



Ontario
Tender Fruit
Growers

ANNUAL REPORT

Year ending January 31, 2023



**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
2022 In Review**

February 2023

The 2022 season saw good volumes of fruit in most areas and better than initially forecasted at the beginning of the season.

Quality was again, exceptional. Most crops were able to see a lift in pricing which helped to offset some of the increased costs in labour, packaging and crop production inputs. Volumes to Western Canada increased which helped with orderly marketing and maintaining pricing throughout the entire season. Our marketers and retailer partners ensured fruit moved quickly through the system and consumer support for local was greatly appreciated.

Promotion campaigns concentrated on TV, radio and social media to reach consumers before they went into stores. Once in the store, the retail display bins and support from Foodland Ontario reps ensured consumers could easily identify local. 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 meet consumer demands and extend our season with excellent quality, tree ripened fruit. Early season new peach variety releases now get us into the market earlier and ensure a consistent supply.

We extend our appreciation to The Greenbelt Foundation which supported growers in 2022 and the upcoming 2023 planting season with cost share funding on planting trees to meet new consumer demands, gaps in production, and extend our season with new varietal offerings.

With increased regulatory oversight and audits from multiple levels of government, it is becoming progressively difficult to focus on farming. Ontario agricultural has demonstrated a high level of compliance, and where gaps are identified, a willingness to improve. We look forward to a streamlined process for audits and the implementation of a recognized employer program.

As a result of new relationships developed through the OMAFRA Agri-Food secretariat, we were able to quickly get answers on pressing issues throughout the year. This on top of funding through the enhanced agri-food worker protection program, additional coverage for labour related issues under crop insurance and increased payments through SDRM, growers have been able to see some relief to the increased pressures and costs the pandemic brought on the farming sector. We extend our thanks to OMAFRA who have supported farmers throughout what we hope now is the end of pandemic responses and a return to normal business.

I also extend my appreciation to the board of directors and staff who have done an exceptional job of supporting growers.

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'PT' followed by a long, sweeping horizontal line.

Phil Tregunno- Chair

FORTY FOURTH 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
2020 – 2022

	2020 Volume Tons	2021 Volume Tons	2022 Volume Tons	%Change '22 vs '21	2020 Value \$	2021 Value \$	2022 Value \$	%Change '22 vs '21
Fresh Market								
Peaches	11,404	14,285	15,258	7%	25,206,060	34,284,199	40,891,823	19%
Pears	2,858	2,749	3,637	32%	5,462,213	5,731,825	8,347,206	46%
Plums & Prunes	1,744	2,349	2,703	15%	5,486,461	7,947,595	9,596,552	21%
Nectarines	3,112	4,021	3,817	-5%	8,308,511	11,178,645	13,284,063	19%
Apricots	17	181	89	-51%	98,247	998,063	607,741	-39%
TOTAL	19,136	23,585	25,505	8%	44,561,492	61,735,415	72,727,385	18%
Processing								
Sweet Cherries	8	19	1	-95%	16,970	43,640	3,098	-93%
Sour Cherries	1,749	3,594	1,521	-58%	1,186,527	5,204,532	1,554,636	-70%
Peaches	10	-	4	-	2,486	-	1,001	-
Pears	396	280	191	-32%	126,983	88,546	61,066	-31%
TOTAL	2,163	3,893	1,717	-56%	1,332,966	5,336,718	1,619,801	-70%
COMBINED	21,299	27,478	27,222	-1%	45,894,458	67,072,133	74,347,186	11%

PROCESSING SALES

Tart Cherries – In 2022, 12 growers delivered 1,521 tons of tart cherries for processing (3,594 – 2021). The negotiated price for 92 score cherries was \$1,000/ton.

TABLE II
Reported Tart Cherries Sales Volumes for Processing
2018– 2022

MARKET SEGMENT	2018 Tons	2019 Tons	2020 Tons	2021 Tons	2022 Tons
Processed	3,924	3,776	1,749	3,594	1,521

Sweet Cherries – In 2022, 2 growers delivered 1 ton of sweet cherries for processing (19 tons - 2021). The negotiated price was \$2,400/ton for the chilled pitted market and \$1,000/ton for the distilling/juice market.

TABLE III
Reported Sweet Cherries Sales Volumes for Processing
2018 – 2022

MARKET SEGMENT	2018 Tons	2019 Tons	2020 Tons	2021 Tons	2022 Tons
Freezing (Chilled Pitted Market)	12	25	8	19	1

Processing Peaches – Processors purchased 4 tons of peaches for juice in 2022 (0 tons -2021), the minimum price for peaches for juice was set at \$260 per ton.

