



**Ontario Processing  
Vegetable Growers**

## **2019 CORPORATE PROFILE**



## FROM THE CHAIR



**DAVE HOPE**  
OPVG Chair

We've come through another year of change for the Ontario Processing Vegetable Growers (OPVG) and its members in 2019. I was appointed Chair of your Board at the end of January 2019 and have completed a full year working for Ontario growers.

I am proud to be working directly with the members you elected to the Board. I have said many times that they are a professional, dedicated group that works hard for the betterment of our industry. I would like to thank all growers for welcoming me aboard and for your dedication to producing crops that are in demand by our customers. Together with our processor colleagues we provide a valuable service to the province and its citizens. This has become all too clear as I visit my local supermarket and see the empty shelves and coolers that were holding our products.

OPVG operates under the authority delegated by Farm Products Marketing Commission (FPMC) through provincial regulation. They provided two new regulations for our sector in the final months of 2019 – one determines our electoral process and the other provides our marketing powers. It's no surprise to anyone that this has been one of the most challenging periods for our organization. I am proud of the dedication and professionalism of our Board who have stepped up to work so diligently on behalf of our sector. I am proud of what we have achieved, together.

We have also had a year of leadership changes. Cathy Lennon, our former General Manager, left to lead the Ontario Federation of Agriculture (OFA) and we hired Keith Robbins as the new OPVG General Manager. The staff at OPVG are excellent and have helped make this leadership transition a very smooth one.

As an organization, we still have a long way to go to complete the changes initiated in 2019 but I am convinced we will succeed. The Board has committed to establishing a committee of local representatives that will help create a workable election system, one that works for the grower community, for the 2020 year.

We are working to ensure that the many services like third-party grading, acreage measurement, and research on tomatoes and carrots continue despite the changes to our regulatory authority.

In this world of constant change, we remain focused on representing the industry on all important issues, whether it be labour, access to important inputs or unexpected challenges. We believe we are most effective when we work in partnership with others with shared interests. That includes other agricultural groups and our processor customers. We will always proceed by representing the best interests of our growers and work for the success of our industry.

If you have ideas, suggestions or concerns – I want to hear from you. Please reach out to me through the OPVG office.

Dave Hope





## INSIDE OPVG AND ONTARIO'S PROCESSING VEGETABLE INDUSTRY

The OPVG is a not-for-profit agricultural organization that represents nearly 338 Ontario processing vegetable growers who produce crops for the canning, freezing and pickling industry.



Our members grow crops for Ontario's 13 food and beverage processors for the retail, food service and industrial markets. OPVG is governed by a Board of eight vegetable growers and has a full-time staff of four.

Southern Ontario is home to most vegetable growers. They deliver their crop to processors that add value to these crops by transforming them into vegetable mixes, sauces, soups, juice, ketchup and onion rings through freezing and canning. Ontario's field cucumber crop is almost entirely destined to the United States market for processing, with significant volumes returned to Canada as finished goods.

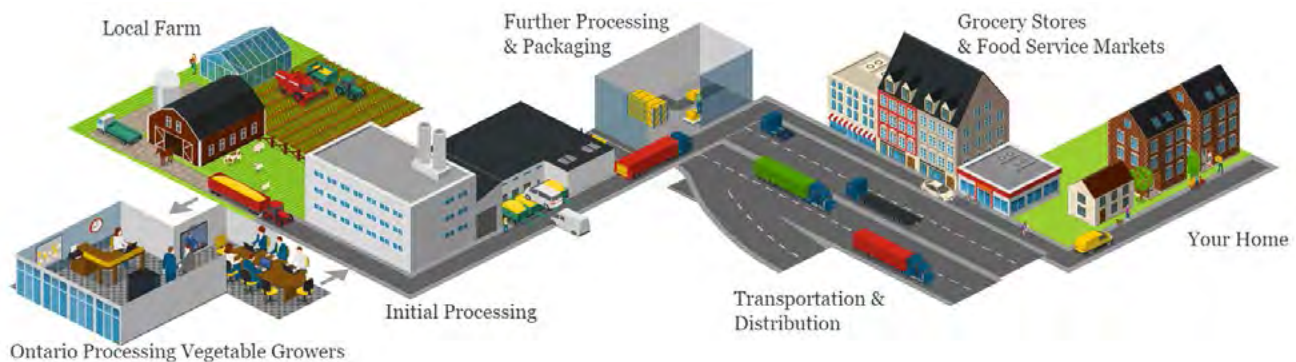
Ontario's processing vegetable sector is strategically located in a part of the province with the soil, sunshine and water needed to grow a high quality crop and quick access to the 401 highway that provides a corridor for our vegetables and finished goods to be moved quickly and efficiently within Canada and into the United States.

**338** family-owned members grow processing vegetable crops that generate more than **\$97 million** in total farm gate value and supply **13 Ontario** food and beverage processors.

In 2019, the total farm gate value of field vegetables for processing in Ontario was just over \$97 million. When this is translated into the value of finished goods at 7x the farm gate value, the economic impact to the Ontario economy is more than \$670 million.

