintenance

Board of Directors

Bob Morgan (Chair) - POS Pilot Plant Corporation
Amos Skinner - Cubic Advisory Services
Judy Yungwirth (Secretary/Treasurer) - University of Saskatchewan
Mitchell Demyen - Saskatchewan Ministry of Agriculture
Steven Naccarato - SasCoPack Inc.
Bob Tyler - University of Saskatchewan
Derek J. Burden - SYSCO Food Services
Trenton Baisley - FarmPure Inc.
Muriel Garven - Garven & Associates Management Consultants
Chris Selness - Prairie Financial Management

Board Advisors

Catherine Folkersen - Saskatchewan Ministry of Agriculture
Darrell J. Schneider - Saskatchewan Food Processors Association
Brenda Patton - Agriculture and Agri-Food Canada

Members

Jacquie Gibney, Assistant Deputy Minister - Saskatchewan Ministry of Agriculture
Dr. Richard Florizone - University of Saskatchewan
Steven Naccarato, Saskatchewan Food Processors Association



the
partnership

2007



Working Together for the Food Industry

Saskatchewan Ministry of Agriculture www.agriculture.gov.sk.ca

Saskatchewan Ministry of Agriculture staff at the Food Centre offer valuable technical support to the Saskatchewan food industry. They provide knowledge in the areas of food and natural health products regulations, quality assurance programming and food manufacturing practices to SK companies and individuals. The Ministry has several programs and services for delivery to this industry and Ministry staff located around the province look forward to working with companies that are starting or growing their food business.

Catherine Folkersen, Manager
Dr. Shika Agblor, Senior Food Scientist
Chris Smith, Food Quality Assurance Specialist
Kelly Bettschen, Food Quality Assurance Specialist



**Saskatchewan
Ministry of
Agriculture**

Saskatchewan Food Processors Association www.SaskMade.ca

The SFPA is an industry association that provides marketing and business development programs to the Saskatchewan food industry. The various programs include their Saskatchewan Made branding program, Consolidated Shipping and Distribution through their new Sask Made Marketplace, retail promotions, tradeshow and forging alliances with leaders in the food industry. 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
Glen Olson, Director of Marketing & Distribution
Kim Hill, Controller
Lindsey Swicheniuk, Administrative Assistant



University of Saskatchewan www.agbio.usask.ca/departments/fabs/index.html

The Food Centre works closely with the research scientists at University of Saskatchewan's College of Agriculture and Bioresources' Department of Food and Bioproduct Sciences. The Department links processors to the latest technology and research information. Their food product development group assists the Food Centre in the expansion and diversification of the food industry.

Dr. Phyllis Shand, Professor
Derrick Pobereznec, Meat Processing Specialist
Heather Silcox, Analytical Services
Gerald Henriksen, Product Development Specialist





2007

chairman's
message

Chairman's Message

It is indeed a pleasure to be on the Board of an organization which is providing innovative services to the growing Saskatchewan food industry.

Over the past year, the Saskatchewan Food Industry Development Centre again clearly demonstrated its value to start-up and existing companies by strengthening its food safety training program through the offering of a web-based platform for GMP and HACCP on-line. The GMP online training has been operational since June 2007 and has had good feedback. The HACCP online training will be available in 2008.

In addition, through ACAAFS funding, the Food Centre established HACCP systems for nine Saskatchewan companies which enabled them access to national and international markets.

The Food Centre is actively participating in Food Tech Canada, which is a network of food processing pilot plants across Canada. This network provides a way of servicing local clients' needs by access to the best expertise and facilities across Canada.

Through funding support from ACAAFS, the Food Centre established an extrusion technology program. In 2008, a twin screw extruder funded through WD, and a specialist will be in place to service the food industry needs in such areas as pet food development and new grain-based products.

The Food Centre also initiated a working relationship with the new toll processing TML facility in Melfort. This allows clients with meat-based processes to scale up to small commercial runs for market development activity.

As we look forward, 2008 is the 10th Anniversary of the establishment of the Food Centre. The Board, management, government and the food processing industry, will initiate a process to review the structure, activities and financing of the Food Centre, with a mandate to put in place a business plan for the next 10 years to ensure that the Food Centre can grow and continue to be proactive in supporting the growth and development of a viable food processing industry.

The Food Centre continues to generate significant positive feedback from its clients and will strive to continue to meet or exceed client expectations over the upcoming years. This success is due largely to the innovative and quality staff employed by the Food Centre; however, this would not have been accomplished without continuing human resource and financial support from the Saskatchewan Government and other funding agencies such as IRAP and ACAAFS. The Food Centre looks forward to working with the various agencies in the future to continue to provide the exceptional level of client service.



Robert E. Morgan, P.Ag.