Processing Pears – Processors purchased 191 tons of pears for processing in 2022 (280 tons – 2021). 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
2018 – 2022

	2018 Tons	2019 Tons	2020 Tons	2021 Tons	2022 Tons
CLINGSTONE PEACHES	783	619	-	-	-
PEACHES FOR JUICE	6	-	10	-	4
PEARS (DISTILLED/JUICE)	293	441	396	280	191

TABLE V
Minimum Delivered Prices – Processing Crops
2018 – 2022

CROP	2018 \$/ton	2019 \$/ton	2020 \$/ton	2021 \$/ton	2022 \$/ton
Sweet Cherries					
Freezing (Chilled Pitted Market)	1,900	2,000	2,100	2,300	2,400
Distilling	1,900	2,000	2,100	1,000	1,000
Tart Cherries*					
97-100 Score	1,405	1,405	745	1,545	1,045
92 Score	1,360	1,360	700	1,500	1,000
69 & Under Score	1,290	1,290	630	1,430	930
Peaches Clingstone (2 3/4")	550	550	-	-	-
Peaches for Juice	200	200	260	260	260
Pears- Fermented/Distilled (cider)	-	-	340	340	340
Pears- Juice*	700	700	280	280	280

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

FRESH MARKET SALES THROUGH APPOINTED DEALERS

2022 sales of fresh market crops (including table grapes) through appointed dealers was 26,450 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
2018 – 2022

Crop	2018 \$/ton	2019 \$/ton	2020 \$/ton	2021 \$/ton	2022 \$/ton
Peaches	1,498	1,430	1,593	1,746	1,930
Nectarines	1,969	1,935	1,989	2,150	2,547
Pears					
Bartlett	1,281	1,307	1,392	1,471	1,610
Bosc	1,516	1,513	1,532	1,662	1,832
Plums					
Japanese	2,023	2,217	2,383	2,834	2,601
European	2,667	2,037	2,635	2,344	2,732
Apricots	3,776	3,761	4,828	4,564	5,494

TABLE VII
Reported Fresh Fruit Sales Volumes through Ontario Appointed Dealers
2018 – 2022

Crop	2018 Tons	2019 Tons	2020 Tons	2021 Tons	2022 Tons	% Change '22 vs. '21
Peaches	17,808	17,124	10,689	13,769	14,547	6%
Pears						
Bartlett	1,691	2,219	1,777	1,990	2,637	33%
Bosc	660	738	691	425	642	51%
Other	200	155	182	171	190	11%
Pears Combined	2,551	3,112	2,650	2,586	3,469	34%
Plums						
Early Golden	1,135	1,357	1,116	1,043	1,268	22%
Shiro	46	29	15	25	21	-16%
Total Yellow Plums	1,181	1,386	1,131	1,068	1,289	21%
Red	26	27	3	68	74	9%
Blues & Prunes	710	1,401	467	1,058	1,204	14%
Plums Combined	1,917	2,814	1,601	2,194	2,567	17%
Nectarines	4,025	3,648	2,980	3,933	3,721	-5%
Apricots	61	100	14	167	80	-52%
Grapes	1,643	1,937	1,344	2,231	2,066	-7%
TOTAL FRESH	28,005	28,735	19,278	24,880	26,450	6%

TOTAL REPORTED SALES VOLUMES
TABLE VIII
Reported Peach Sales Volumes for Fresh Market
2018 – 2022

Marketer	2018 Tons	2019 Tons	2020 Tons	2021 Tons	2022 Tons	% Change '22 vs. '21
Niagara Dealers	17,557	16,866	10,509	13,540	14,326	6%
Southwestern Ontario Dealers	251	258	180	229	221	-3%
Other*	854	845	715	516	711	38%
TOTALS	18,662	17,969	11,404	14,285	15,258	7%

*Other includes reported sales other than through appointed dealers.

TABLE IX
Reported Pear Sales Volumes for Fresh Market
2018 – 2022

Marketer	2018 Tons	2019 Tons	2020 Tons	2021 Tons	2022 Tons	% Change '22 vs. '21
Niagara Dealers	2,549	3,099	2,647	2,584	3,467	34%
Southwestern Ontario Dealers	2	13	3	2	2	-1%
Other*	214	177	208	163	168	3%
TOTALS	2,765	3,289	2,858	2,749	3,637	32%

*Other includes reported sales other than through appointed dealers.