OPVG plays a vital role in the annual negotiation process for processing vegetables in Ontario – ensuring a fair farm price for growers and a competitively priced raw product for processors.

## PROCESSING VEGETABLES PRODUCTION CHAIN







## Grassroots governance

OPVG represents the interests of growers, their crops and the sustainability of this unique Ontario industry, and operates under Regulation 441, Vegetables For Processing – Plan and Regulation 440, Vegetables For Processing – Marketing of the *Ontario Farm Products Marketing Act*.

As a grassroots industry organization, OPVG coordinates processing vegetable crop research, grower education and outreach support, product marketing and promotion. OPVG also advocates on behalf of our members with government on issues impacting the day-to-day farm operations that include crop protection regulations, labour, business risk management programs and environmental practices.

The elected OPVG Board negotiates annual prices, terms and conditions of sale of seven crops, although OPVG represents 14 crops under Regulation. Processors then contract their requirements directly with the individual growers of their choice.

As a member of OPVG, growers contribute less than 1% of their annual gross returns. This investment generates approximately \$1 million dollars annually and is used to fund all aspects of board operations.

## District and provincial representation

Grower members are organized into three districts, based on their farm location. OPVG has two levels of representation – district and provincial. Both groups meet regularly to discuss industry issues, tour farms and processing plants, learn about new crop research and innovation, and elect district and provincial representatives.

OPVG is a progressive organization that prioritizes good governance, confidentiality and professionalism – and takes these very seriously. Every year elected provincial directors and officers all sign a Code of Conduct and Conflict of Interest declaration.

**District representation** (district committee members) is elected at a ratio of one committee member for every 20 growers.

**Provincial representation** (provincial directors) As per Regulation 441, the Chair of the Board is appointed by the Ontario Farm Products Marketing Commission and eight directors are elected to form a nine-person Board. The provincial executive is made of three positions – Chair, 1st Vice Chair and 2nd Vice Chair.

To be eligible to be nominated or entitled to a vote, a person must be a producer as defined by Regulation 441 under the *Ontario Farm Products Marketing Act* and be a resident of the district.



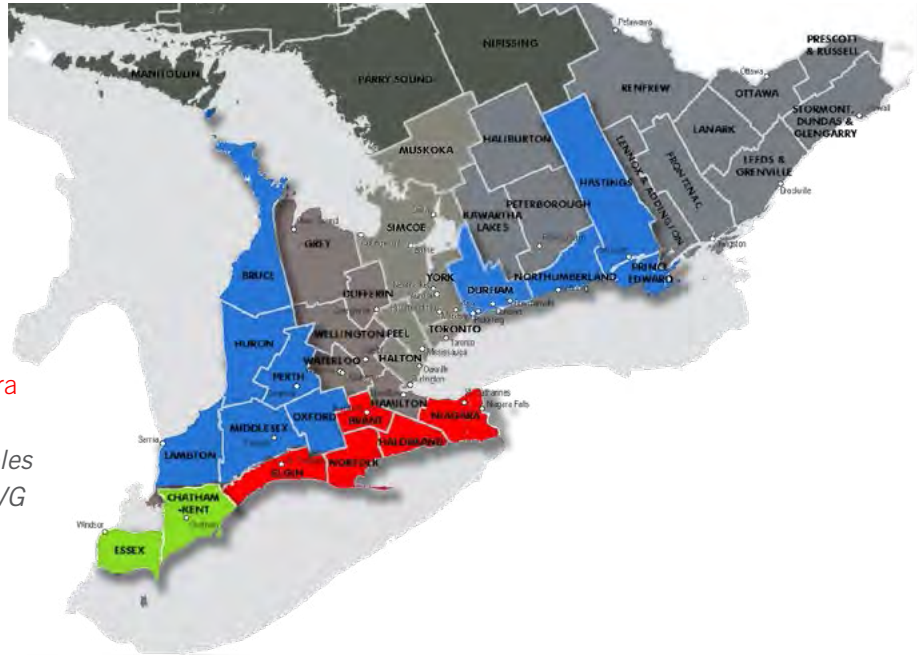


## OPVG districts

Ontario's diverse climate means processing vegetables are grown in segmented regions of the province. As a result, grower representation to the OPVG is divided into three districts. The organization strictly follows the rules of representation and election outlined in OPVG's constitution and adheres to all requirements within Regulation 441, Vegetables For Processing Plan, under the *Ontario Farm Products Marketing Act*.

- 1 Counties of Essex & Kent
- 2 Counties of Huron, Perth, Bruce, Lambton, Oxford, Middlesex, Hastings, Northumberland, Prince Edward and Regional Municipality of Durham
- 3 Counties of Brant, Elgin & Regional Municipalities of Haldimand-Norfolk, Niagara

**Note:** If a grower produces processing vegetables outside of the counties listed in the three OPVG districts, they are assigned to the district committee closest to their farm.



## Local research support

OPVG supports ongoing research projects that are relevant and add value to the processing vegetable industry in Ontario. Through a research partnership with Bonduelle, a formalized funding agreement for peas, beans and corn has been created where both parties jointly determine and fund projects of interest related to the industry.