President's Message

The Food Centre had another exceptional year in 2007. It played an integral part in the incubation of new ideas and the development of new products for Saskatchewan companies. For the Centre, it was a year with many changes, opportunities and growth for our organization.

Over the past year the Centre responded to over 5900 inquires for assistance from all food processing sectors. Annually we have experienced a steady increase in the amount of inquiries regarding all facets of food processing. Inquires regarding health foods, supplements and unique product concepts were particularly higher in 2007 as compared to 2006.

It was also a year with the highest number of requests for product development projects. In 2007, the Food Centre's product development team worked on over 150 new product concepts for the industry and successfully completed over 90 products in the year. The Food Centre experienced a wider diversity of products for development such as cereal crop based products, bakery items, snack foods, and condiments. Meat product development activity also increased and the pilot plant sustained a continued growth in the demand for this area.

Year 2007 also saw the completion of one ACAAFS funded project and the implementation of three new projects. It was the final year for the HACCP Technician Certificate Program. This three year program provided training to over 2500 Saskatchewan food processing employees; implemented HACCP systems for nine manufacturers; delivered six new HACCP diploma graduates to the province, and provided assistance for Saskatchewan based companies to review and modify existing food safety systems.

Three new ACAAFS funded programs began in 2007. The first, a Commercialization Program funded in 2006 began in January of 2007 with the addition of a Commercialization Specialist to the Food Centre team. The Commercialization Program is part of a long term strategy to develop capacity within Saskatchewan and to assist processors in areas of new development and competitiveness in processing. It was also developed to assist processors in moving products from concept to commercialization in a shorter period of time. The second, the HACCP On-line Program, also funded in 2006, was developed to convert the successful HACCP & Food Safety Diploma Program to a web based format. The new delivery system is geared towards developing capacity in food safety and providing training for rural manufacturers. Thirdly was the new Food Safety and Quality Program funded in August of 2007. The program will focus on the lesson learned in the completed HACCP Technical Program and build capacity in the areas of quality and food safety for small to medium manufacturers.

The Food Centre is thankful for the support it receives from its funding partners to bring forward new programs through arrangements with Saskatchewan Ministry of Agriculture, the Agri-Value Program, Agriculture Council of Saskatchewan, Advancing Canadian Agriculture and Agri-Food Saskatchewan, Western Economic Diversification and the National Research Council (IRAP). This partnership has provided the industry with the resources to expand their capability and competitiveness.

The Centre's success continues due largely to the staff's dedication and commitment to service, our cooperative partnerships and the enthusiasm of our clientele. We look forward to 2008 with continued relationships, innovation and new opportunities.

Sincerely,

Daniel Prefontaine





Year in Review

Over 5,900 Inquiries in 2007!

Going from concept to consumer is a complicated process with many factors to consider. The knowledgeable staff at the Food Centre can make the process of commercializing a food idea a little easier. Daily, the Food Centre receives numerous inquiries, conducts meetings and provides assistance in a variety of areas relating to the pathway of commercialization. Inquiries can range from product ideas, packaging techniques, regulations to product development and interim processing.

Year 2007 saw a staggering 5908 inquiries and consultations processed by the Food Centre - a 49% increase from 2006. Top service requests from the industry revolved around product development, technical assistance, interim processing and general inquiries (Figure A). The largest increases have been in the product development services and inquiries into unique product ideas.

Inquiries and service requests were received from all sectors of the food industry. Sectors listed under "Others" consist of grains and cereals, cheese/dairy, seafood, pet food, and industry players such as suppliers, distributors and other service providers. The meat sector, for another year, logged in the most requests and consultations at 24.5%, followed by others, condiments and prepared & specialty sectors (Figure B).

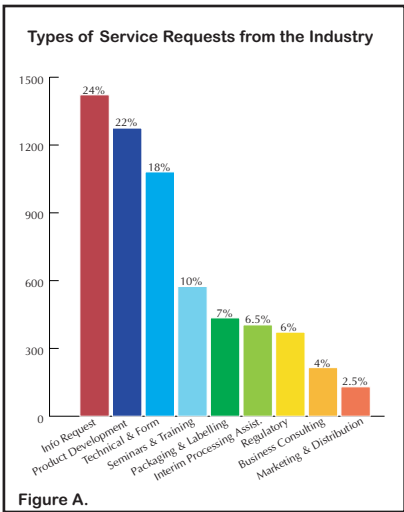


Figure A.

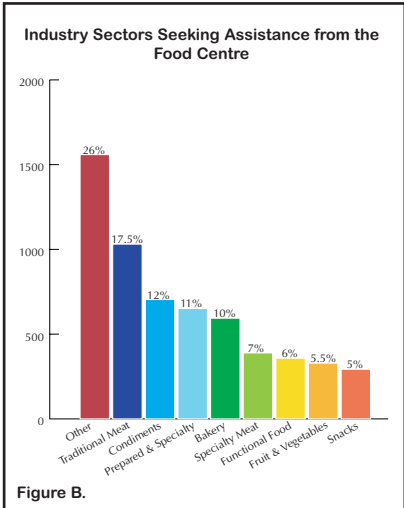


Figure B.

