



2013-2014
Annual Report

GLOBAL INSTITUTE *for* FOOD SECURITY

POTASHCORP – A FOUNDING PARTNER

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MISSION

New knowledge for sustainable food solutions by increasing sustainable crop production, building a prosperous bio-economy in Western Canada, and enhancing global food and nutrition security through innovation and international collaboration.

VISION

As a cross-disciplinary institute, GIFS will serve as a catalyst for knowledge, research, and innovation by engaging leading scientists, educators, innovators, and students from research institutes, universities and industry in Canada and around the world. It will provide unprecedented opportunities for collaboration on sustainable global food security solutions.

FOUNDING PARTNERS

With initial commitments of up to \$35 million from PotashCorp and \$15 million from the Government of Saskatchewan over seven years, and support of world-class facilities and centres at the University of Saskatchewan, GIFS will apply Saskatchewan's unique resources, innovation and expertise to address the increasing global demand for safe, reliable food.



Message from our Chair

A spirit of partnership and shared interest in the world's food security challenge led to the creation of the Global Institute for Food Security (GIFS). PotashCorp, the Province of Saskatchewan and the University of Saskatchewan joined forces to combine our resources and expertise and help to bring Saskatchewan-led solutions to the world. I am pleased to report that this important work is now underway.

As a founding partner of GIFS, and as the world's largest crop nutrient company, PotashCorp has a long-standing commitment to global food security.

In this year of reporting, the Institute welcomed new leaders and partners who share our commitment to the issue. Dr. Lorne Hepworth, former President of CropLife Canada and the current Chair of the Board of Genome Canada, joined our board in October 2013. He brings a broad insight to GIFS based on his distinguished career in research, biotechnology and agricultural public policy.

Most recently, we also welcomed Dr. Michael Atkinson as a director with his extensive background in research, university and institutional governance, and public policy. Currently, Dr. Atkinson serves as Executive Director of the Johnson Shoyama Graduate School of

Public Policy and replaces University of Saskatchewan President Emeritus, Peter MacKinnon as the university's representative to the GIFS board. We thank Peter for his service to the board and for enabling the creation of the Institute at the university.

Finally, we were pleased to announce Viterra as our first grain industry and Innovation Partner. Viterra's contribution of \$2 million, provision of demonstration sites and farmer participation in research field trials will help support leading research and innovation for major crops grown in Western Canada and around the world.

The spirit of partnership and shared focus that led to the creation of GIFS continues today and will fuel our efforts as we engage additional partners and establish permanent leadership for GIFS going forward.



A handwritten signature in black ink that reads "Dallas Howe".

Dallas Howe

Chair, Board of Directors
Global Institute for Food Security
(February 5, 2013 – Present)

and Chair, Board of Directors
Potash Corporation of Saskatchewan

Directors

(as at June 25, 2014)



Alanna Koch
Deputy Minister,
Saskatchewan Ministry of Agriculture
(February 5, 2013 – Present)



Lorne Hepworth
President,
CropLife Canada (Retired)
(October 18, 2013 – Present)



Peter MacKinnon
President Emeritus,
University of Saskatchewan
(February 5, 2013 – June 24, 2014)



Michael Atkinson
Executive Director, Johnson Shoyama
Graduate School of Public Policy
(June 25, 2014 – Present)



Demand for food is escalating around the world and we are working to create a research institute capable of meeting the challenge.

Managing Director's Message

Guided by the vision of our founders, we are positioning GIFS as a catalyst for food systems research that will reach across disciplines and lead to sustainable crop production and food security for growing populations around the world.

This year, we identified the key research and innovation themes that will define our work – and the focus of our collaborations – going forward. We initiated partnerships locally and internationally with those who are working in the area of global food and nutrition security. We identified opportunities to leverage current research funding and existing capacity within Saskatchewan's bio-science cluster to accelerate progress on agricultural productivity, sustainability and resiliency. We played a role building linkages between our scientists and those in partner countries to explore synergies and set the stage for collaboration. And, we issued our first call for research proposals, receiving responses from leading teams with the capacity and

interest to move solutions from discovery to innovation to commercialization.

This Annual Report captures our achievements and progress in greater detail and I invite you to learn more.

None of this work would be possible without the involvement and investment of our founding partners and our newest Innovation Partner, Viterra. Their vision and shared commitment to food security has fuelled our progress to this point and it is why, most certainly, GIFS will make a difference into the future.