- The **Ontario Cucumber Research Committee** was established in 2003. The committee includes representatives from OPVG and Hartung Brothers Inc. The purpose is to guide and fund research related to processing cucumbers and is based on \$0.60 /ton commitment. The committee funded six projects in 2019 totaling **\$28,700**.
- The **Ontario Tomato Research Institute (OTRI)** was created in 1997 for the purpose of coordinating and funding research projects related to all aspects of processing tomatoes. OTRI funded 12 projects in 2019 totaling **\$125,085**. The tomato research fund is \$0.10 /ton.
- In 2019, **other vegetable research** included eight projects funded through the checkoff funds totaling **\$33,369**. Funding for these projects is split 50/50 and each crop has a different funding allocation. For these crops, up to \$.20/ton is collected and then matched by OPVG.





## Marketing and promotion

### **Fields to Forks**

OPVG, in partnership with the Ontario Fruit & Vegetable Processors Association (OFVPA), has funded the Fields to Forks campaign for three years to promote products made from Ontario processing vegetables.

### **Website redesign**

The OPVG website was recently redesigned to refresh and update the look and feel of the existing site. Our aim is to improve the user experience and develop the site within a responsive framework to ensure compatibility across all devices.

Our objective was to create an engaging and intuitive design and information flow that speaks to OPVG members and potential members. The website will allow for future growth and feature optimizations to improve organic search engine rankings.

The new site includes clear “calls to action” to guide users to important areas of the site as well as display news and events dynamically. News features for updates will have the ability to be filtered by crop. When users are within the crop specific pages, they will see news specific to their crop.



## Member advocacy

OPVG advocates on behalf of our members with government on issues impacting the day-to-day farm operations including crop protection regulations, labour, business risk management programs and environmental practices.

## Bursary awards

Bursaries support new individuals who have the interest, skill and abilities to further develop and grow the vegetable processing sector of Ontario’s agri-food economy.

Since 2001, the Ontario Processing Vegetable Industry Bursary has provided more than \$185,000 to Ontario students. Established by OPVG and the Ontario Fruit & Vegetable Processors Association, three separate bursaries are awarded annually, providing financial assistance to help students pay for tuition, living expenses, food and educational experiences. Bursaries also give students time to focus on school and engage in volunteer opportunities and extracurricular activities.

- **Jim Whitson Memorial Bursary** awards \$2,000 annually
- **Ken Epp Memorial Bursary** awards \$1,000 annually

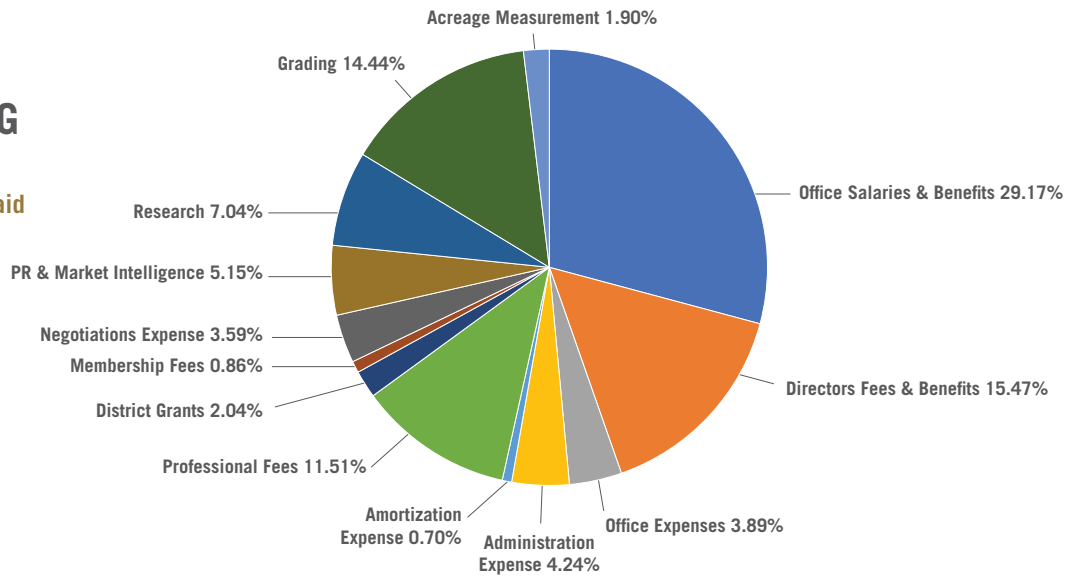


# FINANCIAL SNAPSHOT

The following charts provide a visual overview of OPVG activities in 2019. More details are covered in the financial statements that follow.