TABLE X
Reported Plum & Prune Sales Volumes for Fresh Market
2018 – 2022

Marketer	2018 Tons	2019 Tons	2020 Tons	2021 Tons	2022 Tons	% Change '22 vs. '21
Niagara Dealers	1,917	2,807	1,601	2,194	2,567	17%
Southwestern Ontario Dealers	-	7	-	-	-	-
Other*	160	159	143	155	136	-12%
TOTALS	2,077	2,973	1,744	2,349	2,703	15%

*Other includes reported sales other than through appointed dealers.

TABLE XI
Reported Nectarine Sales Volumes for Fresh Market
2018 – 2022

Marketer	2018 Tons	2019 Tons	2020 Tons	2021 Tons	2022 Tons	% Change '22 vs. '21
Niagara Dealers	4,024	3,636	2,977	3,927	3,719	-5%
Southwestern Ontario Dealers	1	12	3	6	2	-
Other*	115	88	132	88	96	9%
TOTALS	4,140	3,736	3,112	4,021	3,817	-5%

*Other includes reported sales other than through appointed dealers.

TABLE XII
Reported Apricot Sales Volumes for Fresh Market
2018-2022

Marketer	2018 Tons	2019 Tons	2020 Tons	2021 Tons	2022 Tons	% Change '22 vs. '21
Niagara Dealers	61	99	14	167	80	-52%
Southwestern Ontario Dealers	-	1	-	-	-	-
Other*	3	9	3	14	9	-36%
TOTALS	64	109	17	181	89	-51%

*Other includes reported sales other than through appointed dealers.

TABLE XIII
Members of the Local Board
2018 – 2022

	2018	2019	2020	2021	2022
Producers Selling to Processors					
Sweet Cherries	5	3	3	3	2
Sour Cherries	19	17	10	14	12
Pears	15	10	13	13	10
Peaches	11	8	1	-	1
Total Number of Producers Fresh and Processing Combined	214	201	200	195	178

**TABLE XIV
Licence Fees– Processing
Crops 2018 - 2022**

Crop	2018 \$/ton	2019 \$/ton	2020 \$/ton	2021 \$/ton	2022 \$/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	10.00	10.00
Pears	10.00	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
2022 Licence Fees – Fresh Market Crops**

Crop	Admin \$/ton	Research \$/ton	Promotion \$/ton	Incentives \$/ton	Total 2022 \$/ton	Total 2021 \$/ton
Peaches	21.00	3.00	9.00	61.91	94.91	81.45
Nectarines	21.00	3.00	9.00	55.36	88.36	87.93
Yellow Plums	21.00	3.00	9.00	35.54	68.54	59.51
Blue Plums	21.00	3.00	9.00	35.78	68.78	59.56
Red Plums	21.00	3.00	9.00	-	33.00	22.50
Pears - Bartlett	21.00	3.00	9.00	39.34	72.34	68.39
Pears - Bosc	21.00	3.00	9.00	38.33	71.33	62.61
Pears - Other	21.00	3.00	9.00	-	33.00	22.50
Pears - Cold Snap	21.00	3.00	9.00	-	33.00	22.50
Apricots	21.00	3.00	9.00	-	33.00	22.50

PRODUCTION INSURANCE

**TABLE XVI
Ontario Production Insurance Results- 2022
Data as of February 1, 2023 and subject to change**

Commodity	Number of Accounts	Total Premium (\$)	Grower Premium (\$)	Total Approved Claims* (\$)
Peach & Nectarine	76	1,266,700	525,400	921,100
Pear	43	270,700	109,800	60,200
Sweet Cherry	17	42,900	17,100	46,900
Sour Cherry	17	371,100	156,700	1,504,600
Plum & Prune	38	607,100	243,100	61,900

Stats are rounded to the nearest 100th

*Claims data refers to approved claims only

2022 PROMOTIONAL ACTIVITIES

The Ontario Tender Fruit Growers (OTFG) received funding under the provincial Grassroots Growth Initiative to help execute our strategic promotions program this season. At retail, over 8,000 bins were distributed across Canada: 62% in Ontario, 20% in Quebec and 18% Atlantic/West. Foodland Ontario representatives also placed 7,598 pieces of point-of-sale materials in stores to support the retail program.