We are building a leading-edge food security institute for Saskatchewan and the world. Thank you for your support of our efforts and our mission to find food security solutions for people around the world.

A handwritten signature in black ink, appearing to read 'Ernie Barber'.

Ernie Barber
Managing Director
Global Institute for Food Security

The Global Food Security Challenge

In 2013 and 2014, GIFS initiated programs and partnerships which have begun to meet the ambitious goals of our founding partners in addressing the global challenge of food security:

- The foundation has been set for investments in research that will advance the goals of the Saskatchewan Plan for Growth, goals that include increasing agricultural production and GDP and positioning Saskatchewan as a global biosciences leader.
- Unique opportunities have been identified for multidisciplinary science and research at the University of Saskatchewan and in partner research institutions, paving the way for talented students and researchers to engage in transformative research.
- Partnerships have been identified with other research institutions in North America, Europe, Africa and Asia which will ensure that the impact of GIFS' research is felt globally.

TODAY

GIFS

TOMORROW

Rich in natural resources,
Saskatchewan supplies
40 percent of the world's potash,
mainly for crop
nutrient use.

Saskatchewan is home to
**40 percent of Canada's
agricultural land,** a renowned
biotechnology research cluster,
and thriving agri-food sector.

Global population
is increasing at a rate of
200,000 people per day or
70 million per year.

By 2040-2050,
2 billion more people will
require access to safe, sufficient
and nutritious food.

INNOVATION



A Catalyst for Research and Innovation

In its first year, GIFS identified three research and innovation themes to leverage the science and infrastructure strengths in Saskatoon's biosciences research cluster. These three themes support GIFS' mission to increase crop production, build a prosperous Saskatchewan economy, and enhance global food and nutrition security.

1 Healthy soils for optimum crop productivity and agricultural sustainability

Includes topics such as maximizing nutrient and water use, minimizing soil-borne plant disease, and analysis of physical, chemical and biological complexity in agriculture soils.

In 2013, GIFS issued an inaugural call for proposals within the third research and innovation theme "Capturing value in the global food supply system" and selected seven Letters of Intent for further consideration.

After a rigorous external and internal review process, two major projects were selected for potential investment and were ultimately awarded funding at the end of March 2014:

2 Increasing resiliency of crops and cropping systems

Includes genetic and agronomic research to substantially increase crop yields by confronting current and emerging biotic and abiotic threats, and developing cropping systems that can resist changes in weather patterns and climate.

Project 1: Development of innovative therapeutic food products for treating malnutrition and responding to emergencies within high risk communities (\$2 million over five years). Lead researcher: Dr. Michael Nickerson, University of Saskatchewan.

Project 2: Developing *Camelina sativa* as a modern crop platform (\$993,000 over three years). Lead researcher: Dr. Isobel Parkin, Agriculture and Agri-Food Canada.

3 Capturing value in the global food supply system

Includes processes and systems to add value to agricultural crops and crop products, both to capture value for agricultural producers and agribusiness and to meet the nutritional, health and food safety needs of consumers.

In addition, GIFS provided two, one-time seed research grants during the reporting year:

Effects of Biofortified Lentils on Iron and Selenium Status (EBLISS) (\$50,000). Lead researcher: Dr. Bert Vandenberg, University of Saskatchewan.

Micronutrient Bioavailability and Root Uptake in the Rhizosphere of Wheat (\$15,000). Lead researcher: Dr. Sina Adl, University of Saskatchewan.



Camelina: A Golden Opportunity

To some, this mustard-colored plant that thrives in very dry conditions is little more than a weed. But to a visionary Saskatoon research group, *Camelina sativa* could mean Prairie gold to Western Canada's bio-economy.

While camelina has a long history of cultivation in Eastern Europe, it has taken a back seat to other oilseeds such as canola. Little research has been done on this ancient grain in more than 50 years.

That's about to change thanks to a \$993,000 investment over three years by GIFS.

A team of Saskatoon plant scientists from Agriculture and Agri-Food Canada (AAFC) and the University of Saskatchewan thinks they can turn camelina's perceived drawbacks into assets, with direct benefits for developing countries and producers on marginal lands.

They believe camelina could become the next canola – an industry that currently adds \$19.3 billion to the Canadian economy. Camelina is versatile – it has potential to become a new sustainable oilseed crop, a biofuel for the diesel and aviation industries, a high-protein animal feed, and a source for new high-value bio-products.