Food Centre Clientele

The Food Centre's diverse service offering attracts many types of clientele. There were 44 product development and processing clients in 2007 - a 20% increase from 2006. Among these clients, 53% were using the Food Centre's services for test marketing of products, 42% for incubation and 25% for market expansion. Over 35% of the clients were start up and small operations using the Food Centre either for test marketing or supplying to current niche markets.

The top three client sectors accessing the Food Centre's expertise in product development and processing fall into traditional and specialty meats (38%), prepared & specialty (18%) and bakery (18%).

New Products into the Market

The development process for new products is very critical as it sets the stage for the success of the product in the marketplace. For 2007, the Food Centre's product development team saw its busiest year since inception with over 150 new products in development. Over the year, 99 products were completed with 51 of those introduced into the market. Products that made their debut were gluten free bakery items, wild rice pancake mixes, bannock, sausage, seasoned oils, salad dressings, baking flavours and prepared meat products.

With many of the products developed in 2007 in their final stages, the Food Centre expects product development to continue to be steady through 2008. As new product ideas continue to emerge from our clientele, 2008 could shape up to be another busy year.



Interim Processing

After the product prototype has been developed and test marketed, the client can enter into the market to capture opportunities by using the Food Centre’s interim processing facilities (pilot plant or Commercial Kitchen) to produce commercial product for sale. The Food Centre’s state-of-the-art facilities allow clients to manufacture production runs for market trials and larger market access. Year 2007 saw continued demand for processing activity in the pilot plant. The Commercial Kitchen seen an increase in use as compared to 2006. This is due primarily to new clients entering the market place. The processing facilities were primarily occupied by meat processors although fewer than 2006, followed by condiments and prepared & specialty products (Figure C).

Promoting the Food Centre

Increasing public awareness of the Food Centre services and its partners has contributed to the increase in new clients. The Food Centre has been identified as one of the province’s key assets in food development. It is a popular stop for national and international visitors, educational tours, industry agricultural associations and 4H clubs as 25 tours were given in 2007. Provincial and international trade officers rely on the Food Centre to provide an overview of the food processing industry in Saskatchewan.

For the third year, the Food Centre was part of the Solutions Booth at the International Food Technologist (IFT) and Food Expo in Chicago, Illinois. The Food Centre along with Ag-West Bio brought together a group of industry service providers and private industry to collaboratively showcase Saskatchewan’s capabilities and commercialized products to the science and food processing industry. Three private companies benefited from the trade show which was host to over 20,000 delegates. Farm Pure, Mustard Capital Inc. and CanMar Grains all benefited from their attendance at IFT. From the show, the companies made several contacts with distributors and processors seeking new and unique products.

Throughout the year, the Food Centre has made several presentations and attended various tradeshows to promote Saskatchewan, it’s value-added opportunities and to increase awareness of the Food Centre’s services.

New Funding Assistance

The Food Centre was able to bring forward new programs in 2007, thanks in part to financial funding from Saskatchewan Ministry of Agriculture, Agriculture Council of Saskatchewan - Advancing Canadian Agriculture and Agri-Food Saskatchewan (ACAAFS) Program, Western Economic Diversification (WD) and the National Research Council - Industrial Research Assistance Program (IRAP).

Saskatchewan Ministry of Agriculture provided funding to assist the food industry in value added processing and to provide training to 80 public health inspectors on food safety.

ACAAFS Program funded a new Food Safety and Quality Program as well as providing funding assistance for an Extrusion Specialist in the Extrusion Technology Program.

