

ANNUAL REPORT

YEAR ENDING JANUARY 31, 2021

Ontario
Tender Fruit
Growers





**Ontario
Tender Fruit
Growers**

Vision

Ontario Tender Fruit: Your orchard of choice;
your partners in quality.

Mission

To succeed as the tender fruit supplier of
choice through innovation and
competitiveness by applying the best
marketing, technology, and management.



Chair's Report ONTARIO TENDER FRUIT GROWERS 2020 In Review

February 2021

Every year has its challenges. However, it is rare that a season has every challenge imaginable. 2020 was that season.

Starting with a ban on international travel in mid-March followed by some areas hit by frost, hail and then an ongoing drought, growers were thrown every wrench possible. Our grower associations lobbied government to allow essential farm workers into Canada and also to implement increased support for growers as they endeavored to keep providing fruit to consumers.

It was also an unknown as we went into the season how consumer shopping habits would change given the stay at home order and operation of only essential services. Of course, providing food for people is only second to health in that regard and as everyone can attest, support of local was tremendous. It was unfortunate that we did not have more crop to sell.

Promotion activities this season included 10-second commercials on TV and radio tags to ensure consumers were made aware of local, and the display bins which put our fruit at the front of the store. Many thanks to the province for their promotional funding support through the Grassroots Growth program. And a special thanks, as always, to our partners at Foodland Ontario for getting permission to go into stores to support produce managers in the nick of time as our season began.

Guidance and funding through the OMAFRA Enhanced Worker Protection Program, federal funding for worker 14-day isolation, additional coverage through crop insurance for labour disruption as a peril and the additional dollars allocated to SDRM certainly showed that the provincial and federal agricultural ministers had our backs. We look forward to working with them as we navigate through the challenges of 2021.

Many thanks to the staff, board of directors and growers for their strength and perseverance to keep this essential industry running.

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 SECOND 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
2018 – 2020

	2018	2019	2020	%	2018	2019	2020	%
	Volume	Volume	Volume	Change	Value	Value	Value	Change
	Tons	Tons	Tons	'20 vs '19	\$	\$	\$	'20 vs '19
Fresh Market								
Peaches	18,662	17,969	11,404	-37%	38,693,099	37,038,164	25,206,060	-32%
Pears	2,765	3,289	2,858	-13%	5,014,659	5,954,681	5,462,213	-8%
Plums & Prunes	2,077	2,973	1,744	-41%	5,957,583	8,145,653	5,486,461	-33%
Nectarines	4,140	3,736	3,112	-17%	10,834,398	9,760,422	8,308,511	-15%
Apricots	64	109	17	-84%	294,716	494,534	98,247	-80%
TOTAL	27,708	28,075	19,136	-32%	60,794,455	61,393,454	44,561,492	-27%
Processing								
Sweet Cherries	12	25	8	-68%	22,134	49,997	16,970	-66%
Sour Cherries	3,924	3,776	1,749	-54%	5,400,989	5,213,919	1,186,527	-77%
Peaches	789	619	10	-98%	430,161	310,409	2,486	-99%
Pears	293	441	396	-10%	204,893	308,706	126,983	-59%
TOTAL	5,018	4,861	2,163	-56%	6,058,177	5,883,031	1,332,966	-77%
COMBINED TOTAL	32,726	32,936	21,299	-35%	66,852,632	67,276,485	45,894,458	-32%

PROCESSING SALES

Tart Cherries – In 2020, 10 growers delivered 1,749 tons of tart cherries for processing (3,776 – 2019). The negotiated price for 92 score cherries was \$700/ton.

TABLE II
Reported Tart Cherries Sales Volumes for Processing
2016– 2020

MARKET SEGMENT	2016 Tons	2017 Tons	2018 Tons	2019 Tons	2020 Tons
Processed	6,445	4,827	3,924	3,776	1,749

Sweet Cherries – In 2020, 3 growers delivered 8 tons of sweet cherries for processing (25 tons - 2019). The negotiated price was \$2,100/ton.

TABLE III
Reported Sweet Cherries Sales Volumes for Processing
2016 – 2020

MARKET SEGMENT	2016 Tons	2017 Tons	2018 Tons	2019 Tons	2020 Tons
Freezing (Chilled Pitted Market)	26	15	12	25	8

Processing Peaches – Processors purchased 10 tons of peaches for juice in 2020 (0 tons -2019), the minimum price for peaches for juice was set at \$260 per ton.

Processing Pears – Processors purchased 396 tons of pears for processing in 2020 (441 – 2019). The minimum price was set in Ontario at \$280 per ton for pears designated for juice market and \$340 per ton for the fermented/distilled (cider) market.