"The full potential of this crop remains largely unexplored," says Isobel Parkin, Research Scientist at AAFC. "We have the tools to develop a crop faster and better, but we need it to be a crop everyone will want to grow. This means a crop that produces value in both oil and protein, making it an all-round product."

For camelina to reach its potential for a range of uses, improvements are needed

in traits such as seed size for easier mechanical seeding and harvesting, increased oil and protein content, and resistance to disease and herbicides.

To access the genetic information needed to make these improvements, the research team is going to the plant's point of origin: Russia and Ukraine. Seedbanks in these countries contain the best collection of camelina varieties, as well as some of its wild relatives.

The team will then use this genetic information to begin a program to breed for desired traits.

Camelina meal has already been approved by the United States Department of Agriculture for use as a high-protein feedstock for broiler chickens, feedlot beef cattle and farmed coldwater fish. While camelina meal has yet to be approved in Canada, pilot studies in the Maritimes are currently testing its success as fish feed.

"Developing a way to use the entire camelina seed would contribute directly to food security by developing sustainable livestock and agriculture feeds from an agricultural byproduct," says Parkin.

The aim is for 'zero waste' in the development of camelina, with colleagues at AAFC looking at uses for straw and seed hulls in addition to the more valuable oil and meal.

Since camelina has been labeled a weed in some jurisdictions, members of the team are also tackling the regulatory process of introducing camelina as a commodity crop – which will help get it approved for feed in Canada.

Exploring the regulatory systems in Canada, the U.S. and the European Union to identify any regulatory limitations to launching camelina as a crop – including measuring the level of comfort with novel breeding techniques that may be used – is another component to the research study.

The team will also analyze other factors that may affect regulatory decisions, such as how farmers could work camelina into their crop rotations, whether grazing land may be displaced by cultivation of marginal lands for camelina production, and the potential for spin-off businesses such as bio-refineries in rural Saskatchewan.

"There is much to learn about how to introduce a crop that has not been part of the industrial agriculture chain," says Stuart Smyth, who brings expertise in bio-resource policy to the team.

Project members will share their knowledge with other research teams doing similar work in developing countries.

"If we track what science was used to develop the policies surrounding this new crop, what scientific principles and data were used to build the framework, we can help other countries who are developing new bio-safety frameworks do so more efficiently," says Smyth.

He sees great potential for this tiny seed to have an immediate economic benefit to producers on the Canadian prairies, and to create new knowledge that will directly benefit sustainable agriculture – a Saskatchewan-led contribution on a global scale.

Global Challenge of Malnutrition Focus of Saskatchewan-Led Research Project

Poor nutrition across the globe accounts for almost half of all deaths of children under age five – more than 2.5 million per year.

Nutritional deficiencies are highly treatable with foods or supplements. But providing solutions to malnutrition is much more complex.



One 'Made-in-Saskatchewan' approach is to develop fortified protein-based food products – based on Saskatchewan-grown pulse and cereal crops – and then work with the global community to ensure their acceptability and access.

With \$2 million over five years from GIFS, a team of University of Saskatchewan researchers will develop innovative solutions that could benefit at-risk communities both in Canada and in developing countries. Given the university's long-standing research ties in Ethiopia where there is growing poverty and malnutrition, the team is partnering with Mekelle University on a case study.

Challenges they will tackle together include: How can we ensure innovative food products reach those who need them in a timely manner, and that these products are affordable, safe, tasty and culturally appropriate? What about allergies to wheat, soy and corn, and other U.N.-approved food products? How do we overcome obstacles surrounding supply chain management, transportation logistics, institutional policies and community health?

To address these challenges, the multi-disciplinary team will look at the whole food chain – from developing nutritious, easily digestible and culturally

appropriate products that can be produced both in Saskatchewan and in Ethiopia, to determining how to integrate the new products into local supply chains and identifying companies to commercialize them.

Understanding the barriers to food access is critical. "Whether or not a food product has the right balance of nutrients will not matter unless it is competitively priced and can be obtained in a timely fashion," says team member Jill Hobbs.

Using Saskatchewan-grown crops, such as barley and chickpea, the team plans to develop four fortified food products to meet the nutritional and health needs of communities burdened by malnutrition. These include:

- a porridge-like cereal product targeting children ages six months to five years;
- a high-calorie paste or spread fortified with essential fatty acids and vitamins and designed especially for children;
- a crunchy cereal that can be eaten as is or ground into flour, and;
- a compressed food bar for use in emergency relief operations where distribution of local foods has failed.

