

ANNUAL REPORT



Ontario
Tender Fruit
Growers



YEAR ENDING JANUARY 31, 2024



**Ontario
Tender Fruit
Growers**

Vision

Ontario Tender Fruit: Your fresh,
local and quality choice.

Mission

To support sustainable tender
fruit production and grower
success through advocacy,
innovation, research and value
chain coordination.

To be recognized by consumers
as a high quality, healthy and
local food choice.



**Chair's Report
ONTARIO TENDER FRUIT GROWERS
2023 In Review**

February 2024

The 2023 season resulted in increased volumes in peach, nectarine, apricot and bosc from the previous year, but reductions in plums, especially Japanese varieties. Although the bartlett crop was down 6% vs. 2022, it was the 2nd largest crop in recent history, with the 2022 crop being the largest. Timely rains certainly increased sizing and production coming online from newer fire blight tolerant crosses.

U.S. imports of stone fruit were severely affected by lack of chilling hours and killing freezes in the spring. This resulted in higher pricing for imported fruit. This was the opposite for pears, with a large Washington crop putting pressure on pricing resulting in necessary price adjustments later in the season for Ontario pears.

Promotion campaigns this season included instore sampling of nectarines and pears and social media engagement. The retail display bins ensured consumers could easily identify local and the Foodland Ontario in-store reps ensured the produce managers had the support and promotional materials needed to elevate consumer awareness. These initiatives were made possible through the province's Grassroots Growth funding, and we thank Minister Thompson for her ongoing support.

Through our partnership with University of Guelph, Vineland Research and the Tender Fruit Evaluation Committee, we continue to work towards commercializing varieties to address climate change, meet consumer demands and extend our season with excellent quality, tree ripened fruit. We are pleased to report that Agriculture and Agrifood Canada has approved our 2023-2028 funding proposal through SCAP to continue this work. This new project also includes a tree fruit Life Cycle Assessment and Best Management Practices which are outlined in further detail in the annual report.

We extend our appreciation to The Greenbelt Foundation which supported growers in 2022-2023 with cost share funding on planting trees to meet new consumer demands, gaps in production, and extend our season with new varietal offerings. OMAFRA has recently launched a replant program (2024-2026) which will be administered through Agricorp. We look forward to seeing the results of this new program and extend our thanks to the province for its support.

Access to labour continues to be a high priority. We cannot grow food for Canada without our international agrifood workers. Their well-being is of the utmost importance to employers, and we will continue to refute claims that it isn't.

I extend my appreciation to the board of directors and staff who continue to do an exceptional job of supporting growers.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Phil Tregunno', with a long, sweeping horizontal line extending to the right.

Phil Tregunno- Chair

FORTY FIFTH ANNUAL REPORT OF THE ONTARIO TENDER FRUIT GROWERS

Table 1 provides detailed information on crop volumes through appointed shipper-dealers and licensed growers. Values are based on gross FOB.

TABLE I
Tonnage and Gross FOB Value of Ontario Tender Fruit
2021 – 2023

	2021 Volume Tons	2022 Volume Tons	2023 Volume Tons	%Change '23 vs '22	2021 Value \$	2022 Value \$	2023 Value \$	%Change '23 vs '22
Fresh Market								
Peaches	14,285	15,258	17,508	15%	34,284,199	40,891,823	48,671,619	19%
Pears	2,749	3,637	3,824	5%	5,731,825	8,347,206	9,456,288	13%
Plums & Prunes	2,349	2,703	2,034	-25%	7,947,595	9,596,552	8,170,157	-15%
Nectarines	4,021	3,817	4,267	12%	11,178,645	13,284,063	14,850,060	12%
Apricots	181	89	288	224%	998,063	607,741	1,970,351	224%
TOTAL	23,585	25,504	27,921	9%	60,140,327	72,727,385	83,118,475	14%
Processing								
Sweet Cherries	19	1	19	1800%	43,640	3,098	48,299	1459%
Sour Cherries	3,594	1,521	5,768	279%	5,204,532	1,554,636	2,558,000	65%
Peaches	-	4	18	350%	-	1,001	7,200	619%
Pears	280	191	272	42%	88,546	61,066	100,080	64%
TOTAL	3,893	1,717	6,077	254%	5,336,718	1,619,801	2,713,579	68%
COMBINED	27,478	27,222	33,998	25%	65,477,045	74,347,186	85,832,054	15%

PROCESSING SALES

Tart Cherries – In 2023, 9 growers delivered 5,768 tons of tart cherries for processing (1,521 – 2022). The negotiated price for 92 score cherries was \$400/ton.

**TABLE II
Reported Tart Cherries Sales Volumes for Processing
2019– 2023**

MARKET SEGMENT	2019 Tons	2020 Tons	2021 Tons	2022 Tons	2023 Tons
Processed	3,776	1,749	3,594	1,521	5,768

Sweet Cherries – In 2023, 3 growers delivered 19 tons of sweet cherries for processing (1 ton - 2022). The negotiated price was \$2,500/ton for the chilled pitted market. There was no minimum price set for the distilling/juice market.

**TABLE III
Reported Sweet Cherries Sales Volumes for Processing
2019 – 2023**

MARKET SEGMENT	2019 Tons	2020 Tons	2021 Tons	2022 Tons	2023 Tons
Freezing (Chilled Pitted Market)	25	8	19	1	19

Processing Peaches – There was no minimum price/terms and conditions set for processing peaches in 2023. Processors reported purchases of 18 tons of juice in 2023 (4 tons in 2022). The board will revisit whether a minimum price/terms and conditions will be set in 2024.