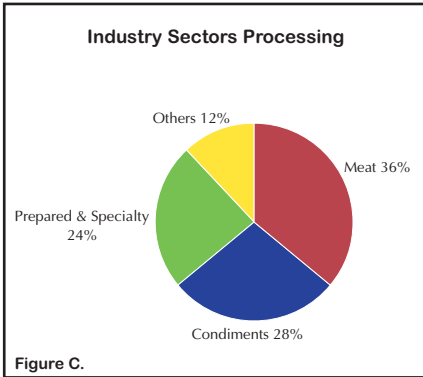
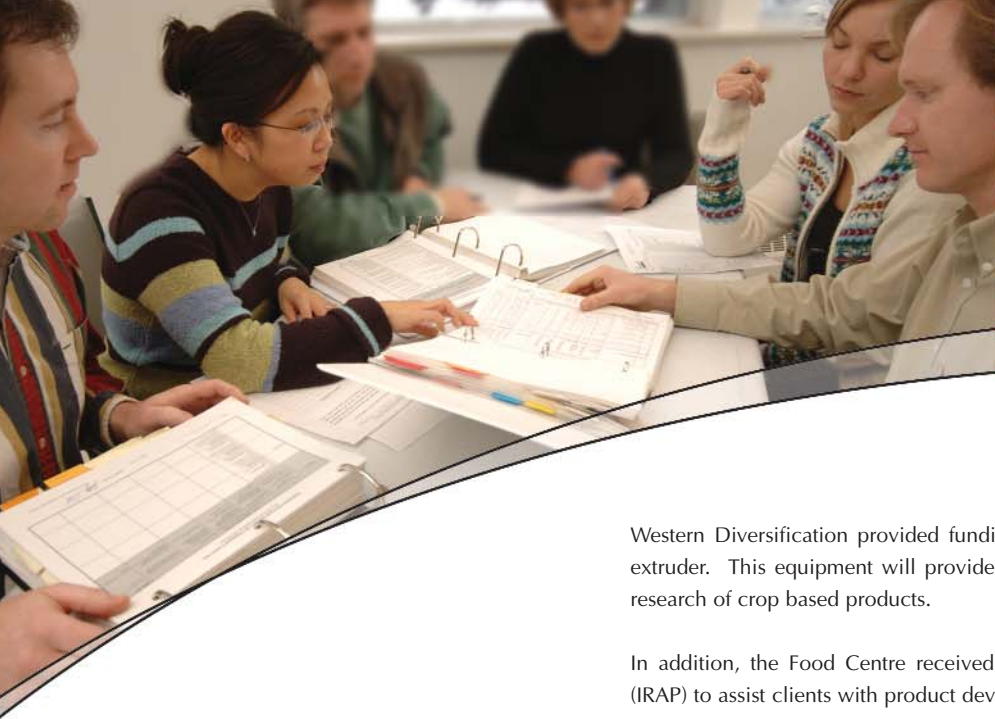


Figure C.



Saskatchewan Solutions Team at IFT and Food Expo in Chicago, Illinois



2007

year in review

Western Diversification provided funding to the Food Centre for the purchase of a twin screw extruder. This equipment will provide new value added opportunities in the development and research of crop based products.

In addition, the Food Centre received funding assistance from the National Research Council (IRAP) to assist clients with product development, nutritional labelling and information projects.

The Food Centre is very proud and extremely thankful for the partnership arrangements with these funding agencies. The funding provides new opportunities for all processors in the food industry. With funding assistance, the Food Centre is able to offer current training and expertise to help companies be innovative and remain competitive in the marketplace. The Food Centre looks forward to a continued relationship that can assist food processors in exploring these opportunities in value-added food development and commercialization in the agri-food industry.

Food Safety Training Still Top Priority

Food safety is a key issue for consumers and the food industry. The Food Centre understands the need for processors to be concerned regarding the safety of the foods they manufacture. Consumers rely on a safe food supply and regulatory agencies to ensure consumer safety by introducing legislation and programs that support food safety initiatives. The Food Centre's training strategy continues to support infrastructure such as Hazard Analysis Critical Control Points (HACCP). HACCP is one of the most relied upon systems, to date, to provide food safety to consumers. In some sectors it is legislated, but in the industry it has been widely adopted by both manufacturers and retailers. HACCP is an internationally recognized safety system. Under HACCP, processors must implement process controls designed to enhance food safety levels at every stage of production. HACCP certification is not only an important component for ensuring food safety and enhancing the marketability of food products internationally, but is becoming a minimum requirement to enter the market.

HACCP Development Program

Funding received in 2007 from Agriculture Council of Saskatchewan through Agriculture and Agri-Food Canada's Advancing Canadian Agriculture and Agri-Food Saskatchewan (ACAAFS) Program saw the HACCP Development Program mature. Through the HACCP Development Program and the subsequent Food Safety and Quality Program, over 200 individuals were trained in food safety and HACCP systems; 3 Saskatchewan companies have established HACCP systems; and 5 assessments and recommendations were given to companies. In 2007, 12 separate training courses were offered to companies with 13 different sectors taking advantage of the opportunity; sectors included meat, bakery, dairy, jam/jelly and natural health product manufacturers.

The success of this program spurred the Food Centre to develop a program that could be offered as web based. In Saskatchewan we are still experiencing a shortage of HACCP trained individuals that can implement and monitor the systems on a daily basis. This is most evident in rural Saskatchewan where it is difficult to retain trained individuals in food safety. The web based format would provide access for the rural processing community and deliver options for home based training. Online access would also mean greater flexibility for food manufacturers to have employees upgrade skills at their own pace and time and comply with regulations for food safety training.