The new foods will be developed at the Saskatchewan Food Industry Development



Centre using their extrusion capabilities and product design specialists. Modifying proteins using enzymes and fermentation, and grinding to an ultra-fine powder will be explored as a means to improve digestibility. Product formulations will be designed with added bioactive ingredients such as oils rich in Omega-3 fatty acids, prebiotics (fibre that promotes the growth of probiotics), and fruit phenolics (antioxidants) for added nutrition.

The team is consulting with the World Food Program and partners at Mekelle University to ensure that the nutritional needs of the target communities will be met.

The goal is to address both malnutrition and sustainability of the local agricultural economy and culture.

"We are starting with the raw materials

that we know are widely accepted in the region," says project lead Mike Nickerson, noting Ethiopian farmers have experience growing both chickpea and barley, along with other pulse and cereal crops.

He says the project will combine a scientific approach with local indigenous knowledge.

"Assessing the nutritional needs of the community, the processing capacities in the region, and various supply chains to move our products into at-risk communities is critical to the project's success," he said.

Ultimately, of course, the products must be accepted by the community. "We're looking at how to incorporate these products into local cuisine," said nutrition researcher Carol Henry. "That's when we know that they will be accepted by the greater population."

Over the next five years, Mekelle University students will help researchers connect with the local communities, study community nutrition and partake in on-site product development.

"This research project uniquely engages communities in both Ethiopia and our Saskatchewan pulse growers," said Nickerson. "Longer term, a second phase of the project also will engage northern Saskatchewan communities with a plan for research involving northern Aboriginal consumers."

He said the partnerships and contributions created by the project over the next five years will be significant.

"The outcomes will not only save lives but lead to new sustainable agriculture and food opportunities to help address increasing global demand for safe, reliable and nutritious food."



A Focus on Collaboration and Partnerships

GIFS builds collaborations between Saskatchewan researchers and those in other countries also focused on global food security. Research partnerships with countries that are key export markets for Saskatchewan are targets – as are partnerships with world-leading institutes that have complementary mandates to GIFS.

The collaborations we seek focus on optimizing talent and infrastructure for particular research initiatives, as well as the global transfer and adoption of appropriate technologies. Additionally, we seek opportunities to contribute in global forums where food and nutrition security are the focus of discussions.

Leaders from industry and business to government and academia are required to meet the food security challenge. GIFS is uniquely positioned to build collaborations among partners and attract new ones to the table.

On November 18, 2013, we welcomed Viterra as our newest Innovation partner with their \$2 million investment in GIFS' operations and programs. The five-year

funding agreement makes Viterra our first grain industry partner. Its contribution will facilitate farmer participation in research field trials that will help support leading research and innovation for major crops grown in Western Canada and around the world.

Partnership investments with GIFS provide new opportunities that will result in much needed technological, economic, nutritional and environmental improvements to the food supply system both at home and around the world.



Kyle Jeworski, Viterra President and CEO for North America, announces Viterra's partnership, November 18, 2013.



Advancing National and International Partnerships

Over the past year, GIFS pursued research partnerships with India (lentil and wheat genomics and bioinformatics), Israel (soil fertility and water conservation, innovation systems), Michigan State University (agricultural water use, food and trade policy, technology adoption and transfer), the McGill Institute for Global Food Security (food security indicators, community-based research in developing countries) and the University of Guelph – Food Institute (food security).

In March, 2014, GIFS participated in a six-person delegation to Israel led by Dr. Jerome Konecni, President and CEO of Innovation Saskatchewan. The purpose of the trip was to (1) understand Israeli approaches to technology commercialization, and (2) explore potential synergies between scientists along GIFS' research and innovation themes of soil science, crop resiliency and value capture.

Meetings were held with scientists and leaders at a number of institutions, including The Hebrew University of Jerusalem, Ben Gurion University in the Negev, Tel Aviv University, the Weizmann Institute of Science, the Volcani Institute, Trendlines and the Chief Scientist Office of the Ministry of Agriculture. Israeli scientists are global leaders in basic and applied research and outcomes relevant to water efficiency, soil fertility and sustainable agricultural practices. Israel is also a global pacesetter in its approach to commercialization of bio-based technologies.

The meetings resulted in the participation of Saskatchewan graduate students in the 2014 Summer Institute in Food Safety and Security offered by the Manna Centre at Tel Aviv University.