Processing Pears – There was no minimum price set for processing pears in 2023. Processors reported 272 tons for juice in 2023 (191 tons in 2022). The board will revisit whether a minimum price/terms and conditions will be set in 2024.

**TABLE IV
Reported Peaches and Pears Sales Volumes for Processing
2019 – 2023**

	2019 Tons	2020 Tons	2021 Tons	2022 Tons	2023 Tons
CLINGSTONE PEACHES	619	-	-	-	-
PEACHES FOR JUICE	-	10	-	4	18
PEARS (DISTILLED/JUICE)	441	396	280	191	272

TABLE V
Minimum Delivered Prices – Processing Crops
2019 – 2023

CROP	2019 \$/ton	2020 \$/ton	2021 \$/ton	2022 \$/ton	2023 \$/ton
Sweet Cherries					
Freezing (Chilled Pitted Market)	2,000	2,100	2,300	2,400	2,500
Distilling	2,000	2,100	1,000	1,000	-
Tart Cherries*					
97-100 Score	1,405	745	1,545	1,045	445
92 Score	1,360	700	1,500	1,000	400
69 & Under Score	1,290	630	1,430	930	330
Tart Cherries- Juice (ungraded)	1,360	600	1,000	1,000	400
Peaches Clingstone (2 3/4")	550	-	-	-	-
Peaches for Juice**	200	260	260	260	-
Pears- Fermented/Distilled (cider)	-	340	340	340	-
Pears- Juice**	700	280	280	280	-

*As of 2020, there is no longer a processing fee included in the minimum board price for tart cherries or juice pears.

**In 2023 the Board did not establish a minimum price for processing pears or peaches on a trial basis to be revisited in 2024.

FRESH MARKET SALES THROUGH APPOINTED DEALERS

2023 sales of fresh market crops (including table grapes) through appointed dealers was 28,942 tons.

Average net returns to producers selling through appointed dealers are shown after deducting shipper commissions, board fees and container costs. Packing or production costs have not been deducted.

TABLE VI
Average Net Returns for Sales through Ontario Appointed Dealers
2019 – 2023

Crop	2019 \$/ton	2020 \$/ton	2021 \$/ton	2022 \$/ton	2023 \$/ton
Peaches	1,430	1,593	1,746	1,930	2,033
Nectarines	1,935	1,989	2,150	2,547	2,537
Pears					
Bartlett	1,307	1,392	1,471	1,610	1,796
Bosc	1,513	1,532	1,662	1,832	1,919
Plums					
Japanese	2,217	2,383	2,834	2,601	3,297
European	2,037	2,635	2,344	2,732	3,075
Apricots	3,761	4,828	4,564	5,494	5,447

TABLE VII
Reported Fresh Fruit Sales Volumes through Ontario Appointed Dealers
2019 – 2023

Crop	2019 Tons	2020 Tons	2021 Tons	2022 Tons	2023 Tons	% Change '23 vs. '22
Peaches	17,124	10,689	13,769	14,547	16,814	16%
Pears						
Bartlett	2,219	1,777	1,990	2,637	2,482	-6%
Bosc	738	691	425	642	763	19%
Other	155	182	171	190	365	92%
Pears Combined	3,112	2,650	2,586	3,469	3,610	4%
Plums						
Early Golden	1,357	1,116	1,043	1,268	781	-38%
Shiro	29	15	25	21	8	-62%
Total Yellow Plums	1,386	1,131	1,068	1,289	789	-39%
Red	27	3	68	74	32	-57%
Blues & Prunes	1,401	467	1,058	1,204	1,097	-9%
Plums Combined	2,814	1,601	2,194	2,567	1,918	-25%
Nectarines	3,648	2,980	3,933	3,721	4,126	11%
Apricots	100	14	167	80	278	248%
Grapes	1,937	1,344	2,231	2,066	2,196	6%
TOTAL FRESH	28,735	19,278	24,880	26,450	28,942	9%

TOTAL REPORTED SALES VOLUMES
TABLE VIII
Reported Peach Sales Volumes for Fresh Market
2019 – 2023

Marketer	2019 Tons	2020 Tons	2021 Tons	2022 Tons	2023 Tons	% Change '23 vs. '22
Niagara Dealers	16,866	10,509	13,540	14,326	16,628	16%
Southwestern Ontario Dealers	258	180	229	221	186	-16%
Other*	845	715	516	711	694	-2%
TOTALS	17,969	11,404	14,285	15,258	17,508	15%

*Other includes reported sales other than through appointed dealers.

TABLE IX
Reported Pear Sales Volumes for Fresh Market
2019 – 2023

Marketer	2019 Tons	2020 Tons	2021 Tons	2022 Tons	2023 Tons	% Change '23 vs. '22
Niagara Dealers	3,099	2,647	2,584	3,467	3,608	4%
Southwestern Ontario Dealers	13	3	2	2	2	6%
Other*	177	208	163	168	214	27%
TOTALS	3,289	2,858	2,749	3,637	3,824	5%

*Other includes reported sales other than through appointed dealers.

TABLE X
Reported Plum & Prune Sales Volumes for Fresh Market
2019 – 2023

Marketer	2019 Tons	2020 Tons	2021 Tons	2022 Tons	2023 Tons	% Change '23 vs. '22
Niagara Dealers	2,807	1,601	2,194	2,567	1,918	-25%
Southwestern Ontario Dealers	7	-	-	-	-	-
Other*	159	143	155	136	116	-15%
TOTALS	2,973	1,744	2,349	2,703	2,034	-25%

*Other includes reported sales other than through appointed dealers.