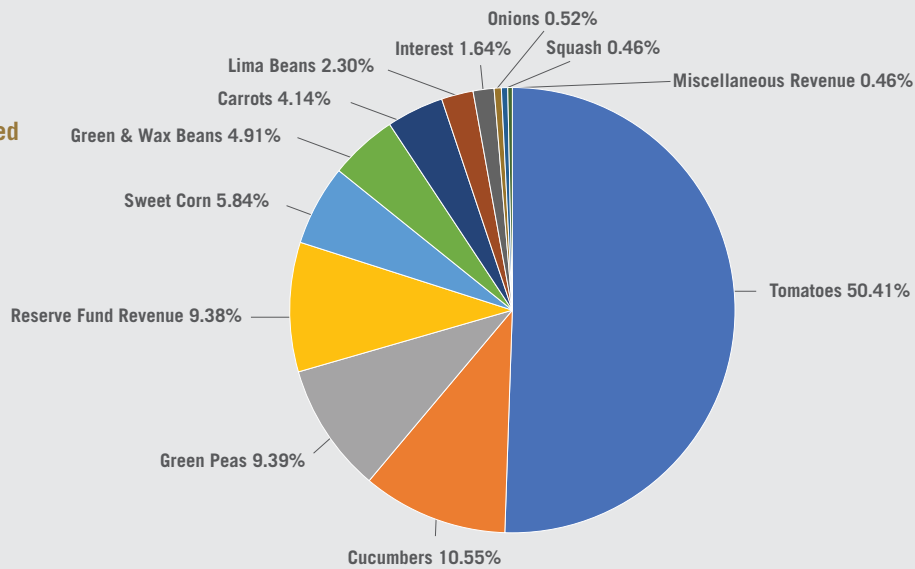
## 2019 OPVG Expenses

Total expenses paid  
\$1,399,932

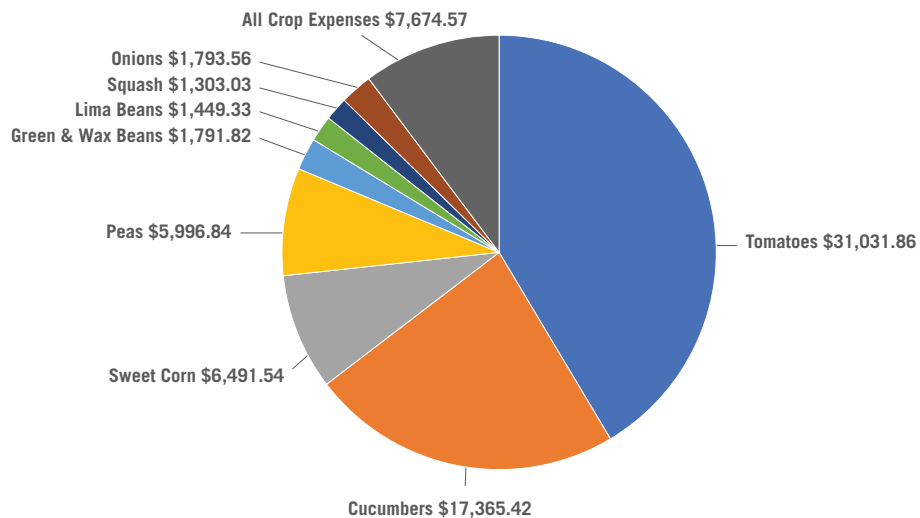


## 2019 OPVG Revenue

Total revenue received  
\$1,391,981



## 2019 OPVG Negotiation by Crop







**Ontario Processing  
Vegetable Growers**

## **FINANCIAL STATEMENTS**





**Ontario Processing Vegetable Growers  
Financial Statements  
For the Year Ended December 31, 2019**

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## Independent Auditor's Report

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### To the Board of Directors of Ontario Processing Vegetable Growers

#### Opinion

We have audited the financial statements of Ontario Processing Vegetable Growers (the organization), which comprise the statement of financial position as at December 31, 2019, the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2019, and its results of operations and 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.



## **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.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants  
Exeter, Ontario  
March 17, 2020