Building on the many successes of last year's campaign, television commercials, radio tags and digital ads were once again developed and targeted to Ontario consumers in diverse urban markets. Advertisements emphasized how tender fruit gets from the farm to the table with imagery of orchards, seasonal workers, and delicious recipes, and used messaging that local fruit was now available in stores. In total, the ads had a combined viewership of nearly 9 million and the radio tags reached the ears of 5.7million listeners.



New to OTFG this season were sponsored content stories with The National Post newspaper, a billboard at the Toronto Food Terminal, and transit shelter displays across the GTA. These activities performed extremely well, and the impressions generated directly enhanced consumer's awareness about the seasonality of our commodities. Overall, the newspaper articles generated nearly 400,000 digital impressions, while the transit ads saw an average of 10,000 impressions per day at each shelter. The billboard was on display from July to September to an estimated 300,000 vehicles commuting daily on the Gardiner Expressway.

On social media, OTFG grew its following on Instagram and Facebook with meaningful and engaging posts. Emphasis was placed on how consumers could get the most bang for their buck by using flyer ads to find produce sales and how to reduce food waste at home. A plethora of recipes demonstrated the versatility of Ontario tender fruit and inspired consumers to try

new meal ideas. OPMA's Produce Made Simple and Foodland Ontario pages echoed this messaging with posts showing consumers what pairs well with tender fruit, how to select and store, and the seasonal availability for each commodity. The most popular posts were boosted and targeted to our key demographic and generated over 86,000 impressions - an increase of 656% versus last year. Be sure to follow @onttenderfruit on Instagram and Facebook and use hashtag #LoveONTfruit to join the conversation.

OTFG gratefully values its partners and collaborators at Foodland Ontario, the Ontario Produce Marketing Association, and the Quebec Produce Marketing Association. With financial support from the provincial government, we will continue to grow the sector and promote the importance of local for years to come.

2022 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
Fruit & Vegetable Growers of Canada *	-
Canadian Produce Marketers Association	1,900
Ontario Produce Marketers Association	400
Quebec Produce Marketers Association	750

* 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
CPMA Sponsorship*	2,500
QPMA Sponsorship	-
OPMA 5 to 10 a Day Program**	41,962

* 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, 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.
 - 3) Increase post-harvest quality:
 - optimal harvest, packing, cold chain management systems, treatments 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).

2022 TENDER FRUIT RESEARCH PROJECT UPDATES

New Variety Development in Tree Fruit and Fresh Grape Sectors in Canada

2022 marks the final year of this 5-year collaborative research project. The Ontario Tender Fruit Growers acknowledges and appreciates the funding support provided by the AAFC and NPF&VGA as well as the combined efforts of Vineland Research and Innovation Centre, Ontario Fresh Grape Growers, the University of Guelph, and our participating growers and industry partners.

New variety development is imperative to fostering growth. Through new variety tours and feedback from growers and marketers, several new early season peach varieties have been released and work continues to identify promising selections of additional stone fruit and pear varieties. We hope to secure funding opportunities in the next federal provincial framework to continue this important initiative.

Harvest Quality Vision (HQV) and Streamlined Connectivity Tech for Ontario Fruit Trees

Over the past 2 years, Ontario Tender Fruit and Ontario Apple Growers partnered with Ontario-based Dragonfly IT to develop and pilot the Croptracker Harvest Quality Vision (HQV) and Crop Load Vision (CLV) as well as Offline Mode. The project was funded in part by the Canadian Agricultural Partnership, a five-year provincial-territorial initiative. The innovative HQV & CLV modules use computer vision technology, algorithms and trained artificial intelligence (AI) to enable scanning of both harvested and unharvested tree fruit for quantity, colour, size and quality. One of the goals of this project was to provide scanning capabilities using common smartphone technology, something Ontario growers already have at their fingertips, versus having to buy expensive new equipment.

The OTFG would like to sincerely thank and acknowledge the assistance of OMAFRA staff Kathryn Carter, Erika DeBrouwer, Wendy McFadden-Smith, and Kristy Grigg-McGuffin for providing many hours of technical support and expertise to this project as well as their summer students. The OTFG also thanks the many Ontario tender fruit growers and shippers who provided their time, knowledge, and valuable information to this project.



The Greenbelt Foundation Tender Fruit and Fresh Grape Vine Grant

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 help to strengthen and grow Niagara's Tender Fruit sector and increase its economic impact.