TABLE XI
Reported Nectarine Sales Volumes for Fresh Market
2019 – 2023

Marketer	2019 Tons	2020 Tons	2021 Tons	2022 Tons	2023 Tons	% Change '23 vs. '22
Niagara Dealers	3,636	2,977	3,927	3,719	4,123	11%
Southwestern Ontario Dealers	12	3	6	2	3	36%
Other*	88	132	88	96	141	47%
TOTALS	3,736	3,112	4,021	3,817	4,267	12%

*Other includes reported sales other than through appointed dealers.

TABLE XII
Reported Apricot Sales Volumes for Fresh Market
2019-2023

Marketer	2019 Tons	2020 Tons	2021 Tons	2022 Tons	2023 Tons	% Change '23 vs. '22
Niagara Dealers	99	14	167	80	278	248%
Southwestern Ontario Dealers	1	-	-	-	-	-
Other*	9	3	14	9	10	12%
TOTALS	109	17	181	89	288	224%

*Other includes reported sales other than through appointed dealers.

TABLE XIII
Members of the Local Board
2019 – 2023

	2019	2020	2021	2022	2023
Producers Selling to Processors					
Sweet Cherries	3	3	3	2	3
Sour Cherries	17	10	14	12	9
Pears	10	13	13	10	
Peaches	8	1	-	1	
Total Number of Producers Fresh and Processing Combined	201	200	195	178	173

**TABLE XIV
Licence Fees– Processing
2019 - 2023**

Crop	2019 \$/ton	2020 \$/ton	2021 \$/ton	2022 \$/ton	2023 \$/ton
Peaches	10.00	10.00	10.00	10.00	-
Sweet Cherries	10.00	10.00	10.00	10.00	10.00
Sour Cherries*	20.00	20.00	10.00	10.00	10.00
Pears	10.00	10.00	10.00	10.00	-

*Participation in the North American Tart Cherry Promotion Initiative of \$10.00/ton was paused in 2021 for re-evaluation.

**TABLE XV
2023 Licence Fees – Fresh Market**

Crop	Admin \$/ton	Research \$/ton	Promotion \$/ton	Incentives \$/ton	Total 2023 \$/ton	Total 2022 \$/ton
Peaches	16.50	4.00	8.50	70.77	99.77	94.91
Nectarines	16.50	4.00	8.50	50.66	79.66	88.36
Yellow Plums	16.50	4.00	8.50	35.44	64.44	68.54
Blue Plums	16.50	4.00	8.50	35.55	64.55	68.78
Red Plums	16.50	4.00	8.50	0.00	29.00	33.00
Pears - Bartlett	16.50	4.00	8.50	35.62	64.62	72.34
Pears - Bosc	16.50	4.00	8.50	25.00	54.00	71.33
Pears - Other	16.50	4.00	8.50	0.00	29.00	33.00
Pears - Cold Snap	16.50	4.00	8.50	0.00	29.00	33.00
Apricots	16.50	4.00	8.50	0.00	29.00	33.00

PRODUCTION INSURANCE

**TABLE XVI
Ontario Production Insurance Results- 2023
Data as of January 31, 2024 and is subject to change**

Commodity	Number of Accounts	Total Premium (\$)	Grower Premium (\$)	Total Approved Claims* (\$)
Peach & Nectarine	73	1,221,725	513,732	39,804
Pear	41	276,794	112,514	44,341
Plum	35	638,042	256,247	1,132,440
Sour Cherry	15	733,055	293,773	3,786
Sweet Cherry	17	41,585	16,634	40,528

*Claims data refers to approved claims only

2023 PROMOTIONAL ACTIVITIES



The provincial Grassroots Growth Initiative (GGI) funding contributed once again this season to maximizing exposure and support for Ontario-grown tender fruit. The display bin program has been part of a 5-year initiative to develop and distribute retail bins (pictured left) across Canada. This year, over 8,500 bins were produced, 58% of which went to the Ontario marketplace, 19% to Quebec and 23% to Atlantic/West. To support our retail efforts, Foodland Ontario representatives also placed 8,484 pieces of point-of-sale materials in stores to help consumers source and utilize local fruit.

After finally moving into a post-pandemic world, Ontario Tender Fruit Growers were able to return to direct-to-consumer events like instore sampling to bolster the love of local at retail. Ontario nectarines and pears were sampled throughout August, October, and December at major retailers Metro, Loblaws, and Farmboy.

In addition to the sampling campaign, social media posts were created to promote Ontario tender fruit. On social, we gained 220 followers and noted increased engagement on both Facebook and Instagram platforms. Working with food influencer Susan Keefe from Rhubarb & Cod, we developed a new recipe – Gorgonzola stuffed pears (pictured below). A recipe demonstration reel was posted on Susan’s Instagram, which captured nearly 6,200 video plays and had almost 300 engagements from the online community. Be sure to follow @onttenderfruit on Instagram and Facebook and use hashtag #LoveONTfruit to join the conversation.



With support from our colleagues at the Ontario Produce Marketing Association, we also launched a radio campaign over a 5-week period this summer. In total, 490 tags aired across 7 stations to an audience of 2.9 million weekly listeners.

In collaboration with another valued partner, Foodland Ontario, we ran two retailer display contests to promote and emphasize the availability of local tender fruit in grocery stores. The summer contest ran from July 17th to August 31st and received 268 entries overall. The fall contest, a co-op with Ontario apples, focused on pears and apples and the change of the seasons. This contest ran from September 1st to November 30th and received 284 entries. The number of entries has been increasing slowly year over year since the pandemic and is up 9% vs. 2022 for the summer contest with major contributors being the Sobeys and Metro banners.