**Ontario Processing Vegetable Growers  
Statement of Financial Position**

December 31	2019 General	2019 Capital	2019 Joint Ventures	2019 Restricted	2019 Endowment	2019 Total	2018 Total
<b>Assets</b>							
<b>Current</b>							
Cash	\$ 1,105,020	\$ -	\$ 251,474	\$ 1	\$ -	\$ 1,356,495	\$ 1,316,419
Temporary investments	54,000	-	-	-	-	54,000	128,800
Accounts receivable	65,678	-	23,445	15,603	-	104,726	52,454
Prepaid expenses	3,861	-	-	-	-	3,861	4,133
Interfund balances	5,864	-	-	(5,864)	-	-	-
	<u>1,234,423</u>	<u>-</u>	<u>274,919</u>	<u>9,740</u>	<u>-</u>	<u>1,519,082</u>	<u>1,501,806</u>
Long-term investments	518,076	-	-	90,552	2,528,856	3,137,484	3,214,803
Capital assets (Note 2)	-	33,425	25,295	-	-	58,720	74,981
	<u>\$ 1,752,499</u>	<u>\$ 33,425</u>	<u>\$ 300,214</u>	<u>\$ 100,292</u>	<u>\$ 2,528,856</u>	<u>\$ 4,715,286</u>	<u>\$ 4,791,590</u>
<b>Liabilities and Net Assets</b>							
<b>Current</b>							
Accounts payable and accruals (Note 3)	\$ 138,640	\$ -	\$ 21,245	\$ 1,500	\$ -	\$ 161,385	\$ 161,712
Current reserve for bursaries (Note 5)	2,000	-	-	-	-	2,000	2,000
Due to board funds	-	-	1,250	-	-	1,250	1,250
Deferred revenue	21,633	-	-	-	-	21,633	21,895
Current portion of long-term debt (Note 6)	-	8,142	-	-	-	8,142	8,142
	<u>162,273</u>	<u>8,142</u>	<u>22,495</u>	<u>1,500</u>	<u>-</u>	<u>194,410</u>	<u>194,999</u>
Reserve for bursaries (Note 5)	16,000	-	-	-	-	16,000	18,000
Long-term debt (Note 6)	-	30,533	-	-	-	30,533	38,675
	<u>178,273</u>	<u>38,675</u>	<u>22,495</u>	<u>1,500</u>	<u>-</u>	<u>240,943</u>	<u>251,674</u>
<b>Net Assets</b>							
General	1,574,226	-	-	-	-	1,574,226	1,588,038
Capital	-	(5,250)	25,295	-	-	20,045	28,164
Restricted	-	-	252,424	98,792	-	351,216	394,858
Endowment	-	-	-	-	2,528,856	2,528,856	2,528,856
	<u>1,574,226</u>	<u>(5,250)</u>	<u>277,719</u>	<u>98,792</u>	<u>2,528,856</u>	<u>4,474,343</u>	<u>4,539,916</u>
	<u>\$ 1,752,499</u>	<u>\$ 33,425</u>	<u>\$ 300,214</u>	<u>\$ 100,292</u>	<u>\$ 2,528,856</u>	<u>\$ 4,715,286</u>	<u>\$ 4,791,590</u>

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



**Ontario Processing Vegetable Growers  
Statement of Changes in Net Assets**

For the year ended December 31	2019 General	2019 Capital	2019 Joint Ventures	2019 Restricted	2019 Endowment	2019 Total	2018 Total
<b>Balance</b> , beginning of the year	\$ 1,588,038	\$ (4,903)	\$ 261,146	\$ 166,779	\$ 2,528,856	\$ 4,539,916	\$ 4,623,494
<b>Excess (deficiency) of revenues over expenses</b>	(4,368)	(9,791)	16,573	(67,987)	-	(65,573)	(83,578)
<b>Interfund transfers</b>	(9,444)	9,444	-	-	-	-	-
<b>Balance</b> , end of the year	\$ 1,574,226	\$ (5,250)	\$ 277,719	\$ 98,792	\$ 2,528,856	\$ 4,474,343	\$ 4,539,916

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

**Ontario Processing Vegetable Growers  
Statement of Operations**

<b>For the year ended December 31</b>	<b>2019 General</b>	<b>2019 Capital</b>	<b>2019 Joint Ventures</b>	<b>2019 Restricted</b>	<b>2019 Total</b>	<b>2018 Total</b>
<b>Revenue</b>						
Research and development funding	\$ -	\$ -	\$ 31,031	\$ -	\$ 31,031	\$ 46,500
Interest income	29,199	-	3,518	56,356	89,073	85,770
Levies	-	-	99,103	-	99,103	83,463
Licence fees	1,232,231	-	-	-	1,232,231	1,161,644
	<b>1,261,430</b>	<b>-</b>	<b>133,652</b>	<b>56,356</b>	<b>1,451,438</b>	<b>1,377,377</b>
<b>Expenses</b>						
Acreage measurement	26,638	-	-	-	26,638	29,389
Advertising and promotion	1,979	-	-	-	1,979	1,512
Amortization	-	9,791	7,772	-	17,563	17,212
Annual conventions	28,703	-	-	-	28,703	4,777
Board member fees and related costs	149,850	-	-	-	149,850	126,259
Board members travel	66,669	-	-	-	66,669	57,938
Consulting fees	63,415	-	-	-	63,415	33,835
District grants	28,611	-	-	-	28,611	46,219
Education and marketing costs	-	-	-	25,740	25,740	21,225
Grading expense	202,149	-	-	-	202,149	204,034
Meetings and conferences	24,184	-	82	-	24,266	28,046
Membership fees	11,973	-	-	-	11,973	13,835
Negotiations and arbitration meetings	50,256	-	-	-	50,256	32,556
Office expenses	87,527	-	-	-	87,527	60,500
Office rent and utilities	52,789	-	-	-	52,789	50,286
Professional fees	62,743	-	1,250	-	63,993	80,334
Research	-	-	107,975	98,603	206,578	217,551
Salaries and benefits	393,903	-	-	-	393,903	409,567
Staff travel expenses	14,409	-	-	-	14,409	25,880
	<b>1,265,798</b>	<b>9,791</b>	<b>117,079</b>	<b>124,343</b>	<b>1,517,011</b>	<b>1,460,955</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>\$ (4,368)</b>	<b>\$ (9,791)</b>	<b>\$ 16,573</b>	<b>\$ (67,987)</b>	<b>\$ (65,573)</b>	<b>\$ (83,578)</b>