TABLE IV
Reported Peaches and Pears Sales Volumes for Processing
2016 – 2020

	2016 Tons	2017 Tons	2018 Tons	2019 Tons	2020 Tons
CLINGSTONE PEACHES	878	815	783	619	-
PEACHES FOR JUICE	68	22	6	-	10
PEARS (DISTILLED/JUICE)	239	345	293	441	396

TABLE V
Minimum Delivered Prices – Processing Crops
2016 – 2020

CROP	2016 \$/ton	2017 \$/ton	2018 \$/ton	2019 \$/ton	2020 \$/ton
Sweet Cherries					
Freezing (Chilled Pitted Market)	1,800	1,800	1,900	2,000	2,100
Distilling	1,800	1,800	1,900	2,000	2,100
Tart Cherries*					
97-100 Score	1,685	1,605	1,405	1,405	745
92 Score	1,640	1,560	1,360	1,360	700
69 & Under Score	1,570	1,490	1,290	1,290	630
Peaches Clingstone (2 3/4")	750	750	550	550	-
Peaches for Juice	180	180	200	200	260
Pears- Fermented/Distilled (cider)	-	-	-	-	340
Pears- Juice*	700	700	700	700	280

*As of 2020, there is no longer a processing fee included in the minimum board price.

FRESH MARKET SALES THROUGH APPOINTED DEALERS

2020 sales of fresh market crops (including grapes) through appointed dealers were 19,278 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
2016 – 2020

Crop	2016 \$/ton	2017 \$/ton	2018 \$/ton	2019 \$/ton	2020 \$/ton
Peaches	1,450	1,554	1,498	1,430	1,593
Nectarines	1,820	1,828	1,969	1,935	1,989
Pears					
Bartlett	1,230	1,203	1,281	1,307	1,392
Bosc	1,432	1,423	1,516	1,513	1,532
Plums					
Japanese	2,669	2,023	2,023	2,217	2,383
European	1,908	2,631	2,667	2,037	2,635
Apricots	4,271	3,399	3,776	3,761	4,828

TABLE VII
Reported Fresh Fruit Sales Volumes through Ontario Appointed Dealers
2016 – 2020

Crop	2016 Tons	2017 Tons	2018 Tons	2019 Tons	2020 Tons	% Change '20 vs. '19
Peaches	14,459	17,820	17,808	17,124	10,689	-38%
Pears						
Bartlett	1,388	1,642	1,691	2,219	1,777	-20%
Bosc	909	816	660	738	691	-6%
Other	151	187	200	155	182	17%
Pears Combined	2,448	2,645	2,551	3,112	2,650	-15%
Plums						
Early Golden	346	1,857	1,135	1,357	1,116	-18%
Shiro	31	58	46	29	15	-48%
Total Yellow Plums	377	1,915	1,181	1,386	1,131	-18%
Red	2	16	26	27	3	-89%
Blues & Prunes	869	416	710	1,401	467	-67%
Plums Combined	1,248	2,347	1,917	2,814	1,601	-43%
Nectarines	3,210	3,843	4,025	3,648	2,980	-18%
Apricots	16	82	61	100	14	-86%
Grapes	1,403	1,961	1,643	1,937	1,344	-31%
TOTAL FRESH	22,784	28,698	28,005	28,735	19,278	-33%

TOTAL REPORTED SALES VOLUMES
TABLE VIII
Reported Peach Sales Volumes for Fresh Market
2016 – 2020

Marketer	2016 Tons	2017 Tons	2018 Tons	2019 Tons	2020 Tons	% Change '20 vs. '19
Niagara Dealers	14,055	17,463	17,557	16,866	10,509	-38%
Southwestern Ontario Dealers	404	357	251	258	180	-30%
Other*	1,023	894	854	845	715	-15%
TOTALS	15,482	18,714	18,662	17,969	11,404	-37%

*Other includes reported sales other than through appointed dealers.

TABLE IX
Reported Pear Sales Volumes for Fresh Market
2016 – 2020

Marketer	2016 Tons	2017 Tons	2018 Tons	2019 Tons	2020 Tons	% Change '20 vs. '19
Niagara Dealers	2,445	2,641	2,549	3,099	2,647	-15%
Southwestern Ontario Dealers	3	4	2	13	3	-76%
Other*	202	241	214	177	208	18%
TOTALS	2,650	2,886	2,765	3,289	2,858	-13%

*Other includes reported sales other than through appointed dealers.

TABLE X
Reported Plum & Prune Sales Volumes for Fresh Market
2016 – 2020

Marketer	2016 Tons	2017 Tons	2018 Tons	2019 Tons	2020 Tons	% Change '20 vs. '19
Niagara Dealers	1,247	2,343	1,917	2,807	1,601	-43%
Southwestern Ontario Dealers	1	2	-	7	-	
Other*	154	155	160	159	143	-10%
TOTALS	1,402	2,500	2,077	2,973	1,744	-41%

*Other includes reported sales other than through appointed dealers.

TABLE XI
Reported Nectarine Sales Volumes for Fresh Market
2016 – 2020

Marketer	2016 Tons	2017 Tons	2018 Tons	2019 Tons	2020 Tons	% Change '20 vs. '19
Niagara Dealers	3,204	3,841	4,024	3,636	2,977	-18%
Southwestern Ontario Dealers	6	2	1	12	3	-74%
Other*	118	90	115	88	132	51%
TOTALS	3,328	3,933	4,140	3,736	3,112	-17%

*Other includes reported sales other than through appointed dealers.