Foodland Ontario also supports Ontario Tender Fruit Growers in a variety of other ways including media appearances, radio tags, public relations, social media, their website, and calendar. Instore reps work hard each season to place thousands of point-of-sale materials such as posters, danglers, and recipe cards relating to Ontario tender fruit. We are extremely grateful for this partnership, as well as the continued support from the Ontario Produce Marketing Association, and the Quebec Produce Marketing Association.

2023 MEMBERSHIPS AND SPONSORSHIPS

The Board is a contributing member and/or sponsor of a number of agricultural and trade organizations.

Memberships

	\$
Agricultural Adaptation Council	150
Ontario Agricultural Commodity Council	1,000
Ontario Federation of Agriculture	500
Farm and Food Care	1,950
President's Council	400
Fruit & Vegetable Growers of Canada *	-
Canadian Produce Marketers Association	1,900
Ontario Produce Marketers Association	400
Quebec Produce Marketers Association	829

* The OFVGA pay CHC fees on behalf of their member organizations through container tolls.

Sponsorships

	\$
OF&VC Sponsorship	1,500
NOTL Peach Celebration	2,500
Niagara Regional Science and Engineering Fair	500
CPMA Sponsorship*	2,500
OPMA Sponsorship*	1,328
QPMA Sponsorship	-
OPMA 5 to 10 a Day Program**	46,217

* Cost-shared with the Ontario Fresh Grape Board and appointed dealer-shippers in Niagara.

** Cost-shared with Metro, Loblaws, Sobeys and Walmart – Ontario Divisions

RESEARCH PRIORITIES AND ACTIVITIES

The following are the current tender fruit research priorities:

1. Increase labour and operational efficiencies:
 - Improved processes and systems that reduce impacts of and/or costs for:
 - pruning, thinning, harvesting and packing;
 - pest and disease management;
 - adverse weather management.

Top 3 Diseases:

Fire Blight, Black Knot, Bacterial Spot

1. New variety acquisition, development, best management and commercialization processes that result in:
 - higher value varieties suited to Ontario growing conditions and marketplace needs,
 - varieties that can better withstand climate change pressures such as excessive heat and drought,
 - an increase in organic production,
 - fast tracking of virus-free commercial production of promising varieties,
 - disease resistance - especially to Fire Blight, Black Knot and Bacterial Spot.
2. Increase post-harvest quality:
 - optimal harvest, packing, cold chain management systems, treatments and practices to increase quality and shelflife.
3. Irrigation, water, and nutrient use:
 - processes and systems to maximize efficiencies.
4. Invasive species management:
 - strategies to combat new invasive species such as Brown Marmorated Stink Bug (BMSB), Spotted Wing Drosophila(SWD) and Spotted Lantern Fly (SLF).

2023 TENDER FRUIT RESEARCH PROJECT UPDATES

Climate Smart Crop Management- Funding through SCAP- Federal Agriscience Program

Through the Federal Agriscience Program under the Sustainable Canadian Agriculture Partnership (SCAP), two projects have been approved for funding.

New Variety Development- 2023 to 2028

Project 1 will continue new variety development work through evaluation of breeding material at University of Guelph. These initiatives will concentrate on evaluating selections with a climate change lens, to address increasing pressures from weather extremes. This project will be done in partnership with University of Guelph, Vineland Research and Innovation Centre and the Tender Fruit Evaluation Committee.

Tree Fruit Carbon Footprint Initiative 2023-2028

Project 2- Ontario Tender Fruit Growers (OTFG) and Ontario Apple Growers (OAG) will work with a project team consisting of LCA experts/GHG reduction specialists (including environmental consultants, University academia and Vineland Research and Innovation Centre soil lab analysts), Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) specialists, tree fruit stakeholders and growers. The project team will conduct the life cycle/sequestration assessment and research and design innovative BMP strategies that can be applied at the farm level.

The LCA will be developed through publication research and data collections, modeling, direct measurement/sampling of orchard soils, analysis/interpretation and reporting. Processes for development of the LCA will be consistent with best practices and as prescribed by ISO standards.



The Greenbelt Foundation Tender Fruit and Fresh Grape Vine Grant 2022-2023

The Greenbelt Foundation partnered with Ontario Tender Fruit and Fresh Grape Growers this past season as a continuation of the first planting program done in 2016.

The program used improved plant varieties that can withstand the extremes of climate change, provide a consistent supply of local fruit and meet increasing consumer demand. These facets of the program will help to strengthen and grow Niagara's Tender Fruit sector and increase its economic impact.

As a result of the funding, over 122,000 trees and over 10,000 Jupiter vines were planted between 2022-2023. We extend our sincere appreciation to the Greenbelt Foundation for their ongoing support of growers.

Niagara Irrigation Initiative

Work continues with the irrigation committee and in 2023 the following was realized.

- 1) A TVO segment to highlight the importance of irrigation and challenges growers are facing.
- 2) A summer tour with key stakeholders and representatives in policy, planning, economic development as well as the Canada Infrastructure Bank.
- 3) Discussions and work towards a collaborative project to advance irrigation infrastructure development.

CROP PROTECTION REPORT 2023

In 2023, the industry obtained registration of a few pesticides through the efforts of Jim Chaput and Josh Mosiondz, Minor Use Co-ordinators, OMAFRA, and Pest Management Regulatory Agency (PMRA). Dr. Wendy McFadden-Smith, Tender Fruit and Grape IPM Specialist, OMAFRA, assisted with various pest management issues including those related to minor use registrations and represented grapes at the virtual Minor Use Priority Setting Workshop to highlight priorities. Wendy also represented the industry at the Fruit Technical Working Group which is responsible for inclusion of products in the digital Ontario Crop Protection Hub.