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



## Ontario Processing Vegetable Growers Statement of Cash Flows

For the year ended December 31	2019	2018
<b>Cash flows from operating activities</b>		
Deficiency of revenues over expenses	\$ (65,573)	\$ (83,578)
Items not affecting cash:		
Amortization of capital assets	17,563	17,212
	(48,010)	(66,366)
Changes in non-cash working capital:		
Accounts receivable	(52,272)	25,471
Prepaid expenses	272	16,651
Accounts payable and accrued liabilities	(327)	(149,355)
Due from board funds	-	10,962
Deferred revenue	(262)	(10,094)
	(100,599)	(172,731)
<b>Cash flows from investing activities</b>		
Long term investments	77,319	167,080
Acquisition of capital assets	(1,302)	(76,025)
Reserve for bursaries	(2,000)	(2,000)
	74,017	89,055
<b>Cash flows from financing activities</b>		
Repayment of long-term debt	(8,142)	(2,034)
Proceeds from long-term debt	-	48,853
	(8,142)	46,819
<b>Net decrease in cash</b>	<b>(34,724)</b>	<b>(36,857)</b>
<b>Cash and cash equivalents, beginning of the year</b>	<b>1,445,219</b>	<b>1,482,076</b>
<b>Cash and cash equivalents, end of the year</b>	<b>\$ 1,410,495</b>	<b>\$ 1,445,219</b>
<b>Represented by:</b>		
Cash	\$ 1,356,495	\$ 1,316,419
Temporary investments	54,000	128,800
	<b>\$ 1,410,495</b>	<b>\$ 1,445,219</b>

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

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# Ontario Processing Vegetable Growers Notes to Financial Statements

December 31, 2019

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## 1. Significant Accounting Policies

**Nature and Purpose of Organization** The Ontario Processing Vegetable Growers (OPVG) is incorporated under the regulations of the Farm Products Marketing Act. OPVG was formed to represent processing vegetable growers in the three districts across Ontario. There are 14 regulated processing vegetables in the province. OPVG is a non-profit organization under the Income Tax Act and, accordingly, is exempt from income taxes under section 149 (1)(e) of the Income Tax Act.

**Basis of Accounting** The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

**Joint Ventures** Joint ventures are accounted for using the proportionate consolidation method in OPVG's financial statements.

OPVG has a 50% interest along with Ontario Fruit & Vegetable Processors Association (OF&VPA) in the following joint ventures:

Ontario Cucumber Research Committee  
The organization conducts research on behalf of Ontario cucumber growers and processors.

Ontario Tomato Research Institute  
The organization conducts research on behalf of Ontario tomato growers and processors.

Tomato Grading Reserve Fund  
The organization acquires grading equipment and manages the tomato third party grading system on behalf of growers and processors.

Pea, Bean and Corn Industry Research Committee  
The committee conducts research on behalf of Ontario pea, bean and corn growers and processors.

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# Ontario Processing Vegetable Growers Notes to Financial Statements

**December 31, 2019**

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## **1. Significant Accounting Policies (continued)**

### **Fund Accounting**

#### General Fund

The general fund reports the organization's unrestricted resources available for the Board's general operating activities. The general fund derives the majority of its revenues from crop license fees.

#### Capital Fund

The capital fund reports the assets, liabilities, revenues and expenses related to OPVG's capital assets.

#### Joint Ventures

The joint venture fund is a restricted fund. It reports OPVG's share of the assets, liabilities, fund balances, revenues and expenses of its joint ventures. The majority of revenues and expenses reported in the joint venture fund are the levies and research funding received directly by the joint ventures. Levies and research funding are restricted to be used on research projects conducted by the joint ventures.

#### Restricted Fund

The restricted fund reports all restricted assets, liabilities, fund balances, revenues and expenses of the organization. The majority of the revenues and expenses reported in the restricted fund are the interest earned on the endowment fund and its eligible expenses.

#### Endowment Fund

Under a 1992 agreement with the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA), this fund capital consists of the funds available from the wind-up of the Processing-Vegetable Financial Protection Board. The terms of the agreement stipulate that OPVG shall not have access to the restricted capital and shall spend the interest only for the purposes of research, market development and education projects to benefit the entire processing vegetable industry. The interest earned on this capital is reported as revenue of the restricted fund.

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# Ontario Processing Vegetable Growers Notes to Financial Statements

December 31, 2019

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## 1. Significant Accounting Policies (continued)

### Revenue Recognition

The organization follows the restricted fund method of accounting for contributions.

Restricted contributions are recognized as revenue of the appropriate restricted fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. However, if no appropriate restricted fund is presented, then the restricted contribution is recognized as revenue of the General Fund in the year in which the related expenses are incurred.

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

#### (i) Research and Development Funding

Funding is granted for specific research. It is accounted for in the appropriate fund in accordance with the contract terms.

#### (ii) Levies

Levies are calculated as a factor based on delivered tons as defined in the Processor Marketing Agreements. OPVG and OF&VPA combine to equally fund projects in tomato research, cucumber research, pea, bean and corn research and to share the cost of the annual joint convention. Research levies are reported as income of the joint ventures and are restricted for use on research projects.

#### (iii) Bursaries

Contributions for the purpose of funding long term bursary programs is added to the liability in the statement of financial position and recognized as revenue as the bursaries are awarded.