TABLE XII
Reported Apricot Sales Volumes for Fresh Market
2016-2020

Marketer	2016 Tons	2017 Tons	2018 Tons	2019 Tons	2020 Tons	% Change '20 vs. '19
Niagara Dealers	16	81	61	99	14	-86%
Southwestern Ontario Dealers	-	1	-	1	-	-
Other*	2	18	3	9	3	-61%
TOTALS	18	100	64	109	17	-84%

*Other includes reported sales other than through appointed dealers.

TABLE XIII
Members of the Local Board
2016 – 2020

	2016	2017	2018	2019	2020
Producers Selling to Processors					
Sweet Cherries	5	5	5	3	3
Sour Cherries	27	18	19	17	10
Pears	14	8	15	10	13
Peaches	13	13	11	8	1
Total Number of Producers Fresh and Processing Combined	253	206	214	201	200

TABLE XIV
Licence Fees– Processing Crops
2016 - 2020

Crop	2016 \$/ton	2017 \$/ton	2018 \$/ton	2019 \$/ton	2020 \$/ton
Peaches	10.00	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	20.00	20.00	20.00
Pears	10.00	10.00	10.00	10.00	10.00

**The \$20.00/ton licence fee for sour cherries includes fees for participation in the North American Tart Cherry Promotion Initiative of \$10.00/ton.

TABLE XV
2020 Licence Fees – Fresh Market Crops

Crop	Adminis- tration \$/ton	Research & Food Safety \$/ton	Promotion \$/ton	Incentives \$/ton	Total 2020 \$/ton	Total 2019 \$/ton
Peaches	15.00	2.50	3.00	70.17	90.67	88.86
Nectarines	15.00	2.50	3.00	64.51	85.01	91.58
Yellow Plums	15.00	2.50	3.00	45.23	65.73	37.67
Blue Plums	15.00	2.50	3.00	28.61	49.11	37.67
Red Plums	15.00	2.50	3.00	0.00	20.50	18.50
Pears - Bartlett	15.00	2.50	3.00	36.26	56.76	46.03
Pears - Bosc	15.00	2.50	3.00	33.55	54.05	45.68
Pears - Other	15.00	2.50	3.00	0.00	20.50	18.50
Pears - Cold Snap	15.00	2.50	3.00	0.00	20.50	18.50
Apricots	15.00	2.50	3.00	0.00	20.50	18.50

PRODUCTION INSURANCE
TABLE XVI
Ontario Production Insurance Results- 2020

Commodity	Number of Accounts	Total Premium (\$)	Grower Premium (\$)	Total Approved Claims (\$)
Peach*	78	698,848	285,969	1,442,441
Nectarine*	59	191,081	78,532	655,297
Pear	37	198,785	79,514	120,179
Sweet Cherry	17	36,167	14,467	83,000
Sour Cherry	19	167,012	66,805	812,075
Plum & Prune	35	510,973	204,389	566,062

*as of January 28, 2021 and is subject to changes.

2020 PROMOTIONAL ACTIVITIES

Due to physical restrictions resulting from the COVID-19 pandemic, Ontario Tender Fruit Growers (OTFG) had to pivot away from our usual promotional activities, such as instore sampling and direct-to-consumer events, and launch a fully digital consumer awareness campaign this season. We were fortunate in receiving funding through the Grassroots Growth Program to accomplish the following initiatives:

Retail Display Bins

- 7,000 Ontario tender fruit display bins were produced for national distribution
- Prominent placement in retail produce section year over year for increased product visibility and shelf space
- OTFG, Foodland Ontario, Canadian Grown, and QPMA branding incorporated in design



Television Commercials & Radio Tags

- Commercials aired during Rogers TV Breakfast Television, CityLine and City News, plus additional CHCH Primetime
- Mid-July to mid-August commercials advertised in-store availability of our early season commodities: peaches, nectarines, yellow plums, and red tart cherries in pails and mid-August to mid-September commercials advertised availability of later season commodities: peaches, nectarines, pears, blue plums and Sovereign Coronation grapes
- 241 total spots with a campaign audience of 11.3 million viewers
- 633 radio tags aired using the voiceover from our television commercials
- Ads were placed in widespread markets capturing almost all of Ontario and targeted to primary household shoppers
- Combined audience across all stations of approximately 1.8 million weekly listeners

Other Media and Partnerships

A 5-second video advertising availability of local tender fruit, accompanied by the Foodland Ontario logo, played over 714,000 times on 130 screens in the elevators and lobbies of residential condominiums in the GTA. We also promoted availability on our social media channels, seeing good results. In total, we gained 1,310 new followers this season and our boosted posts saw the highest engagement with nearly 50,000 likes, comments, and shares on Facebook alone. We also partnered with OMPA's 'Produce Made Simple' to promote other tender fruit-related videos and to launch a consumer giveaway which had over 5,000 entries. Another contest we were excited to see executed was the Foodland Ontario retailer display contest which encourages retailers to create large-scale tender fruit displays in their produce section for a chance to win prizes (pictured above). This year there were 254 entries and retailer feedback was very positive noting increased sales lift overall. We would like to thank the Foodland Ontario reps who made this contest possible just in time for our season. Foodland Ontario also promotes local tender fruit on television, radio stations, print media and online. We are extremely grateful for these valuable partnerships as we work together to amplify our "buy local" message.