Damage to tree-ripened apricot and early peach/nectarine fruit caused by Japanese beetle and/or earwigs has become more prevalent. There are no products currently labeled to manage these insects. Black cherry aphid pressure started earlier than usual in stone fruit in May with green peach aphid populations persisting later into the summer months. Most of these populations were controlled by using a broad-spectrum insecticide for first generation OFM however more aphid specific applications were needed this season following the OFM sprays.

Resistance to fungicides is an ongoing concern for growers, particularly in the brown rot fungus, *Monilinia fructicola*. Samples were collected from blossoms and fruit and we plan to test a total of 207 isolates for resistance to Group 7 (fluxapyroxad - Sercadis and ½ of Merivon) and Group 3 (propiconazole - Bumper, Fitness, Princeton and mefentrifluconazole - Cevya) at the Agri-Food Lab at U of G as part of an OMAFRA S-CAP project led by Katie Goldenhar. The isolates will also be identified to species. *Monilinia laxa*, found in blossoms in NY and MI, is more susceptible to Group 3 fungicides than *Monilinia fructicola*, isolated from fruit.

A spotted lanternfly (SLF), infestation was identified in Buffalo, NY in 2022. A group from OMAFRA visited the site in fall, 2023 and there was still an active population in the location, which is close to both a freeway and a railway. This is cause for concern as SLF is an excellent hitchhiker and can travel on almost anything moving from infested areas with the potential to be imported to Canada. Starting in May 2023, 65 locations in Niagara, London, Sarnia, Essex County and Pelee Island, Prince Edward Country, Ottawa Valley, Royal Botanical Gardens, Sault Ste. Marie, and OnRoute stations at Woodstock, Ingersol and Tilbury were monitored with Bug Barrier traps for SLF. Locations were inspected every 2-3 weeks for SLF nymphs/adults and trees were inspected for egg masses as well as symptoms of SLF feeding. No detections occurred. Information bands were also posted at trail heads along the Bruce Trail and Essex conservation greenway.

There are currently no insecticides registered for spotted lanternfly in Canada; however, we are working with other provinces to have products in place in the eventuality that it arrives. Realistically, when SLF is detected, it will be in localized areas, not regionally. The good news is that, based on information received from growers and extension staff in Pennsylvania, while SLF may feed short term on tender fruit, it has not been found to cause significant injury or affect fruit quality. The insect could still be a concern for tender fruit growers because once it is established, any commodity moving from an infestation zone must remain free of SLF to prevent its spread.

PPV MONITORING PROGRAM

Results for the 2023 CFIA PPV Sampling Program:

- As part of the sampling survey, a total of 4,742 samples were collected from residential and commercial properties.
- As part of the propagation ban survey, a total of 179 commercial properties were visited to confirm compliance within the PPV regulated area.
- As part of the propagation ban survey, 2,036 residential properties were visited to confirm compliance within the PPV regulated area.
- PPV was **not detected** in any of the samples collected by CFIA in 2023.

Independent Auditor's Report

To the Members of
Ontario Tender Fruit Growers

Opinion

We have audited the financial statements of Ontario Tender Fruit Growers, which comprise the statement of financial position as at January 31, 2024, and the statements of revenue and expenses, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at January 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for opinion

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

Responsibilities of management and those charged with governance for the financial statements

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

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

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

Independent Auditor's Report (continued)

Auditor's responsibilities for the audit of the financial statements

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

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

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

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

St. Catharines, Canada
February 28, 2024

Chartered Professional Accountants
Licensed Public Accountants

Ontario Tender Fruit Growers Statement of Revenue and Expenses

Year ended January 31

2024

2023

Revenues		
Licence fees, fresh market (Note 3)	\$ 782,680	\$ 843,811
Government and industry funding		
Promotion activities (Note 6)	668,799	540,427
Research activities (Note 6)	596,237	232,133
Interest and other income	96,053	44,026
Licence fees, processing (Note 3)	<u>57,986</u>	<u>17,170</u>
	<u>2,201,755</u>	<u>1,677,567</u>
Expenses		
Promotion (Note 6)	878,072	717,327
Research (Note 6)	719,708	292,333
Salaries and benefits (Note 5)	355,189	324,024
Directors' fees, honoraria and benefits	48,860	45,660
Office supplies and expenses	37,444	29,107
Utilities and maintenance	32,812	29,566
Professional fees	18,444	22,369
Insurance and taxes	18,154	16,165
Travel	14,634	4,163
Telephone	11,429	12,687
Meetings and conventions	8,492	3,996
Dues and subscriptions	8,198	7,127
Labour Issues Coordinating Committee	4,200	4,200
Postage	3,390	1,776
Bad debts	-	1,831
Building facility and equipment charge	24,678	9,002
Expense recoveries from other associations	<u>(38,736)</u>	<u>(36,798)</u>
	<u>2,144,968</u>	<u>1,484,535</u>
Excess of revenues over expenses from operations	56,787	193,032
Other income (expenses)		
License fees, market incentive program	1,641,813	1,380,896
Incentive program costs	<u>(1,846,348)</u>	<u>(1,551,575)</u>
	<u>(204,535)</u>	<u>(170,679)</u>
Deficiency (excess) of revenues over expenses	\$ <u>(147,748)</u>	\$ <u>22,353</u>

See accompanying notes to the financial statements.