#### (iv) License fees

License fees are levied by processing crop on licensed producers at a rate per delivered ton. The licensed processors collect the fees and remit to OPVG. License fees are recognized as income in the fiscal year of delivery. There is no restriction on license fees and they are used to fund the general operations of OPVG.

#### (v) Interest income

Income is earned on GIC investments and is recorded on an accrual basis. Interest earned by the general fund is unrestricted. Interest earned by the joint ventures is restricted to be used by the applicable joint venture. Interest earned on the endowment fund is recognized as income of the restricted fund, as it is restricted for use on research, market development and education projects to benefit the entire processing vegetable industry.



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# Ontario Processing Vegetable Growers Notes to Financial Statements

**December 31, 2019**

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## 1. Significant Accounting Policies (continued)

**Cash and Cash Equivalents** Cash and cash equivalents are defined as cash on hand, cash in the bank, and all guaranteed investment certificates with maturities or rights to redeem of less than or equal to 12 months.

**Financial Instruments** Financial Instruments are recorded at fair value at initial recognition. In subsequent periods, the organization's financial instruments are reported at cost or amortized cost less impairment, if applicable, with the exception of equity investments which are reported at fair market value. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired.

**Capital Assets** Capital assets are recorded at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows:

	<b>Method</b>	<b>Rate</b>
Furniture and equipment	Straight-line	5 years
Computer equipment	Straight-line	3 years
Vehicles	Straight-line	5 years

**Use of Estimates** The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and may have an impact on future periods.

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## Ontario Processing Vegetable Growers Notes to Financial Statements

**December 31, 2019**

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### 2. Capital Assets

	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Vehicles	\$ 44,953	\$ 13,486	\$ 44,953	\$ 4,495
Furniture and equipment	135,005	109,709	135,003	101,937
Computer equipment	14,382	12,425	13,082	11,625
	<b>194,340</b>	<b>135,620</b>	193,038	118,057
		<b>\$ 58,720</b>		\$ 74,981

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### 3. Government Remittances

Included in accounts payable and accrued liabilities are government remittances payable for HST of \$104,493 (2018 - \$93,327).

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# Ontario Processing Vegetable Growers

## Notes to Financial Statements

**December 31, 2019**

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### **4. Financial Instruments**

#### **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 organization is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The organization's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivable.

There have not been any changes in the risk from the prior year.

#### **Liquidity risk**

Liquidity risk is the risk that the organization will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

The organization's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions. The organization maintains a portion of its invested assets in liquid securities.

There have not been any changes in the risk from the prior year.

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## Ontario Processing Vegetable Growers Notes to Financial Statements

**December 31, 2019**

### 5. Bursaries

The Ken Epp Memorial Scholarship was established in 2010 at an original contribution of \$20,000 to be awarded in increments of \$1,000 to one student per year.

The R.H. Brown Scholarship Fund began to be administered by OPVG in 2011 with a balance of \$15,000 to be awarded in increments of \$500 to two students per year.

	<b>2019</b>	2018
Opening balance of Epp and Brown bursary reserves	<b>\$ 20,000</b>	\$ 22,000
Awarded during the year	<b>(2,000)</b>	(2,000)
Ending balance of Epp and Brown bursary reserves	<b>18,000</b>	20,000
Less: current reserve for bursaries	<b>(2,000)</b>	(2,000)
Long term reserve for bursaries	<b>\$ 16,000</b>	\$ 18,000

### 6. Long-term Debt

	<b>2019</b>	2018
VW Credit Canada Inc. - interest at 0% repayable in monthly payments of \$679, due September 2024, secured by 2018 Volkswagen Tiguan with a carrying value of \$31,466	<b>\$ 38,675</b>	\$ 46,817
Current portion	<b>8,142</b>	8,142
Long-term portion of debt	<b>\$ 30,533</b>	\$ 38,675

Principal repayments on long-term debt over the next five years are as follows:

2020	\$	8,142	
2021		8,142	
2022		8,142	
2023		8,142	
2024		6,107	
		<u>38,675</u>	
	<b>\$</b>	<b>38,675</b>	



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## Ontario Processing Vegetable Growers Notes to Financial Statements

**December 31, 2019**

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### 7. Contractual Obligations

OPVG is committed under the terms of an operating lease for office space to September 30, 2025. The base rate applies plus a proportionate share of common area expenses and taxes.

OPVG has a photocopy lease expiring in 2023 with payments of \$780 per month.

Contractual obligation repayments for the next five years and thereafter are as follows:

2020	\$	49,870
2021		49,870
2022		49,870
2023		42,849
2024		40,509
Thereafter		<u>30,382</u>
	\$	<u>263,350</u>

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## Ontario Processing Vegetable Growers Notes to Financial Statements

**December 31, 2019**

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### **8. Related Party Transactions**

Ontario Ministry of Agriculture, Foods and Rural Affairs (OMAFRA) has funded the following persons directly. The cost of operating the Board in 2019 would have been greater than presented without these payments.

- The Chair was paid the standard Director per diems by the Board and contracted with OMAFRA for an additional amount.