The investment from the Foundation funded up to 30 per cent of the cost of eligible new tender fruit trees and fresh grape vines, and it has impacted more than 90 growers. Total overall grower investment from Ontario's tender fruit and fresh grape industry has amounted to \$3.2 million. We look forward to sharing the results of the 2023 spring planting.

Niagara Irrigation Initiative

Work continues with the irrigation committee and in 2022 the following was realized.

1. A comprehensive governance study with stakeholders across the region which identified the desired principals for a 'Partnership for Irrigation in Niagara' approach.
2. Identification of 3 priority areas and potential systems for feasibility and engineering scoping to cover approx. 5,300 acres in the Lincoln and St. Catharines areas.
3. Asset management plan completion for Niagara on the Lake and identification of future expansion needs.

We look forward to working with our municipal, provincial and federal partners to ensuring water security for agriculture in Niagara.

CROP PROTECTION REPORT 2022

In 2022, the industry obtained registration of several pesticides through the efforts of Josh Mosiondz, Minor Use Coordinator, OMAFRA, his predecessor Jim Chaput and Pest Management Regulatory Agency (PMRA) as well as company registrations. 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 the Crop Protection Hub which replaced Publication 360 in 2022.

The following table lists new product registrations and label changes as of December 2022.

Product	Active Ingredient (Pesticide Group)	Pest	Crop
Disease Management			
Cabil	boscalid (7)	Blossom blight, brown rot	All stone fruit
Cevya	mefentrifluconazole (3)	Scab	Pears
Gatten	flutianil (U13)	Powdery mildew	Cherries
Kumulus	sulphur (M)	Scab, Cherry leaf spot, Brown rot	Nectarines
Shape	pyrimethanil (9)	Scab	Pear
Thief 50 SC	thiophanate-methyl	Brown rot	All stone fruit
Insect Management			
Madex	granulovirus (CpGV) isolate V-22	Codling moth, Oriental fruit moth	All stone fruit and pears
Nealta	cyflumetofen (25)	European red mite, Two-spotted spider mite	All stone fruit
PureSpray Green Spray oil	mineral oil	Scales, Codling moth	Pears
Spiro SC	spirodiclofen (23)	European red mite, Two-spotted spider mite, Peach silver mite, Plum rust mite	All stone fruit and pears
Theme	thiacloprid (4A)	Oriental fruit moth, Plum curculio, Codling moth	Pears
Weed Management			
Assure II	quizalofop-p-ethyl (1)	Grassy weeds	All stone fruit and pears
Prowl	pendimethalin (3)	Grassy and broadleaf weeds	All stone fruit and pears
Serene	acetic acid	Grassy and broadleaf weeds	All stone fruit and pears

Pesticide Re-evaluations and Company Withdrawals

Product	Crop/Pest affected	Label change
Imidan WP	Peach, Plum, Pear – oriental fruit moth, plum curculio, tarnished plant bug, obliquebanded leafroller, Japanese beetle, cherry fruit fly, spotted wing drosophila, pear psylla, codling moth	Last farm use: Oct. 30, 2022
Elevate	Cherries, Peach, Nectarine – blossom blight, brown rot	REI for hand thinning 3 days up from 4 hours

Invasive Insects

The registration for Clutch expired as of April 11, 2022. This leaves us with no products registered for BMSB. Several stink bug species cause damage in some tender fruit orchards. It has been difficult to differentiate between that damage and any caused by BMSB. Insecticides that control other stink bugs will likely also control BMSB.

The quarantine for European cherry fruit fly is still in effect. Tart cherries cannot move into the US unless they are documented to be frozen.

The range of infestation of spotted lanternfly (SLF) expanded in the US and established infestations have now been found in Buffalo, New York, and Ohio along the southern shore of Lake Erie. The impact of SLF on grapevine is well documented, its effect on tender fruit is not.

Few Pennsylvania growers have reported sustained high populations on their tree fruit. In 2022, 109 traps at 39 locations across southern Ontario were monitored for Spotted Lanternfly by OMAFRA staff and consultants. No detections occurred but it is an excellent hitchhiker and with border traffic due to increase, its introduction to Ontario is only a matter of time. There are currently no insecticides registered for spotted lanternfly in Canada, but we are working on some label expansions and minor use priorities to try to address this.