Ontario Tender Fruit Growers Statement of Changes in Net Assets

Year ended January 31, 2024

	<u>Internally restricted funds</u>					
	<u>Market Incentive Program (Note 4)</u>	<u>Sour Cherry Chilled Pitted Program</u>	<u>Red Tart Sour Cherry Market Development</u>	<u>Fruit Testing Research</u>	<u>Total</u>	
Balance, beginning of year	\$ 1,523,441	\$ 2,837	\$ 2,627	\$ 19,148	\$ 1,799,879	
Deficiency of revenue over expenses	(147,748)	-	-	-	(147,748)	
Transfers	<u>204,535</u>	-	-	-	-	
Balance, end of year	\$ <u>1,580,228</u>	\$ <u>2,837</u>	\$ <u>2,627</u>	\$ <u>19,148</u>	\$ <u>1,652,131</u>	
Internally restricted reserve funds				\$ <u>71,903</u>		

Year Ended January 31, 2023

	<u>Internally restricted funds</u>					
	<u>Marketing Incentive Program (Note 4)</u>	<u>Sour Cherry Chilled Pitted Program</u>	<u>Red Tart Sour Cherry Market Development</u>	<u>Fruit Testing Research</u>	<u>Total</u>	
Balance, beginning of year	\$ 1,480,409	\$ 2,837	\$ 2,627	\$ 19,148	\$ 1,777,526	
Excess of revenue over expenses	22,353	-	-	-	22,353	
Transfers	<u>20,679</u>	-	-	-	-	
Balance, end of year	\$ <u>1,523,441</u>	\$ <u>2,837</u>	\$ <u>2,627</u>	\$ <u>19,148</u>	\$ <u>1,799,879</u>	
Internally restricted reserve funds				\$ <u>276,438</u>		

See accompanying notes to the financial statements

Ontario Tender Fruit Growers Statement of Financial Position

January 31 2024 2023

Assets

Current

Cash	\$ 575,173	\$ 1,146,596
Guaranteed investment certificates (Note 7)	1,205,832	519,073
Accounts receivable (Note 8)	146,503	43,572
Research and promotion contributions receivable (Note 6)	261,655	-
Prepaid expenses	<u>13,490</u>	<u>9,583</u>
	<u>2,202,653</u>	<u>1,718,824</u>

Long-term

Due from related parties (Note 9)	54,873	93,090
Investments (Note 10)	<u>286,353</u>	<u>286,353</u>
	<u>341,226</u>	<u>379,443</u>
	<u>\$ 2,543,879</u>	<u>\$ 2,098,267</u>

Liabilities

Current

Accounts payable and accrued liabilities	\$ 771,663	\$ 122,749
Government remittances payable	48,973	50,858
Deposits, licence fees	1,470	1,470
Deferred research and promotion contributions (Note 6)	<u>69,642</u>	<u>123,311</u>
	<u>891,748</u>	<u>298,388</u>

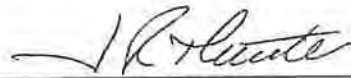
Net assets

Unrestricted	1,580,228	1,523,441
Restricted		
Marketing incentive program	47,291	251,826
Fruit testing research program	19,148	19,148
Sour cherry chilled pitted promotion program	2,837	2,837
Red tart sour cherry market development	<u>2,627</u>	<u>2,627</u>
	<u>71,903</u>	<u>276,438</u>
	<u>1,652,131</u>	<u>1,799,879</u>
	<u>\$ 2,543,879</u>	<u>\$ 2,098,267</u>

On behalf of the board



Director



Director

See accompanying notes to the financial statements.

Ontario Tender Fruit Growers Statement of Cash Flows

Year ended January 31

2024

2023

Increase (decrease) in cash

Operating

(Deficiency) excess of revenues over expenses for the year	\$ (147,748)	\$ 22,353
Changes in non-cash working capital		
Interest receivable	(22,960)	(10,655)
Accounts receivable	(102,931)	23,109
Prepaid expenses	(3,907)	(678)
Accounts payable and accrued liabilities	648,914	104,721
Government remittances payable	(1,885)	32,600
Research and promotion contributions receivable	(315,324)	49,570
	<u>54,159</u>	<u>181,020</u>

Financing

Loan repayment	-	(40,000)
----------------	---	----------

Investing

Advances (repayments) from/to related parties	38,217	13,413
Purchase of guaranteed investment certificates	(1,284,255)	-
Proceeds of guaranteed investment certificates	620,456	-
	<u>(625,582)</u>	<u>13,413</u>

Increase (decrease) in cash

Beginning of year	<u>1,146,596</u>	<u>952,163</u>
End of year	\$ <u>575,173</u>	\$ <u>1,146,596</u>

See accompanying notes to the financial statements.

Ontario Tender Fruit Growers

Notes to the Financial Statements

January 31, 2024

1. Nature of operations

The Board was established to regulate prices and conditions of sale for tender fruit, as well as for the purposes of marketing, researching and promoting tender fruit. It is incorporated by Letters Patent as a corporation without share capital under the laws of Ontario, and is exempt from income taxes under the Income Tax Act.

2. Significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Financial instruments

Measurement

The Board initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

Financial assets and liabilities measured at amortized cost include cash, guaranteed investment certificates, accounts receivable, contributions receivable, amounts due from related parties, accounts payable, government remittances payable, deposits and deferred contributions.

Financial instruments in related party transactions

Financial assets and financial liabilities in related party transactions are initially measured at cost, with the exception of the following instruments which are initially measured at fair value: investments in equity instruments that are quoted in an active market, debt instruments that are quoted in an active market, debt instruments when the inputs significant to the determination of the fair value of the instrument are observable, and derivative contracts.