GIFS partnered with the College of Graduate Studies and Research and the Manna Centre to enable three graduate students (nutrition, engineering, public policy) to participate in the program.

The meetings also inspired a visit from Dr. Benny Chefetz, Professor of Soil and Environmental Chemistry and Vice Dean for Research in the Faculty of Agriculture, Food and Environment at The Hebrew University of Jerusalem to Saskatoon in July 2014. Dr. Chefetz participated as a panelist in the International Nutrient Stewardship Symposium held in Saskatoon and met with Saskatchewan scientists to explore joint projects in soil science and crop resiliency.





Investing in Science Capacity

The Saskatchewan agriculture and biosciences research community is rich in expertise and experience. GIFS is working to add to its strength by supporting the recruitment and retention of world-class scientists to Saskatchewan.

This year, GIFS developed and secured approvals for a “GIFS Enhancement Chairs Program” at the University of Saskatchewan. The creation of this Program contributes to the Institute’s goal of attracting and retaining world-leading researchers in areas of particular strategic importance to the University of Saskatchewan, its academic units and research centres. This includes retaining or re-directing duties of a University faculty member who is a leading global expert.

In February, 2014, Dr. David Natcher was appointed as GIFS Research Chair in the Social Dimensions of Food Security, becoming the Institute’s first Enhancement Chair. With an initial five-year appointment, Dr. Natcher’s research will focus on the sustainability of agricultural practices

and communities in Saskatchewan and around the world.

A renowned cultural anthropologist and professor in the Department of Bioresource Policy, Business and Economics in the College of Agriculture and Bioresources, Dr. Natcher was a contributing author, on behalf of GIFS, to the Council of Canadian Academies report entitled, *Aboriginal Food Security in Northern Canada: An Assessment of the State of Knowledge*. The report was released March 27, 2014.

GIFS also collaborated with the National Research Council, Agriculture and Agri-Food Canada, Ag-West Bio, Genome Prairie and others at the University of Saskatchewan to identify investments needed in agricultural science technology platforms (e.g., genomics, phenomics and phenotyping, cell biology, bioinformatics).

As we look to invest in the capacity of Saskatchewan’s bioscience cluster, we will work to attract scholars who are

internationally recognized and demonstrate a commitment to collaborative, interdisciplinary research. Importantly, these scholars will further demonstrate an understanding of global agriculture with the capacity to link Saskatchewan-relevant research to the global challenge of food and nutrition security.

SEEDING SUCCESS

GIFS made steady progress throughout 2013 and 2014 on a joint initiative with two U of S colleges to recruit a world-leading researcher in cellular biology and molecular genetics for seed development. This venture would also see the relocation of his research program on seed technology to Saskatoon.



Profile and Partnership Building

Throughout 2013 and early 2014, GIFS Executive presented and participated in key conferences, meetings and forums to advance global food and nutrition security solutions and the Institute's role in that mission.

- Saskatchewan Global Food Security Forum
Saskatoon, February 5, 2013
- Grain industry executives meeting, organized by Cargill
Winnipeg, April 3, 2013
- Meeting of Federal-Provincial-Territorial Deputy Ministers and Deans of Agriculture and Veterinary Medicine
Montreal, April 23, 2013
- Government of Saskatchewan Deputy Ministers
Regina, May 2, 2013
- Canadian Institutes of Health Research's Institute of Nutrition, Metabolism and Diabetes – Institute Advisory Board bi-annual meeting
Saskatoon, May 28, 2013
- CropLife Canada's Spring Dialogue Days, keynote address
Ottawa, May 8, 2013
- National Food Security Forum, part one of a two-part initiative between University of Saskatchewan and University of Guelph
Saskatoon, May 16, 2013
- Breadbasket 2.0 Summit, keynote address
Saskatoon, June 17, 2013
- Tri-National Agricultural Accord
Saskatoon, September 24, 2013
- Saskatchewan Ministry of Agriculture's Management Forum
Regina, October 22, 2013
- Saskatchewan Consular Corps Program
Regina, October 23, 2013
- Agri-Innovation Forum, keynote address
Winnipeg, November 20, 2013
- Saskatchewan Ministry of Agriculture's Agronomy Research Update event
Saskatoon, December 11, 2013
- College of Agriculture and Bioresources leadership – GIFS Presentation
Saskatoon, January 28, 2014
- Agriculture Trade Commissioners GIFS Presentation
Saskatoon, February 6, 2014
- National Food Security Forum, second event of a two-part initiative between University of Saskatchewan and University of Guelph; presented at a session entitled Research, Development and Innovation as a Foundation for Food Security
Guelph, February 19-20, 2014
- Participated in a delegation to Israel and meetings with Israel Universities and Institutes
Israel, March 22-28, 2014





Advancing GIFS and Supporting Partners

Participation in national and international conferences and collaborative events serves to further the visibility and awareness of GIFS and communicate its mission and goals related to global food security.