PPV MONITORING PROGRAM

Results for the 2022 CFIA PPV Sampling Program:

- As part of the sampling survey, a total of 5,697 samples were collected from residential and commercial properties.
- As part of the propagation ban survey, a total of 136 commercial properties were visited to confirm compliance within the PPV regulated area.
- As part of the propagation ban survey, 110 residential properties were visited to confirm compliance within the PPV regulated area, this number is expected to increase significantly in the 2023 season with the easing of COVID-19 restrictions.
- PPV was **not detected** in any of the samples collected by CFIA in 2022.

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, 2023,, 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, 2023,, 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 font.

St. Catharines, Canada
February 28, 2023

Chartered Professional Accountants
Licensed Public Accountants

Ontario Tender Fruit Growers

Statement of Operations and Unrestricted Net Assets

Year ended January 31	2023	2022
Revenues		
Licence fees, fresh market (Note 3)	\$ 2,224,707	\$ 1,921,430
Appropriated to marketing incentive program (Note 4)	(1,380,896)	(1,373,920)
	843,811	547,510
Government and industry funding		
Promotion activities (Note 6)	540,427	520,798
Research activities (Note 6)	232,133	25,215
Interest and other income	44,026	20,214
Licence fees, processing (Note 3)	17,170	38,931
Canada emergency wage subsidy	-	13,157
Government assistance	-	1,532
	<u>1,677,567</u>	<u>1,167,357</u>
Expenses		
Promotion (Note 6)	717,327	672,097
Salaries and benefits (Note 5)	324,024	308,895
Research (Note 6)	292,333	85,415
Directors' fees, honoraria and benefits	45,660	45,397
Utilities and maintenance	29,566	24,089
Office supplies and expenses	29,107	36,257
Professional fees	22,369	12,150
Insurance and taxes	16,165	14,991
Telephone	12,687	12,826
Dues and subscriptions	7,127	6,211
Labour Issues Coordinating Committee	4,200	4,200
Travel	4,163	61
Meetings and conventions	3,996	278
Bad debts	1,831	1,155
Postage	1,776	3,282
Amortization	9,002	10,375
Expense recoveries from other associations	(36,798)	(37,566)
	<u>1,484,535</u>	<u>1,200,113</u>
Excess (deficiency) of revenues over expenses	193,032	(32,756)
Fund balance, beginning of the year	1,480,409	1,513,165
Transfer to restricted net assets	(150,000)	-
Fund balance, end of the year	\$ <u>1,523,441</u>	\$ <u>1,480,409</u>

Ontario Tender Fruit Growers Statement of Restricted Net Assets

Year ended January 31	2023	2022
Marketing incentive program (Note 4)		
Revenues		
Licence fees, fresh market	\$ 1,380,896	\$ 1,373,920
Expenses		
Incentive program	<u>1,551,575</u>	<u>1,333,247</u>
(Deficiency) excess of revenues over expenses	(170,679)	40,673
Fund balance, beginning of the year	272,505	231,832
Transfer from unrestricted net assets	<u>150,000</u>	<u>-</u>
Fund balance, end of the year	<u>\$ 251,826</u>	<u>\$ 272,505</u>
Sour cherry chilled pitted promotion program		
Revenues		
Sour cherry promotion fees	\$ -	\$ -
Expenses		
Cherry promotion program	<u>-</u>	<u>765</u>
Deficiency of revenues over expenses	-	(765)
Fund balance, beginning of the year	<u>2,837</u>	<u>3,602</u>
Fund balance, end of year	<u>\$ 2,837</u>	<u>\$ 2,837</u>
Red tart sour cherry market development		
Fund balance, beginning of the year	<u>\$ 2,627</u>	<u>\$ 2,627</u>
Fund balance, end of the year	<u>\$ 2,627</u>	<u>\$ 2,627</u>
Fruit testing research program		
Fund balance, beginning of the year	<u>\$ 19,148</u>	<u>\$ 19,148</u>
Fund balance, end of year	<u>\$ 19,148</u>	<u>\$ 19,148</u>

Ontario Tender Fruit Growers

Statement of Financial Position

January 31 2023 2022

Assets

Current

Cash	\$ 1,146,596	\$ 952,163
Guaranteed investment certificates (Note 7)	519,073	508,418
Accounts receivable (Note 8)	43,572	66,681
Prepaid expenses	<u>9,583</u>	<u>8,905</u>
	<u>1,718,824</u>	<u>1,536,167</u>

Long-term

Due from related parties (Note 9)	93,090	106,503
Investments (Note 10)	<u>286,353</u>	<u>286,353</u>
	<u>379,443</u>	<u>392,856</u>
	<u>\$ 2,098,267</u>	<u>\$ 1,929,023</u>