2020 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	350
President's Council	400
Canadian Horticultural Council*	
Canadian Produce Marketers Association	1,355
Ontario Produce Marketers Association	400
Quebec Produce Marketers Association	605

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

Sponsorships

\$

OF&VC Sponsorship	1,300
OPMA Sponsorship*	1,500
CPMA Sponsorship*	2,500
QPMA Sponsorship	1,500
OPMA 5 to 10 a Day Program**	\$37,192

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

** Cost-shared with Metro, Loblaw, 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
- 2) New variety acquisition, development, and best management and commercialization processes that result in:
 - higher value varieties suited to Ontario growing conditions and marketplace needs;
 - an increase in organic production;
 - fast tracking of virus-free commercial production of promising varieties; and
 - disease resistance - especially to Fire Blight, Black Knot and Bacterial Spot.
- 3) Increase post-harvest quality:
 - optimal harvest timing, packing, and cold chain management systems and practices to increase quality and shelf life.
- 4) Irrigation, water and nutrient use:
 - processes and systems to maximize efficiencies.
- 5) 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)

2020 TENDER FRUIT RESEARCH PROJECT UPDATES

AgriScience Program- New Variety Development (2018-2022)

In partnership with University of Guelph, Vineland Research and Innovation and OMAFRA, the Ontario Tender Fruit Growers and Ontario Fresh Grape Growers are continuing the development, testing and evaluation of new tender fruit and fresh grape varieties towards improving Canadian fruit quality, selection and availability. This project also includes research by University of Guelph to develop molecular markers for black knot resistance in plums.

Although tours could not be held in 2020 due to COVID, the first of two very early-season peaches was commercially released (Early Blush). It is anticipated that the second early-season peach will be named and released in 2021.

Additional assistance for this project has been received from Niagara Peninsula Fruit and Vegetable Growers and in-kind support from Canadian Fruit Tree Nurseries, Vinetech and growers supporting on farm testing.

CropTracker Enterprise (2018-2020)

In partnership with Ontario Apple Growers and the Ontario Tender Fruit Growers, the CropTracker Enterprise system was developed to provide a cloud-based system for the Ontario tree fruit and fresh grape industries to improve aggregate data collection and data flow and to create efficiencies and support across the value chain.

The system modernizes the industries data management and provides a means by which virtually all data collected at the farm/packer/storage/shipper or processor level can be linked, collected and aggregated for industry-wide reporting and strategizing

Niagara Irrigation Initiative (2020-2021)

Building on the Niagara Irrigation Strategy created in 2017, the 2020-2021 Niagara Irrigation Initiative is focusing on the initial three priority areas of the strategy below the escarpment (Lincoln, St Catharines and Niagara-on-the Lake). A dedicated committee with regional, municipal, growers' associations, OMAFRA and Ag Canada representatives are working to prioritize next steps and strategies to resolve issues to gaining equal access by growers to raw water for irrigation across the entire Niagara Region. Cash contributions include Niagara Region, Town of Lincoln, City of St Catharines, Town of Niagara-on-the-Lake, Grape Growers of Ontario and Ontario Tender Fruit Growers. With the commitment of stakeholders and government, it is anticipated that this work will continue beyond 2021.

Development of a novel method for quantifying Spotted Wing Drosophila (SWD) in a monitoring program in stone fruit, grapes and berries and determination of impact on stone fruit and grape varieties (2018-2020)

Investigators: Wendy McFadden-Smith, Justin Renkema, Shu Chen, Jay Subramanian

Methodology was fine-tuned to quantify SWD using qPCR (quantitative polymerase chain reaction) and mouthwash was used as the trapping medium. As an interim measure for growers, Spotted Wing Drosophila (SWD) was monitored throughout the growing season of 2020. Traps were initially placed in berry crops and were gradually shifted into stone fruit and then grapes. Counts were made under microscope weekly and regional data was reported on ONFruit blog and site-specific reports were sent to growers each week. Colonies of SWD were established in-lab and used to evaluate the susceptibility to oviposition by SWD of stone fruit and grapes at different ripeness trials.

SWD was monitored in blocks of 12 berry (strawberry, raspberry, blueberry), 3 tart cherry, 4 sweet cherry, 2 apricot, 2 plum, 5 peach, 4 nectarine and 8 vineyard blocks over the course of the growing season (May 25-Sept 15) in Essex, Chatham-Kent, Elgin, Halton, Norfolk, Oxford, Niagara, Durham, Northumberland and Prince Edward counties.