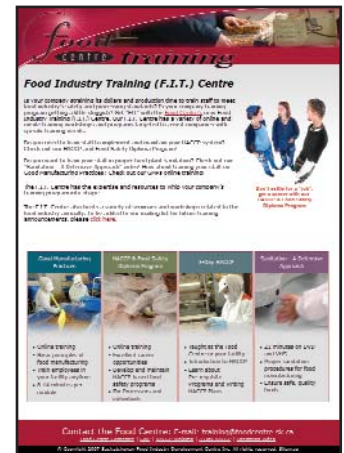
Online Training - Flexibility for Processors

Food processors recognize the importance of keeping up with current training to be competitive in the marketplace. However, one of the hurdles faced by food processors, especially in the rural areas, is time and resources required to train staff off site. The Food Centre understands these concerns and have re-directed some of its training to online access as well as to on-site training programs.

With funding support from ACAAFS and Saskatchewan Ministry of Agriculture, 2007 saw the completion of the Food Centre's Food Industry Training (F.I.T) Centre website; the central location for processors to access online food safety training such as Good Manufacturing Practices (GMPs) and the HACCP & Food Safety Diploma Program. A media event was held on June 6 in Regina to officially launch the GMP Online Training. Saskatchewan Agriculture Minister Mark Wartman made a special presentation to numerous food processing representatives and several media individuals who were in attendance. The F.I.T. Centre is part of a long term strategy to provide flexible access to training using the word wide web.

Training and Seminars

The Food Centre's commitment to industry training and being a training resource for food processors has been an integral part of the Food Centre's strategic plan. Year 2007 saw the Food Centre moving towards on-line training but also on-site training workshops/seminars targeted to industry needs. Two-3-day HACCP workshops, GMPs, FoodSTEPS and a technology seminar on co-extrusion were hosted by the Food Centre. The Centre hopes to increase its offerings for 2008 to include technology and lean manufacturing.



www.FoodIndustryTraining.ca

A Strong Focus for 2008

Over the past years, the Food Centre has grown in scope and broaden it's service offerings as the food industry grows through diversity and value added production. Our industry is still very much in an infant state with much of our the agricultural industry rooted in commodity production. As we move forward into the future and the industry matures, there will be a need to diversify by adding value to commodity items and capturing opportunities in further processing. The Food Centre will strive to expand it's connections with other industry players to provide a broader scope of expertise and the successful partnership with Saskatchewan Ministry of Agriculture, Saskatchewan Food Processors Association and the University of Saskatchewan will bring unique opportunities to the industry that will assist food processors through the hurdles of concept to commercialization.

The Food Centre will continue to focus on value-added food development, training and commercialization in the agri-food industry. A key area of growth will be the implementation of the new Extrusion Program to create new opportunities in crop based utilization and provide resources for research in the bio processing sector. The Food Centre's programming which was identified in the 2006 strategic plan will continue to set the direction for 2008. Food industry training programs, a focus on expanding the development of value-added cereal crops, functional foods and the commercialization of new technologies will be key areas of growth for 2008. The Centre's role in incubation of new business will play a vital part in the organization's success.



Launch of the Food Centre's GMP Online Training site.





Deloitte & Touche LLP
122 1st Ave. South
Suite 400, PCS Tower
Saskatoon SK S7K 7E5
CANADA
Tel: (306) 343-4400
Fax: (306) 343-4480
www.deloitte.ca

AUDITORS' REPORT

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

We have audited the statement of financial position of The Saskatchewan Food Industry Development Centre Inc. (the "Centre") as at December 31, 2007 and the statements of revenue, expenditures and fund balances and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
February 22, 2008



Saskatchewan Food Industry Development Centre Inc.
Statement of Revenue, Expenditures and Fund Balances

as at December 31, 2007

	Operating Fund	capital Fund	Endowment Fund	2007 Total	2006 Total
REVENUE					
Operating revenue	\$ 607,386	\$ --	\$ --	\$ 607,386	\$ 401,913
Saskatchewan Agriculture & Food operational grant	400,000	--	--	400,000	400,000
Investment income (Note 7)	407,242	--	--	407,242	566,782
Other grant revenue	214,311	--	--	214,311	120,472
Project, workshop, training and seminar income	130,225	--	--	130,225	210,655
Rental revenue	61,124	--	--	61,124	66,611
Gain on equipment disposal	--	2,103	--	2,103	11,320
Agri-Food Innovation Fund endowment grant	--	--	--	--	2,754,770
	1,820,288	2,103	--	1,822,391	4,532,523
EXPENDITURES					
Administration	31,055	--	--	31,055	7,148
Amortization	--	232,325	--	232,325	369,972
Bad debts	3,915	--	--	3,915	1,393
Board expenses	5,856	--	--	5,856	8,063
Insurance	17,541	--	--	17,541	9,517
Marketing	13,421	--	--	13,421	12,358
Office and rental facilities	155,006	--	--	155,006	127,478
Operating expenses (Schedule 1)	222,871	--	--	222,871	223,561
Professional fees	30,203	--	--	30,203	11,029
Project, workshop, training and seminar expense	131,917	--	--	131,917	151,699
Salaries and benefits	856,709	--	--	856,709	676,295
Telephone	13,478	--	--	13,478	7,946
Travel	30,195	--	--	30,195	10,706
	1,512,167	232,325	--	1,744,492	1,617,165
EXCESS (DEFICIENCY) OF REVENUES OVER					
EXPENDITURES	308,121	(230,222)	--	77,899	2,915,358
INTERFUND TRANSFERS	(30,675)	30,675	--	--	--
NET INCREASE (DECREASE) IN FUND BALANCES					
FOR YEAR	277,446	(199,547)	--	77,899	2,915,358
FUND BALANCES, BEGINNING OF YEAR	1,017,362	2,435,080	10,565,514	14,017,956	11,102,598
FUND BALANCES, END OF YEAR	\$ 1,294,808	\$ 2,235,533	\$ 10,565,514	\$ 14,095,855	\$ 14,017,956