Gains or losses arising on initial measurement differences are generally recognized in net income when the transaction is in the normal course of operations, and in equity when the transaction is not in the normal course of operations, subject to certain exceptions.

Financial assets and financial liabilities recognized in related party transactions are subsequently measured based on how the Board initially measured the instrument. Financial instruments initially measured at cost are subsequently measured at cost, less any impairment for financial assets. Financial instruments initially measured at fair value are subsequently measured at amortized cost, except for the following instruments which are subsequently measured at fair value: investments in equity instruments that are quoted in an active market, most derivative contracts, and certain debt instruments which the Board may irrevocably elect to measure at fair value. Changes in fair value are recognized in net income.

Ontario Tender Fruit Growers Notes to the Financial Statements

January 31, 2024

2. Significant accounting policies (continued)

Financial instruments (continued)

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in excess of revenues over expenses for the year.

Fund accounting

The General Fund reports revenues and expenses related to marketing and research operations. This includes administrative costs associated with operating the Board and marketing and research projects tied to government funding.

The Internally Restricted Funds consists of the following:

- Marketing and Incentive Program is intended to report the licence fees collected from growers to cover costs of Ontario labelling and packaging at grocers.
- Sour Cherry Chilled Pitted Promotion Program is intended to cover costs in advertising in sour cherries.
- Red Tart Sour Cherry Market Development fund is intended to cover costs tied to the development of the sour cherries market.
- Fruit Testing Research is intended to provide an internal source of funds for research projects in fruit testing that do not have government funding.

Revenue recognition

The Board follows the deferral fund method of accounting for contributions whereby restricted contributions related to marketing and research operations are recognized as revenue in unrestricted net assets in the year in which the related expenses are incurred. Restricted contributions received but not expended are recognized as deferred contributions.

Unrestricted contributions are recognized as revenue in unrestricted net assets in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Major sources of contributions include license fees charged to growers based on volume of tender fruit crop.

Government assistance

Grants and subsidies received to cover period expenses or marketing and research projects are accounted for as a separate line of revenue.

Ontario Tender Fruit Growers

Notes to the Financial Statements

January 31, 2024

2. Significant accounting policies (continued)

Investments

Investments are accounted for using the cost method.

The cost method is a basis of accounting for investments whereby the investment is initially recorded at cost; earnings from such investments are recognized only to the extent received or receivable.

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each statement of financial position date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to excess of revenue over expenses as appropriate in the year they become known.

3. Licence fees

	<u>2024</u>	<u>2023</u>
Licence fees, fresh market		
peaches	\$ 1,719,715	\$ 1,427,281
nectarines	338,682	340,027
pears	224,181	261,878
plums	129,607	189,375
apricots	9,107	2,946
voluntary	<u>3,200</u>	<u>3,200</u>
	<u>\$ 2,424,492</u>	<u>\$ 2,224,707</u>
Licence fees, processing		
sour cherries	\$ 57,680	\$ 15,208
sweet cherries	193	13
pears	113	1,911
peaches	<u>-</u>	<u>38</u>
	<u>\$ 57,986</u>	<u>\$ 17,170</u>

Ontario Tender Fruit Growers Notes to the Financial Statements

January 31, 2024

4. Marketing incentive program

The funds raised for this program in 2023 crop year in the amount of \$1,641,813 (2023 crop - \$1,380,896) were generated by producer licence fees. The \$1,846,348 (2023 - \$1,551,575) marketing incentive expenditures were paid out to qualifying retailers in Ontario, Quebec and the Atlantic and Western Provinces to encourage sales through additional features.

A summary of the incentive program by crop as reported on the statement of unrestricted and restricted net assets is as follows:

	<u>Peaches</u>	<u>Nectarines</u>	<u>Pears</u>	<u>Plums</u>	<u>Total</u>
Balance, beginning of year	\$ 72,634	\$ 81,031	\$ 61,438	\$ 36,723	\$ 251,826
Transfer from licence fees, fresh market	1,241,156	216,417	112,862	71,378	1,641,813
Incentive program expense	<u>(1,328,289)</u>	<u>(308,640)</u>	<u>(131,142)</u>	<u>(78,277)</u>	<u>(1,846,348)</u>
Balance, end of year	<u>\$ (14,499)</u>	<u>\$ (11,192)</u>	<u>\$ 43,158</u>	<u>\$ 29,824</u>	<u>\$ 47,291</u>

5. Salaries and benefits

	<u>2024</u>	<u>2023</u>
Total salaries and benefits	\$ 440,477	\$ 397,034
Recoveries:		
Ontario Apple Growers	(50,129)	(42,500)
Ontario Fresh Grape Growers Marketing Board	(17,000)	(19,988)
Project management	(7,388)	(10,522)
Ontario Grape and Wine Research Inc.	<u>(10,771)</u>	<u>-</u>
	<u>\$ 355,189</u>	<u>\$ 324,024</u>