Liabilities

Current

Accounts payable and accrued liabilities	\$ 49,038	\$ 18,028
Government remittances payable	50,858	18,258
Deposits, licence fees	1,470	1,470
Deposits, recycling fees	73,711	-
Deferred research and promotion contributions (Note 6)	<u>123,311</u>	<u>73,741</u>
	<u>298,388</u>	<u>111,497</u>

Long-term

Loan payable (Note 11)	-	<u>40,000</u>
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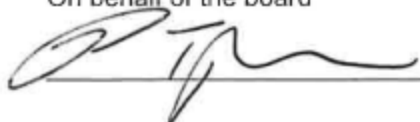
Net assets

Unrestricted 1,523,441 1,480,409

Restricted

Marketing incentive program (Page 4)	251,826	272,505
Fruit testing research program (Page 4)	19,148	19,148
Sour cherry chilled pitted promotion program (Page 4)	2,837	2,837
Red tart sour cherry market development (Page 4)	<u>2,627</u>	<u>2,627</u>
	<u>276,438</u>	<u>297,117</u>
	<u>1,799,879</u>	<u>1,777,526</u>
	<u>\$ 2,098,267</u>	<u>\$ 1,929,023</u>

On behalf of the board



Director



Director

Ontario Tender Fruit Growers

Statement of Cash Flows

Year ended January 31	2023	2022
Increase (decrease) in cash		
Operating		
Excess (deficiency) of revenues over expenses for the year:		
Unrestricted net assets	\$ 193,032	\$ (32,756)
Marketing incentive program	(170,679)	40,673
Sour cherry chilled pitted promotion program	-	(765)
Changes in non-cash working capital		
Interest receivable	(10,655)	(5,114)
Accounts receivable	23,109	12,457
Prepaid expenses	(678)	(4,292)
Accounts payable and accrued liabilities	31,010	(6,484)
Deposits, recycling fees	73,711	-
Government remittances payable	32,600	(4,339)
Research and promotion contributions receivable	49,570	(51,339)
	<u>221,020</u>	<u>(51,959)</u>
Financing		
Loan repayment	<u>(40,000)</u>	<u>-</u>
Investing		
Advances (repayments) from/to related parties	13,413	(7,471)
Purchase of guaranteed investment certificates	-	(213,752)
Proceeds of guaranteed investment certificates	<u>-</u>	<u>212,528</u>
	<u>13,413</u>	<u>(8,695)</u>
Increase (decrease) in cash	194,433	(60,654)
Beginning of year	<u>952,163</u>	<u>1,012,817</u>
End of year	\$ 1,146,596	\$ 952,163

Ontario Tender Fruit Growers

Notes to the Financial Statements

January 31, 2023

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 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 Company 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 Company may irrevocably elect to measure at fair value. Changes in fair value are recognized in net income.

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.

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

Ontario Tender Fruit Growers

Notes to the Financial Statements

January 31, 2023

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, Recycling Program, 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.

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, 2023

3. Licence fees

	<u>2023</u>	<u>2022</u>
Licence fees, fresh market		
peaches	\$1,427,281	\$1,212,665
nectarines	340,027	358,597
pears	261,878	192,990
plums	189,375	150,074
apricots	2,946	4,104
voluntary	<u>3,200</u>	<u>3,000</u>
	<u>\$2,224,707</u>	<u>\$1,921,430</u>
Licence fees, processing		
sour cherries	\$ 15,208	\$ 35,941
pears	1,911	2,800
peaches	38	-
sweet cherries	<u>13</u>	<u>190</u>
	<u>\$ 17,170</u>	<u>\$ 38,931</u>

Ontario Tender Fruit Growers

Notes to the Financial Statements

January 31, 2023

4. Marketing incentive program

The funds raised for this program in 2023 crop year in the amount of \$1,380,896 (2022 crop - \$1,373,920) were generated by producer licence fees. The \$1,551,575 (2022 - \$1,333,247) 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	\$ 114,334	\$ 80,584	\$ 42,916	\$ 34,671	\$ 272,505
Transfer from unrestricted fund	150,000	-	-	-	150,000
Transfer from licence fees, fresh market	943,242	211,170	133,315	93,169	1,380,896
Incentive program expense	<u>(1,134,942)</u>	<u>(210,723)</u>	<u>(91,117)</u>	<u>(114,793)</u>	<u>(1,551,575)</u>
Balance, end of year	<u>\$ 72,634</u>	<u>\$ 81,031</u>	<u>\$ 85,114</u>	<u>\$ 13,047</u>	<u>\$ 251,826</u>