In 2014, GIFS will participate in two major conferences to be held in Saskatoon: the International Nutrient Stewardship Symposium with the Canadian Fertilizer Institute in July and the Agricultural Biotechnology International Conference (ABIC) in October.

As part of its partnership with ABIC, GIFS has engaged in partnerships with the University of Saskatchewan, the University of Alberta and University of Calgary to lead and sponsor a “Tomorrow’s Leaders” session at the conference. Students drawn from Western Canada universities will join students from other countries in leading a panel discussion on the role of science in food security.

In the coming year, GIFS will continue to build on its premise of partnership, the premise that achieving effective and sustainable solutions to global food security will require coordinated contributions by universities and research institutes, by governments and policy makers, and by businesses and industry, all working together.

FOUNDING PARTNERS



INNOVATION PARTNER



STAFF (as at April 30, 2014)

Dr. Ernie Barber
Managing Director

Amber McCuaig
Executive Assistant and Director of Administration

Betty Anne Stevenson
Director, Communications and Marketing

Terry Lockhart
Chief Financial Officer

Independent Auditor's Report

To the Board of Directors of the Global Institute for Food Security



July 3, 2014

We have audited the accompanying financial statements of Global Institute for Food Security, which comprise the statement of financial position as at April 30, 2014 and April 30, 2013 and the statements of operations and unrestricted net assets and cash flows for the periods then ended, and the related notes which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of

the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Global Institute for Food Security as at April 30, 2014 and April 30, 2013 and the results of its operations and its cash flows for the periods then ended in accordance with Canadian accounting standards for not-for-profit organizations.

PricewaterhouseCoopers LLP

Chartered Accountants

Suite 600
128 4th Avenue South
Saskatoon, Saskatchewan, Canada

July 3, 2014

Financials

STATEMENT OF FINANCIAL POSITION | As at April 30, 2014

(CAD dollars)	2014	2013
Assets		
Current assets		
Cash held by the University of Saskatchewan (note 3)	\$ 13,654,276	\$ 4,625,015
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 411,699	\$ 23,954
Unrestricted net assets	13,242,577	4,601,061
	\$ 13,654,276	\$ 4,625,015

Economic dependence (note 1)

Commitments (note 6)

Approved by the Board of Directors



Dallas Howe, Chair



Alanna Koch, Director

The accompanying notes are an integral part of these financial statements.

STATEMENT OF OPERATIONS AND UNRESTRICTED NET ASSETS | For the year ended April 30, 2014

(CAD dollars)	April 30, 2014	November 19, 2012 to April 30, 2013
Revenue		
Contributions from founding partners (note 4)	\$ 8,000,000	\$ 5,937,000
Contributions from industry partners (note 5)	2,000,000	–
Interest income (note 3)	212,223	–
	10,212,223	5,937,000
Expenditures		
Administration		
Salaries and benefits	301,900	20,448
Travel and recruitment	250,115	27,664
Office operations (note 3)	246,465	18,630
Consulting fees	113,939	62,585
Communications and marketing	92,166	1,206,612
	1,004,585	1,335,939
Research and education		
Grants and awards (notes 3 and 6)	492,000	–
External science advisory	71,622	–
Salaries and benefits	2,500	–
	566,122	–
	1,570,707	1,335,939
Excess of revenue over expenditures	8,641,516	4,601,061
Unrestricted net assets – Beginning of year	4,601,061	–
Unrestricted net assets – End of year	\$ 13,242,577	\$ 4,601,061

STATEMENT OF CASH FLOWS | For the year ended April 30, 2014

(CAD dollars)	April 30, 2014	November 19, 2012 to April 30, 2013
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures for the year	\$ 8,641,516	\$ 4,601,061
Changes in non-cash working capital items		
Cash held by University of Saskatchewan	(9,029,261)	(4,625,015)
Accounts payable and accrued liabilities	387,745	23,954
	(8,641,516)	(4,601,061)
Net change in cash	–	–
Cash – Beginning of year	–	–
Cash – End of year	\$ –	\$ –

The accompanying notes are an integral part of these financial statements.