CROP PROTECTION REPORT 2020

In 2020, the industry obtained registration of several pesticides through the efforts of Jim Chaput, Minor Use Coordinator, OMAFRA, and Pest Management Regulatory Agency (PMRA). Dr. Wendy McFadden-Smith, OMAFRA, assisted with various pest management issues including those related to minor use registrations and represented tender fruit at the Minor Use Priority Setting Workshop in Gatineau to highlight priorities. Wendy also represented the industry at the Fruit Technical Working Group which is responsible for the inclusion of products in Publication 360 "Fruit Crop Protection Guide for Tender Fruit 2021".

The following table lists new product registrations, label expansions and emergency registrations as of December 2020. Several of the insecticides are "me too" formulations of active ingredients that were already labeled in tender fruit (marked with *). Suppression of target pests is indicated by (S).

Product	Active Ingredient (Pesticide Group)	Pest	Crop
Disease Management			
Merivon	pyraclostrobin (11) + fluxapyroxad (7)	blossom blight, brown rot, cherry leaf spot, powdery mildew, rhizopus rot (S), pear scab	apricot, cherries, peach, nectarine, plum, pear
Miravis Duo	pydiflumetofen (7)+ difenoconazole (3)	blossom blight, brown rot, peach scab	apricot, cherries, peach, nectarine, plum
Princeton *	propiconazole	blossom blight, brown rot, cherry leaf spot, black knot (S)	apricot, cherries, peach, nectarine, plum
Insect Management			
Beleaf 50 SG (label expansion)	flonicamid (19)	tarnished plant bug (S)	apricot, cherries, peach, nectarine, plum, pear
Danitol	fenpropathrin (3)	OFM, plum curculio, tarnished plant bug, oblique-banded leafroller, spotted wing drosophila, pear psylla (S), codling moth	apricot, cherries, peach, nectarine, plum, pear
Decis 100 EC (new formulation)	deltamethrin (3)	OFM, pear psylla	peach, pear
Labamba*	lambda-cyhalothrin (3)	OFM, plum curculio, tarnished plant bug, green peach aphid, cherry fruit fly, pear psylla, codling moth	cherries, peach, nectarine, plum, pear
Poleci 2.5 EC*	deltamethrin (3)	OFM, plum curculio (S), tarnished plant bug, pear psylla, codling moth	peach, pear
Aceta 70 WP*	acetamiprid (4)	OFM, plum curculio, cherry fruit fly (S), pear psylla, codling moth	apricot, cherries, peach, nectarine, plum, pear
Vayego 200 SC	tetraniliprole (28)	OFM, plum curculio (S), oblique-banded leafroller, aphids, codling moth	apricot, cherries, peach, nectarine, plum, pear
Herbicides and Plant Growth Regulators			
Beloukha	pelargonic acid (26)	annual and perennial broadleaf weeds	apricot, cherries, peach, nectarine, plum, pear
Lontrel XC	clopyralid (4)	broadleaf weeds	apricot, cherries, peach, nectarine, plum, pear
Centurion	clethodim (1)	grasses	cherries

As a result of PMRA reviews for their potential impact on pollinators and aquatic organisms, 2020 was the last growing season that the neonicotinoid insecticides, Actara, Admire, Alias could be used. After April 2021, Clutch can be used only for managing brown marmorated stink bug. This registration will also expire as of April, 2022.

2020 was the first year of the restrictions to Captan products. For pear the number of applications per season was restricted to 10 for high density, 2 for standard plantings, a reduced rate of 3 kg/ha and longer restricted entry intervals.

The quarantine for European Cherry Fruit Fly is still in effect. Tart cherries cannot move into the U.S. unless they are documented to be frozen.

There are over 70 documented Spotted Lanternfly hosts in North America, including grapevines, fruit trees (apple, peach, plum, cherry), hops and hardwoods (black walnut, maple). Swarms of nymphs and adults damage plants directly by feeding on plant sap, and indirectly by excreting large amounts of honeydew (sugary waste) that promotes the development of sooty mold and interferes with photosynthesis. The sooty mold also attracts insects such as ants, wasps and bees. It has recently been detected in Michigan and New York. To date, this insect has not been detected in Ontario but it is an excellent hitchhiker. There are currently no insecticides registered for Spotted Lanternfly in Canada.

PPV MONITORING PROGRAM

Results for the 2020 CFIA PPV Sampling Program:

- As part of the sampling survey, a total of 4,899 samples were collected from residential and commercial properties.
- As part of the propagation ban survey, a total of 240 commercial properties were visited to confirm compliance within the PPV regulated area. Note that due to COVID-19 restrictions in 2020, propagation ban activities planned for residential properties were deferred.
- PPV was **not detected** in any of the samples collected by CFIA in 2020.