5. Salaries and benefits

	<u>2023</u>	<u>2022</u>
Total salaries and benefits	\$ 397,034	\$ 383,813
Recoveries:		
Ontario Apple Growers	(42,500)	(29,205)
Ontario Fresh Grape Growers Marketing Board	(19,988)	(17,000)
Project management	(10,522)	(28,517)
Niagara Peninsula Fruit & Vegetable Growers Association	-	(196)
	<u>\$ 324,024</u>	<u>\$ 308,895</u>

Ontario Tender Fruit Growers Notes to the Financial Statements

January 31, 2023

6. Deferred contributions, research and promotion activities

	(Deferred) Receivable Contributions February 1, 2022	Government/ Industry Contributions 2023	Research Expenses 2023	(Deferred) Receivable Contributions January 31, 2023
<u>Research projects</u>				
ASP - Enhancing the Ontario tree fruit & fresh grape sectors	1,168	175,005	131,771	(42,066)
Tender fruit clean plant initiatives	(10,519)	-	1,031	(9,488)
Optimizing fertilizer recommendations for peaches	(161)	-	-	(161)
Greenbelt - Tender Fruit and Vine Planting Program	-	88,354	88,515	161
Tree fruit & fresh grape worker health & safety	(451)	-	-	(451)
Pesticide initiative	(5,692)	-	4,000	(1,692)
Post-harvest initiatives	(58,086)	-	6,816	(51,270)
	<u>\$ (73,741)</u>	<u>263,359</u>	<u>232,133</u>	<u>\$ (104,967)</u>
Non-funded research			60,200	
			<u>292,333</u>	
<u>Promotion projects</u>				
GGI - Market Development Project	-	235,609	235,609	-
Ontario Tender Fruit Market Development Project	-	145,124	126,780	(18,344)
GGI - Tender Fruit Promotion Project	-	41,918	41,918	-
OFVGA & Industry Contributions	-	136,120	136,120	-
	<u>-</u>	<u>558,771</u>	<u>540,427</u>	<u>(18,344)</u>
Non-funded promotion			176,900	
			<u>717,327</u>	
	<u>\$ (73,741)</u>			<u>\$ (123,311)</u>
Reported as:				
Deferred Research and food safety contributions	-			\$ (18,344)
Deferred research and promotion contributions	<u>(73,741)</u>			<u>(104,967)</u>
	<u>\$ (73,741)</u>			<u>\$ (123,311)</u>

Ontario Tender Fruit Growers

Notes to the Financial Statements

January 31, 2023

7. Guaranteed investment certificates

The board has guaranteed investment certificates that mature between 2023 and 2024 and earn interest between 4.00% and 4.01% (2022- 1.00% and 1.065%)

8. Accounts receivable

	<u>2023</u>	<u>2022</u>
Producer licence fees	\$ 19,375	\$ 43,632
Grape & Tender Fruit (Ontario) Limited	19,210	19,210
Ontario Apple Growers	4,914	3,767
Ontario Fresh Grape Growers' Marketing Board	73	-
Other receivables	-	7,475
Less: Allowance for doubtful accounts	<u>-</u>	<u>(7,403)</u>
	<u>\$ 43,572</u>	<u>\$ 66,681</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>2023</u>	<u>2022</u>
Assets	\$ 428,123	\$ 421,497
Liabilities	<u>189,023</u>	<u>182,397</u>
Net Assets	<u>\$ 239,100</u>	<u>\$ 239,100</u>

Expenses include a \$138,413 (2021 - \$138,611) charge for the board's share (50% (2022 - 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>2023</u>	<u>2022</u>
Grape & Tender Fruit (Ontario) Limited	<u>\$ 93,090</u>	<u>\$ 106,503</u>

Ontario Tender Fruit Growers

Notes to the Financial Statements

January 31, 2023

10. Investments

	<u>2023</u>	<u>2022</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

	<u>2023</u>	<u>2022</u>
Canada Emergency Business Account ("CEBA") term loan, 0% interest, no principal payments required, repaid during the year.	\$ <u> </u> -	\$ <u>40,000</u>

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, 2023:

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: Kathi Ryan
ACCOUNTS: Sarah Burgstaler

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DELEGATES:
FVGC - Phil Tregunno (John Thwaites, alt.)
FARMS/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