1 NATURE OF BUSINESS

The Global Institute for Food Security (the “institute” or “GIFS”) was established by a Memorandum of Agreement (the “agreement”) dated November 19, 2012 between the University of Saskatchewan, the Government of Saskatchewan, and Potash Corporation of Saskatchewan.

The institute is a Type B Centre of the University of Saskatchewan (the “university”). The mandate of the institute is to place Saskatchewan among global leaders in food security research and policy development.

The operation of the institute is economically dependent on the funding from Potash Corporation of Saskatchewan and the Government of Saskatchewan (note 4).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements include the accounts of the institute and are presented in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”).

Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenditures during the reporting period. Actual results could differ from these estimates.

Revenue recognition

The institute follows the deferral method of accounting for contributions which includes funding from the Government of Saskatchewan and Potash Corporation of Saskatchewan as well as other funding sources.

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. Restricted contributions for expenses of the current period are recognized as revenue in the current period and restricted contributions for expenses of one or more future periods are deferred and recognized as revenue in the same period or periods as the related expenses are recognized.

Investment income earned on the cash held by University of Saskatchewan is recognized as revenue when the university can measure and transfer the income to the institute.

Contributions of materials and services are recognized only when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the institute’s operations and would otherwise have been purchased.

Financial instruments

Financial assets and financial liabilities, consisting of cash held by University of Saskatchewan and accounts payable and accrued liabilities, are initially recognized at fair value and subsequent measurement is at amortized cost. The institute does not consider itself to have significant exposure to credit risk, currency risk, interest rate risk, liquidity risk, market risk or other price risk.

3 RELATED PARTY TRANSACTIONS

During the year, the institute entered into various transactions with the university. The institute purchased goods and services from the university in the amount of \$214,461 (2013 – \$13,586), which are included in expenditures. Of the grants made during the year by the institute, \$492,000 (2013 – nil) were made to the university, including individuals or entities related to or employed by the university.

During the year, the university provided the institute with access to facilities, phones, computer networks and financial administrative systems needed to support the operational needs of the institute.

All funds received by the institute are held in, and payments to vendors of the institute are made from, bank accounts administered by the university, which are included on the statement of financial position as “Cash held by University of Saskatchewan”. The balance earned a rate of approximately 2.5% during the year ended April 30, 2014 (2013 – nil) and interest income of \$212,223 (2013 – nil) was received from the university during the year.

4 CONTRIBUTIONS FROM FOUNDING PARTNERS

The agreement features a funding commitment of \$15 million from the Government of Saskatchewan over seven years (\$3 million for the fiscal year ended April 30, 2014 and \$2 million for each fiscal year thereafter up to and including the fiscal year ending April 30, 2020) and a provisional donation to the institute of a gift of up to \$35 million by Potash Corporation of Saskatchewan over seven years, subject to an annual review of the institute including certain reporting requirements being met and satisfactory performance against certain objectives and metrics. The gift from Potash Corporation of Saskatchewan may be structured such that funds are provided evenly over the seven year period, or proportionally matched with the growth of the institute, or by some other agreed upon manner. Potash Corporation of Saskatchewan will determine on an annual basis whether or not to contribute a gift during any fiscal year.

An additional contribution was provided by Potash Corporation of Saskatchewan in the period ended April 30, 2013 in the amount of \$937,000. This contribution was to fund the feasibility study of the institute and the initial public relations campaign for the launching of the institute.

5 CONTRIBUTIONS FROM INDUSTRY PARTNERS

On November 4, 2013 Viterra Inc. signed a gift agreement with the university and the institute to provide a one-time gift of \$2 million. These funds are to be used for any purposes consistent with the institute’s overall mandate of food security.

6 COMMITMENTS

One of the core activities of GIFS is to provide grants to eligible scientific investigators for the purpose of research in a wide range of issues related to food production and food security. The institute held its first call for proposals in October of 2013 and three projects were awarded with multi-year grants. The total maximum commitment on these projects, with grant awards to be funded over the next five years, was \$3,443,000, of which \$90,000 was funded during the year and an additional \$337,000 was included in accounts payable and accrued liabilities as at April 30, 2014.

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