Independent Auditor's Report

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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, 2021, and the statements of operations and unrestricted net assets, restricted 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, 2021, and its results of 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 25, 2021

Chartered Professional Accountants
Licensed Public Accountants

Ontario Tender Fruit Growers

Statement of Operations and Unrestricted Net Assets

Year ended January 31	2021	2020
Revenues		
Licence fees, fresh market (Note 3)	\$ 1,539,733	\$ 2,166,658
Appropriated to marketing incentive program (Note 4)	<u>(1,153,860)</u>	<u>(1,671,079)</u>
	385,873	495,579
Licence fees, processing (Note 3)	21,620	48,605
Government and industry funding		
Research activities	84,480	438,334
Promotion activities	418,913	317,063
Canadian Emergency Business Account Forgivable Loan	23,783	-
Canada Emergency Wage Subsidy	51,664	-
Interest and other income	<u>26,174</u>	<u>40,054</u>
	<u>1,012,507</u>	<u>1,339,635</u>
Expenses		
Directors' fees, honoraria and benefits	50,248	51,617
Salaries and benefits (Note 5)	298,909	279,549
Travel	5,096	23,443
Meetings and conventions	2,431	10,086
Office supplies and expenses	35,116	34,705
Postage	2,525	3,541
Dues and subscriptions	6,158	5,781
Labour Issues Coordinating Committee	4,200	4,200
Research (Note 6)	133,480	485,800
Promotion (Note 6)	506,311	384,570
Professional fees	13,950	11,981
Utilities and maintenance	17,966	25,294
Telephone	12,671	12,065
Insurance and taxes	14,153	13,242
Loss on disposal of capital assets	-	881
Amortization	9,277	11,903
Bad debts	2,660	446
Expense recoveries from other associations	<u>(37,313)</u>	<u>(40,342)</u>
	<u>1,077,838</u>	<u>1,318,762</u>
(Deficiency) excess of revenues over expenses	(65,331)	20,873
Fund balance, beginning of the year	<u>1,578,496</u>	<u>1,557,623</u>
Fund balance, end of the year	<u>\$ 1,513,165</u>	<u>\$ 1,578,496</u>

See accompanying notes to the financial statements.

Ontario Tender Fruit Growers

Statement of Restricted Net Assets

Year ended January 31

2021

2020

Marketing incentive program (Note 4)

Revenues		
Licence fees, fresh market	\$ 1,153,860	\$ 1,671,079
Expenses		
Incentive program	<u>1,054,711</u>	<u>1,618,753</u>
Excess of revenues over expenses	99,149	52,326
Fund balance, beginning of the year	132,683	80,357
Fund balance, end of the year	<u>\$ 231,832</u>	<u>\$ 132,683</u>

Sour cherry chilled pitted promotion program

Revenues		
Sour cherry promotion fees	\$ -	\$ -
Expenses		
Cherry promotion program	<u>840</u>	<u>-</u>
Deficiency of revenues over expenses	(840)	-
Fund balance, beginning of the year	4,442	4,442
Fund balance, end of year	<u>\$ 3,602</u>	<u>\$ 4,442</u>

Red tart sour cherry market development

Revenues		
Grower fees	\$ 17,486	\$ 37,756
Expenses		
North American cherry initiative	<u>17,486</u>	<u>39,242</u>
Deficiency of revenues over expenses	-	(1,486)
Fund balance, beginning of the year	2,627	4,113
Fund balance, end of the year	<u>\$ 2,627</u>	<u>\$ 2,627</u>

Fruit testing research program

Revenues	\$ -	\$ -
Expenses		
Fruit testing research	<u>580</u>	<u>(4,950)</u>
(Deficiency) excess of revenues over expenses	(580)	4,950
Fund balance, beginning of the year	<u>19,728</u>	<u>14,778</u>
Fund balance, end of year	<u>\$ 19,148</u>	<u>\$ 19,728</u>

See accompanying notes to the financial statements.

Ontario Tender Fruit Growers

Statement of Financial Position

January 31

2021

2020

Assets

Current

Cash	\$ 1,012,817	\$ 1,000,585
Guaranteed investment certificates (Note 7)	502,080	488,980
Accounts receivable (Note 8)	79,138	68,838
Research and promotion contributions receivable (Note 6)	-	26,270
Prepaid expenses	4,613	11,401
	<u>1,598,648</u>	<u>1,596,074</u>

Long-term

Due from related parties (Note 9)	99,032	108,061
Investments (Note 11)	286,353	286,353
	<u>385,385</u>	<u>394,414</u>
	<u>\$ 1,984,033</u>	<u>\$ 1,990,488</u>

Liabilities

Current

Accounts payable and accrued liabilities	\$ 24,512	\$ 66,332
Government remittances payable	22,597	41,403
Deposits, licence fees	1,470	1,470
Deferred research and promotion contributions (Note 6)	125,080	143,307
	<u>173,659</u>	<u>252,512</u>