Ontario Tender Fruit Growers Notes to the Financial Statements

January 31, 2024

6. Deferred contributions, research and promotion activities

	(Deferred) Receivable Contributions February 1, 2023	Government/ Industry Contributions 2024	Research Expenses 2024	(Deferred) Receivable Contributions January 31, 2024
<u>Research projects</u>				
ASP - Enhancing the Ontario Tree Fruit & Fresh Grape Sectors	\$ (42,066)	\$ 43,515	\$ 85,581	-
Greenbelt - Tender Fruit & Vine Planting Program	161	195,584	195,423	-
Tree Fruit & Fresh Grape Worker Health & Safety	(451)	-	-	(451)
Pesticide Initiatives	(1,692)	-	1,692	-
Post-Harvest Initiatives	(51,270)	-	7,014	(44,256)
Optimizing Fertilizer Recommendations for Peaches	(161)	-	161	-
Tender Fruit Clean Plant Initiative	(9,488)	-	989	(8,499)
Strategic Business Continuity Plan for OTFG/OFGG	-	2,000	4,410	2,410
Improve Management of Plum Curculio	-	8,160	6,732	(1,428)
S_CAP ASP Climate Smart Crop Management	-	34,990	294,235	259,245
	<u>(104,967)</u>	<u>284,249</u>	<u>596,237</u>	<u>207,021</u>
Non-funded research			<u>123,471</u>	
			<u>719,708</u>	
<u>Promotion projects</u>				
GGI - Ontario Tender Fruit Market Development	-	264,795	264,795	-
Ontario Tender Fruit Market Development - Industry	(18,344)	183,579	186,915	(15,008)
Ontario Tender Fruit Radio Campaign - 2023	-	10,000	10,000	-
GGI - Tree Fruit Promotional Program	-	50,533	50,533	-
OFVGA & Industry Contributions	-	156,556	156,556	-
	<u>(18,344)</u>	<u>665,463</u>	<u>668,799</u>	<u>(15,008)</u>
Non-funded promotion			<u>209,273</u>	
	<u>\$ (123,311)</u>		<u>878,072</u>	<u>\$ 192,013</u>
<u>Reported as:</u>				
Research contributions receivable	\$ -			\$ 261,655
(Deferred) research and promotion contributions	<u>(123,311)</u>			<u>(69,642)</u>
	<u>\$ (123,311)</u>			<u>\$ 192,013</u>

Ontario Tender Fruit Growers

Notes to the Financial Statements

January 31, 2024

7. Guaranteed investment certificates

The Board has guaranteed investment certificates that mature between 2024 and 2025 and bear interest between 4.90% and 5.50% (2023- 4.00% and 4.01%).

8. Accounts receivable

	<u>2024</u>	<u>2023</u>
Producer licence fees	\$ 50,479	\$ 19,375
Recycling fees	65,489	-
Grape & Tender Fruit (Ontario) Limited	19,210	19,210
Ontario Apple Growers	10,178	4,914
Ontario Fresh Grape Growers' Marketing Board	<u>1,147</u>	<u>73</u>
	<u>\$ 146,503</u>	<u>\$ 43,572</u>

9. Related party transactions

The Board is related to Grape & Tender Fruit (Ontario) Limited ("GTFOL"), a jointly controlled enterprise who operates the marketing boards' shared offices and who owns the shared land and building.

Expenses include a \$163,217 (2023 - \$138,413) charge for the Board's share (50% (2023 - 50%)) of management operation costs incurred during the year by GTFOL. These costs have been allocated to the relevant individual expense accounts.

Amounts due from related parties:

	<u>2024</u>	<u>2023</u>
Grape & Tender Fruit (Ontario) Limited	\$ 54,873	\$ 93,090
Trade payable with GTFOL	19,210	19,210

The transactions and balances are measured at their exchange amount, being the amounts agreed upon by the parties.

Ontario Tender Fruit Growers Notes to the Financial Statements

January 31, 2024

10. Investments

	<u>2024</u>	<u>2023</u>
Grape & Tender Fruit (Ontario) Limited:		
106 common shares (53% interest)	53	53
2,863 special shares (60% interest)	<u>286,300</u>	<u>286,300</u>
	<u>\$ 286,353</u>	<u>\$ 286,353</u>

The investment in Grape & Tender Fruit (Ontario) Limited represents the Board's share of the equity of Grape & Tender Fruit (Ontario) Limited whose primary purpose is to operate the marketing board's shared offices and whose major asset is the land and building shared by the marketing boards.

11. Financial instruments

The Board is exposed to various risks through its financial instruments. The following analysis provides a measure of the Board's risk exposures and concentrations at January 31, 2024:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Board's main credit risk relates to its accounts receivable. The entity provides credit to its growers in the normal course of operations.

Market risk

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Board is mainly exposed to interest rate risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Board is exposed to interest rate risk with respect to its fixed rate guaranteed investment certificates. Given the composition of financial instruments, the Board is subject to a fair value risk.

12. Comparative figures

Comparative figures have been adjusted to conform to changes in the current year presentation.

CHAIR: Phil Tregunno
VICE CHAIR: John Thwaites

DIRECTORS:
Brock Puddicombe
Dave Enns
David Hipple
Randy Haist
Rusty Smith
Ryan Schuyler

MANAGER: Sarah Marshall

PROJECT MANAGER: Larissa Osborne
MARKETING COORDINATOR: Kelle Neufeld
TREASURER: Kathi Ryan
ACCOUNTS: Christina Stewart

OFFICE:
PO Box 100, Vineland Station, ON L0R 2E0
P: 905-688-0990 F: 905-688-5915
E: info@ontariotenderfruit.ca
www.ontariotenderfruit.ca

DELEGATES:
FVGC - Phil Tregunno (John Thwaites, alt.)
FARMS/LICC - Phil Tregunno
NPF&VGA - Sarah Marshall
OFVGA - Dave Enns
OFA - PAC - Ryan Schuyler
OACC - Phil Tregunno, Sarah Marshall (Dave Hipple, alt.)
OACC Technical Committee - Sarah Marshall