See accompanying notes



Saskatchewan Food Industry Development Centre Inc.



Statement of Financial Position

as of December 31, 2007

	Operating Fund	capital Fund	Endowment Fund	2007 Total	2006 Total
CURRENT ASSETS					
Cash	\$ 41,983	\$ --	\$ --	\$ 41,983	\$ 43,118
Accounts receivable	317,608	--	--	317,608	139,997
Interest receivable	29,095	--	--	29,095	27,551
Prepaid expense	5,637	--	--	5,637	--
Inventory	8,581	--	--	8,581	10,131
	402,904	--	--	402,904	220,797
INVESTMENTS (Note 6)	1,019,194	--	10,565,514	11,584,708	11,501,600
CAPITAL ASSETS (Note 8)	--	2,235,533	--	2,235,533	2,435,080
	\$ 1,422,098	\$ 2,235,533	\$ 10,565,514	\$ 14,223,145	\$ 14,157,477
LIABILITIES AND NET ASSETS					
Accounts payable and deferred charges	\$ 127,290	\$ --	\$ --	\$ 127,290	\$ 139,521
FUND BALANCES					
Restricted for endowment purposes	--	--	10,565,514	10,565,514	10,565,514
Invested in capital assets	--	2,235,533	--	2,235,533	2,435,080
Unrestricted	1,294,808	--	--	1,294,808	1,017,362
	1,294,808	2,235,533	10,565,514	14,095,855	14,017,956
	\$ 1,422,098	\$ 2,235,533	\$ 10,565,514	\$ 14,223,145	\$ 14,157,477

See accompanying notes

APPROVED BY THE BOARD:

 Director
 Director



Saskatchewan Food Industry Development Centre Inc.

Statement of Cash Flows

year ended December 31, 2007

	Operating Fund	capital Fund	Endowment Fund	2007 Total	2006 Total
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES					
Excess (deficiency) of revenues over expenditures	\$ 308,121	\$ (230,222)	\$ --	\$ 77,899	\$ 2,915,358
Add (deduct) charges to operations not requiring a current cash payment					
Amortization	--	232,325	--	232,325	369,972
Gain on equipment disposal	--	(2,103)	--	(2,103)	(11,320)
Changes in non-cash working capital					
(Increase) decrease in accounts receivable	(177,611)	--	--	(177,611)	56,213
(Increase) decrease in interest receivable	(1,544)	--	--	(1,544)	11,213
Increase in prepaid expenses	(5,637)	--	--	(5,637)	--
Decrease in inventory	1,550	--	--	1,550	371
(Decrease) increase in accounts payable and deferred charges	(12,231)	--	--	(12,231)	10,223
	112,648	--	--	112,648	3,352,030
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES					
Net change in investments	(83,108)	--	--	(83,108)	(3,328,477)
Proceeds on sale of capital assets	--	8,350	--	8,350	22,450
Purchase of capital assets	--	(39,025)	--	(39,025)	(175,448)
	(83,108)	(30,675)	--	(113,783)	(3,481,475)
	29,540	(30,675)	--	(1,135)	(129,445)
Interfund transfers	(30,675)	30,675	--	--	--
NET DECREASE IN CASH	(1,135)	--	--	(1,135)	(129,445)
CASH POSITION, BEGINNING OF YEAR	43,118	--	--	43,118	172,563
CASH POSITION, END OF YEAR	\$ 41,983	\$ --	\$ --	\$ 41,983	\$ 43,118

See accompanying notes



Saskatchewan Food Industry Development Centre Inc.