Long-term

Loan payable (Note 12)	40,000	-
	<u>40,000</u>	<u>-</u>

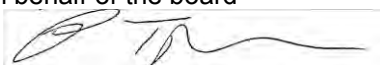
Net assets

Unrestricted	1,513,165	1,578,496
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Restricted

Marketing incentive program (Page 4)	231,832	132,683
Sour cherry chilled pitted promotion program (Page 4)	3,602	4,442
Red tart sour cherry market development (Page 4)	2,627	2,627
Fruit testing research program (Page 4)	19,148	19,728
	<u>257,209</u>	<u>159,480</u>
	<u>1,770,374</u>	<u>1,737,976</u>
	<u>\$ 1,984,033</u>	<u>\$ 1,990,488</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	2021	2020
Increase (decrease) in cash		
Operating		
Excess (deficiency) of revenues over expenses for the year:		
Unrestricted net assets	\$ (65,331)	\$ 20,873
Marketing incentive program	99,149	52,326
Sour cherry chilled pitted promotion program	(840)	-
Red tart sour cherry market development	-	(1,486)
Fruit testing research program	(580)	4,950
Changes in non-cash working capital		
Accounts receivable	(10,300)	(44,144)
Research and promotion contributions receivable	8,043	(102,481)
Interest receivable	10,041	(12,191)
Prepaid expenses	6,788	(2,784)
Accounts payable and accrued liabilities	(41,820)	11,075
Government remittances payable	(18,806)	18,667
Deposits, licence fees	-	39
	<u>(13,656)</u>	<u>(55,156)</u>
Financing		
Loan advance	<u>40,000</u>	<u>-</u>
Investing		
Advances from related parties	9,029	(8,396)
Purchase of guaranteed investment certificates	(290,800)	(205,820)
Proceeds of guaranteed investment certificates	<u>267,659</u>	<u>793,246</u>
	<u>(14,112)</u>	<u>579,030</u>
Increase (decrease) in cash	12,232	523,874
Beginning of year	<u>1,000,585</u>	<u>476,711</u>
End of year	<u>\$ 1,012,817</u>	<u>\$ 1,000,585</u>

See accompanying notes to the financial statements.

Ontario Tender Fruit Growers

Notes to the Financial Statements

January 31, 2021

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 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 in Part III of the CICA Handbook 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 or liabilities obtained in related party transactions with a person or entity whose sole relationship with the board is in the capacity of management are accounted for in accordance with financial instruments.

The board subsequently measures all of its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are not quoted in an active market which are measured at cost less any reduction for impairment.

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

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 board follows the restricted fund method of accounting for contributions. Revenues and expenses related to the Marketing Incentive, Sour Cherry Chilled Pitted Promotion, Red Tart Sour Cherry Market Development, and Fruit Testing Research Programs are reported in these restricted funds. All other revenues and expenses are reported in the unrestricted fund.

Ontario Tender Fruit Growers

Notes to the Financial Statements

January 31, 2021

Revenue recognition

Restricted contributions related to marketing operations are recognized as revenue in unrestricted net assets in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue in restricted net assets.

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.

Investments

Investments in joint ventures and significantly influenced investees are accounted for using the equity method.

The equity method is a basis of accounting for investments whereby the investment is initially recorded at cost and the carrying value, adjusted thereafter to include the investor's pro-rata share of post-acquisition earnings of the investee, computed by the consolidation method. Profit distributions received or receivable from an investee reduce the carrying value of the investment.

Amortization

Property and equipment which are shared with other related marketing boards are capitalized by Grape and Tender Fruit (Ontario) Limited. The amortization charge for property and equipment is reported according to the cost sharing arrangement by each benefiting board.

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.

Ontario Tender Fruit Growers

Notes to the Financial Statements

January 31, 2021

3. Licence fees

	<u>2021</u>	<u>2020</u>
Licence fees, fresh market		
peaches	\$1,011,127	\$1,559,569
pears	153,586	146,705
plums	105,362	111,731
nectarines	266,290	343,470
apricots	368	1,983
voluntary	<u>3,000</u>	<u>3,200</u>
	<u>\$1,539,733</u>	<u>\$2,166,658</u>
Licence fees, processing		
sour cherries	\$ 17,486	\$ 37,756
sweet cherries	81	250
peaches	96	6,189
pears	<u>3,957</u>	<u>4,410</u>
	<u>\$ 21,620</u>	<u>\$ 48,605</u>

4. Marketing incentive program

The funds raised for this program in 2020 crop year in the amount of \$1,153,860 (2019 crop - \$1,671,079) were generated by producer licence fees. The \$1,054,711 (2020 - \$1,618,753) 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	\$ 49,233	\$ 62,863	\$ 28,619	\$ (8,032)	\$ 132,683
Transfer from licence fees, fresh market	791,832	199,718	92,657	69,653	1,153,860
Incentive program expense	<u>(693,610)</u>	<u>(202,351)</u>	<u>(109,414)</u>	<u>(49,336)</u>	<u>(1,054,711)</u>
Balance, end of year	<u>\$ 147,455</u>	<u>\$ 60,230</u>	<u>\$ 11,862</u>	<u>\$ 12,285</u>	<u>\$ 231,832</u>

5. Salaries and benefits

	<u>2021</u>	<u>2020</u>
Total salaries and benefits	\$ 357,083	\$ 360,249
Recoveries:		
Ontario Apple Growers	(27,971)	(27,475)
Ontario Fresh Grape Growers Marketing Board	(17,000)	(12,000)
Niagara Peninsula Fruit & Vegetable Growers Association	(2,350)	(2,350)
Project management	<u>(10,853)</u>	<u>(38,875)</u>
	<u>\$ 298,909</u>	<u>\$ 279,549</u>

Ontario Tender Fruit Growers

Notes to the Financial Statements

January 31, 2021

6. Deferred contributions, research and promotion activities

	(Deferred) Receivable Contributions <u>February 1, 2020</u>	Government/ Industry Contributions <u>2021</u>	Research Expenses <u>2021</u>	(Deferred) Receivable Contributions <u>January 31, 2021</u>
<u>Research projects</u>				
ASP - Enhancing the Ontario tree fruit & fresh grape sectors	(46,525)	61,080	72,197	(35,408)
CAP - Ontario tree fruit and fresh grape economic impact study	21,900	21,900	-	-
Tender fruit clean plant initiatives	(14,946)	-	-	(14,946)
Optimizing fertilizer recommendations for peaches	(604)	1,500	242	(1,862)
Tree fruit & fresh grape worker health & safety	(926)	-	475	(451)
Pesticide initiative	(14,192)	-	4,500	(9,692)
Post-harvest initiatives	(66,114)	-	3,393	(62,721)
	<u>\$ (121,407)</u>	<u>84,480</u>	<u>80,807</u>	<u>\$ (125,080)</u>
Non-funded research			<u>52,673</u>	
			<u>133,480</u>	
<u>Promotion projects</u>				
Grassroots Growth Program	4,370	399,360	394,990	-
OFVGA Contribution	<u>-</u>	<u>23,923</u>	<u>23,923</u>	<u>-</u>
	<u>4,370</u>	<u>423,283</u>	<u>418,913</u>	<u>-</u>
Non-funded promotion			<u>87,398</u>	
			<u>506,311</u>	
	<u>\$ (117,037)</u>			<u>\$ (125,080)</u>
Reported as:				
Research and food safety contributions receivable	\$ 26,270			\$ -
Deferred research and food safety contributions	<u>(143,307)</u>			<u>(125,080)</u>
	<u>\$ (117,037)</u>			<u>\$ (125,080)</u>

7. Guaranteed investment certificates

The board has guaranteed investment certificates that mature between 2021 and 2022 and earn interest between 0.90% and 2.55% (2020- 2.55% and 2.91%)

8. Accounts receivable

	<u>2021</u>	<u>2020</u>
Producer licence fees	\$ 33,722	\$ 73,566
Canada emergency wage subsidy	51,664	-
Other receivables	-	2
Less: Allowance for doubtful accounts	<u>(6,248)</u>	<u>(5,110)</u>
	<u>\$ 79,138</u>	<u>\$ 68,838</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.

The boards proportionate share of GTFOL is as follows:

	<u>2021</u>	<u>2020</u>
Assets	\$ 388,113	\$ 404,596
Liabilities	<u>153,386</u>	<u>169,872</u>
Net Assets	<u>\$ 234,727</u>	<u>\$ 234,727</u>

Expenses include a \$116,529 (2020 - \$121,604 charge for the board's share (50% (2020 - 50%)) of management operation costs incurred during the year by Grape & Tender Fruit (Ontario)Limited. These costs have been allocated to the relevant individual expense accounts.

Amounts due from related parties:

	<u>2021</u>	<u>2020</u>
Grape & Tender Fruit (Ontario) Limited	<u>\$ 99,032</u>	<u>\$ 108,061</u>

Ontario Tender Fruit Growers

Notes to the Financial Statements

January 31, 2021

10. Investments

	<u>2021</u>	<u>2020</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. Loan Payable

During this fiscal period, the organization applied for the CEBA loan and received \$40,000 to cover current year expenses impacted by the COVID-19 pandemic. At year-end the board believes that they will be able to repay 75% of the loan by December 31, 2022 and therefore the forgivable portion of the loan has been recognized as grant income. No principal payments are required until 2022 but voluntary payments can be made at any time without fees or penalties. In the event that there is a remaining balance after December 31, 2022, it shall be converted to a non-revolving three-year term loan at a 5% interest, maturing on December 2025.

12. 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, 2021:

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.

CHAIR: Phil Tregunno
VICE CHAIR: John Thwaites

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

MANAGER: Sarah Marshall

PROJECT MANAGER: Larissa Osborne
MARKETING COORDINATOR: Kelle Neufeld
TREASURER: Maureen Connell
ACCOUNTS: Sylvana Lagrotteria

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