Notes to Financial Statements

year ended December 31, 2007

1. NATURE OF THE BUSINESS

The Saskatchewan Food Industry Development Centre Inc. (the "Centre") was incorporated on September 22, 1997 under the Non-Profit Corporations Act of Saskatchewan. The goal of the Centre is to promote, develop, and enhance the food processing industry within Saskatchewan for the purpose of individual company growth leading to Provincial economic growth and prosperity.

The members of the Centre consist of the Government of Saskatchewan, the Saskatchewan Food Processors Association and the University of Saskatchewan.

The Centre operates programs on the revenue generated from endowments of \$10.6 million, and fees charged to clients.

2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimations.

Fund Accounting

The Centre follows the restricted fund method of accounting for contributions. Under fund accounting, resources are classified for accounting and reporting purposes into funds in accordance with specified activities or objectives.

The Operating Fund accounts for the organization's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Capital Fund reports the assets, liabilities, revenues and expenses related to the Centre's capital assets and related grants.

The Endowment Fund reports resources contributed for endowment. Investment income earned on resources of the Endowment Fund is reported in the Operating Fund in accordance with the agreements for endowment fund contributions.

Revenue Recognition

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for endowment are recognized as revenue in the Endowment Fund.

Investment income earned on Endowment Fund resources are recognized as revenue of the Operating Fund.

Other revenues and fees are recognized as revenue when earned.



Capital Assets and Amortization

Capital assets are recorded at cost. Normal repair and maintenance costs are expensed as incurred. Amortization is provided on a straight-line basis over the assets' estimated useful lives.

Investments

Investments classified as available-for-sale or held-for-trading are recorded at market value. Investments classified as held-to-maturity are recorded at amortized cost.

Inventory

Inventory is valued at the lower of cost or net realizable value.

3. GRANTS AND FUNDING

In 2005, Advancing Canadian Agriculture & Agri-Food Saskatchewan (ACAAFS) provided funding for the HACCP Technician Program. Under the agreement, funding up to \$151,459 is available and \$23,202 (2006 - \$81,614) has been received at December 31, 2007.

To date Advancing Canadian Agriculture & Agri-Food Saskatchewan (ACAAFS) has approved three grants. The first for the On-Line Food Safety Training grant valued at \$159,455 of which \$81,589 has been recognized and the second being the Agri-Food Value Added Technology and Commercialization Specialist valued at \$216,563 of which \$79,375 has been recognized. A third grant from ACAAFS relates to a new program, the Food Safety and Quality Program. This program will provide a maximum of \$328,340 and is to be completed by December 2009. As of December 31, 2007 \$30,144 has been recognized.

Canadian Adaptation & Rural Development Saskatchewan (CARDS) provided funding of \$nil (2006 - \$28,825) toward capital purchases.

In 2007, Saskatchewan Agriculture & Food provided a \$400,000 operational grant under the third of a three year funding agreement.

4. FINANCIAL INSTRUMENTS

The Centre's financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivable, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classifications, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in the statement of operations. Available-for-sale financial instruments are measured at fair value with change in fair value recorded as a direct entry to the statement of changes in net assets until the instrument is derecognized or impaired. All derivative instruments, including embedded derivatives, are recorded in the balance sheet at fair value unless they qualify for the normal sale and purchase exemption. All changes in their fair value are recorded in the statement of operations unless cash flow hedge accounting is used, in which case effective portion of changes in fair value is recorded directly in the statement of changes in net assets.

The Centre has classified its cash as held-for-trading. Accounts receivable and contribution receivable are classified as loans and receivables. The Centre's investments are classified as held-for-trading. Accounts payable and accrued liabilities as well as long-term debt are classified as other liabilities. The Centre has elected to measure all derivatives and embedded derivatives at fair value. The Centre was not involved in any hedge transactions and did not have any derivatives or embedded derivatives.

The Centre expenses transaction costs on other than held-for-trading financial instruments upon the issuance of debt instruments or modification of a financial liability. The Centre elected to expense. The Centre does not have any unamortized financial costs of this nature.

The carrying amount of cash, accounts receivable and accounts payable and deferred charges approximate fair value due to the short-term maturities of these items.

Saskatchewan Food Industry Development Centre Inc.

Notes to Financial Statements

year ended December 31, 2007

5. INCOME TAXES

The Food Centre is incorporated under the Non-Profit Corporations Act of Saskatchewan and is not subject to income taxes under the provisions of the Income Tax Act.

6. INVESTMENTS

Investments consist of treasury bills, guaranteed investment certificates, corporate and government bonds, money market investments and common shares.

The investments at December 31 are as follows:

	2007		2006	
	Market Value	Cost	Market Value	Cost
Fixed income investments	\$ 9,408,710	\$ 9,378,722	\$ 8,547,572	\$ 8,527,100
Canadian equities	529,999	310,313	564,923	356,280
Global equity hedge fund	1,027,581	904,184	667,567	623,456
US equities	374,843	357,659	816,858	651,832
Canadian bond fund	200,705	196,484	838,866	832,513
Cash accounts	42,870	42,870	65,814	65,814
	\$ 11,584,708	\$ 11,190,232	\$ 11,501,600	\$ 11,056,995

7. INVESTMENT INCOME

Investment income consists of the following:

	2007	2006
Interest income	\$ 148,081	\$ 315,509
Dividend income	24,976	56,652
Capital gains	172,454	33,430
Unrealized gains	61,731	161,191
	\$ 407,242	\$ 566,782

8. CAPITAL ASSETS

Capital assets consists of:

	Rates	Cost	Accumulated Amortization	Net Book Value	
				2007	2006
Computer equipment	30%	\$ 67,775	\$ 66,439	\$ 1,336	\$ 8,810
Pilot plant	4%	2,382,514	610,443	1,772,071	1,848,514
Commercial kitchen	4%	232,701	68,101	164,600	172,954
Office equipment	10%	45,896	44,781	1,115	260
Leasehold improvements	10%	38,362	28,717	9,645	8,506
Quality assurance lab	10%	316,805	140,466	176,339	207,695
Processing equipment	20%	1,055,319	944,892	110,427	188,341
		\$ 4,139,372	\$ 1,903,839	\$ 2,235,533	\$ 2,435,080

Capital purchases in 2007 were \$39,025 (2006 — \$175,448).



9. COMMITMENTS

The Centre occupies leased land for the pilot plant at the University of Saskatchewan at a minimum monthly cost of \$2,083 until June 2020.

The Centre occupies leased property for the main building at the University of Saskatchewan at a minimum monthly cost of \$11,238 under a lease agreement which expires December 31, 2010.

In 2007 funding from ACAAFS and Western Economic Diversification (WED) for and extrusion project was approved. This program will provide a maximum of \$222,950 from ACAAFS and \$650,000 from WED. Under the agreement, the Centre must hire an extrusion specialist to operate the equipment for 30 months. As of December 31, 2007, no funds had been recognized for the program.

10. RELATED PARTY TRANSACTIONS

Related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

In 2007, the Centre provided services to board members' companies in the amount of \$38,850 (2006 - \$18,729). The Centre received services from a board member's company in the amount of \$8,279 (2006 - \$nil).

11. FUTURE ACCOUNTING POLICIES

Inventories

In May 2007, the Accounting Standards Board issued Handbook Section 3031, Inventories, which supersedes Handbook Section 3030 and converges with the IASB's recently amended standard IAS 2, Inventories.

The Standard introduces significant changes to the measurement and disclosure of inventory. The measurement changes include: the elimination of LIFO, the requirement to measure inventories at lower of cost and net realizable value, the allocation of overhead based on normal capacity, the use of the specific cost method for inventories that are not ordinarily interchangeable or goods and services produced for specific purposes, the requirement for an entity to use a consistent cost formula for inventory of a similar nature and use, and the reversal of previous write-downs to net realizable value when there is a subsequent increase in the value of inventories. Disclosures of inventories have also been enhanced. Inventory policies, carrying amounts, amounts recognized as an expense, write-downs and the reversals of write-downs are required to be disclosed.

This new standard will apply to the Centre effective January 1, 2008 and is not expected to have a material impact on its financial statements.

Financial Instruments

In December 2006, the CICA issued Section 3862, Financial Instruments - Disclosures and Section 3863, Financial Instruments - Presentation. These two Sections will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2007. Accordingly, the Centre will adopt new standards for its fiscal year beginning January 1, 2008. Section 3862 on financial disclosures, requires the disclosure of information about: a) the significance of financial instruments for the entity's financial position and performance and b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how entity manages those risks. Section 3863 on the presentation of financial instruments is unchanged from the presentation requirements included in Section 3861.

The Centre is currently evaluating the impact of the adoption of these new Sections on its financial statements.

12. COMPARATIVE FIGURES

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

Schedule 1

Saskatchewan Food Industry Development Centre Inc.

Schedule of Operating Expenses

year ended December 31, 2007

	2007		2006
Consumables	\$ 36,983	\$	12,907
Inspection services	11,354		13,183
Insurance	--		12,174
Laundry	6,812		10,321
Plant lease	65,728		63,676
Repair and maintenance	39,360		39,163
Supplies	3,109		8,738
Utilities	59,525		63,399
TOTAL OPERATING EXPENSES	\$ 222,871	\$	223,561

See accompanying notes



2007

Annual Report

Saskatchewan Food Industry Development Centre Inc.

117 - 105 North Road
Saskatoon SK S7N 4L5 CANADA
tel: (306) 933-7555 fax: (306) 933-7208
email: info@foodcentre.sk.ca
www.foodcentre.sk.ca
www.FoodIndustryTraining.ca

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