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### **9. Contingent Liability**

The organization runs an annual conference with OF&VPA and revenues and expenses are split evenly. A net conference surplus has accumulated over several years and is recorded with OPVG operations in the year incurred. As there is no written agreement with OF&VPA, it is undeterminable at this time whether any amounts may be owing to OF&VPA.

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**Ontario Tomato Research Institute**  
**Financial Statements**  
For the Year Ended December 31, 2019  
(Unaudited - see Notice to Reader)

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## Notice to Reader

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On the basis of information provided by management, we have compiled the statement of financial position of Ontario Tomato Research Institute as at December 31, 2019 and the statements of operations and changes in net assets for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Exeter, Ontario  
March 17, 2020



**Ontario Tomato Research Institute  
Statement of Financial Position  
(Unaudited - see Notice to Reader)**

<b>December 31</b>	<b>2019</b>	<b>2018</b>
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 324,465	\$ 361,244
Accounts receivable	46,889	34,475
	\$ 371,354	\$ 395,719
<b>Liabilities and Net Assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 42,486	\$ 75,323
Due to Board	1,000	1,000
	43,486	76,323
<b>Net Assets</b>		
Ontario Fruit & Vegetable Processors Association	163,934	159,698
Ontario Processing Vegetable Growers	163,934	159,698
	327,868	319,396
	\$ 371,354	\$ 395,719

**Ontario Tomato Research Institute  
Statement of Changes in Net Assets  
(Unaudited - see Notice to Reader)**

<b>For the year ended December 31</b>	<b>Ontario Fruit &amp; Vegetable Processors Association</b>	<b>Ontario Processing Vegetable Growers</b>	<b>2019</b>	<b>2018</b>
<b>Balance</b> , beginning of the year	\$ 159,698	\$ 159,698	\$ 319,396	\$ 352,614
Excess (deficiency) of revenues over expenses	4,236	4,236	8,472	(33,218)
<b>Balance</b> , end of the year	\$ 163,934	\$ 163,934	\$ 327,868	\$ 319,396

**Ontario Tomato Research Institute  
Statement of Operations  
(Unaudited - see Notice to Reader)**

<b>For the year ended December 31</b>	<b>2019</b>	<b>2018</b>
<b>Revenue</b>		
Funding	\$ 62,063	\$ 70,590
Investment income	4,948	3,118
Ontario Fruit & Vegetable Processors Association levies	47,753	49,659
Ontario Processing Vegetable Growers levies	47,753	49,659
Ontario Tomato Seeding Growers Marketing Board	1,000	1,000
	<u>163,517</u>	<u>174,026</u>
<b>Operating expenses</b>		
Meetings	163	177
Professional fees	1,000	1,649
Research	153,883	205,418
	<u>155,046</u>	<u>207,244</u>
<b>Excess (deficiency) of revenues over expenses</b>	<b>\$ 8,471</b>	<b>\$ (33,218)</b>

**Ontario Cucumber Research Committee**  
**Financial Statements**  
For the Year Ended December 31, 2019  
(Unaudited - see Notice to Reader)

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## Notice to Reader

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On the basis of information provided by management, we have compiled the statement of financial position of Ontario Cucumber Research Committee as at December 31, 2019 and the statements of operations and changes in net assets for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Exeter, Ontario  
March 17, 2020

**Ontario Cucumber Research Committee  
Statement of Financial Position  
(Unaudited - see Notice to Reader)**

December 31	2019	2018
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 61,928	\$ 33,909
Accounts receivable	-	144
	\$ 61,928	\$ 34,053
<b>Liabilities and Net Assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ -	\$ 3,501
Due to Board	500	500
	500	4,001
<b>Net Assets</b>		
Ontario Fruit & Vegetable Processors Association	30,714	15,026
Ontario Processing Vegetable Growers	30,714	15,026
	61,428	30,052
	\$ 61,928	\$ 34,053



**Ontario Cucumber Research Committee  
Statement of Changes in Net Assets  
(Unaudited - see Notice to Reader)**

<b>For the year ended December 31</b>	<b>Ontario Fruit &amp; Vegetable Processors Association</b>	<b>Ontario Processing Vegetable Growers</b>	<b>2019</b>	<b>2018</b>
Balance, beginning of the year	\$ 15,026	\$ 15,026	\$ 30,052	\$ 32,254
Excess (deficiency) of revenues over expenses	15,688	15,688	31,376	(2,202)
<b>Balance, end of the year</b>	<b>\$ 30,714</b>	<b>\$ 30,714</b>	<b>\$ 61,428</b>	<b>\$ 30,052</b>

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**Ontario Cucumber Research Committee**  
**Statement of Operations**  
**(Unaudited - see Notice to Reader)**

<u>For the year ended December 31</u>	<u>2019</u>	<u>2018</u>
<b>Revenue</b>		
Ontario Processing Vegetable Growers levies	\$ 30,038	\$ 13,713
Ontario Fruit & Vegetable Processors Association levies	30,038	13,713
Interest income	500	322
	<u>60,576</u>	<u>27,748</u>
<b>Operating expenses</b>		
Professional fees	500	850
Research	28,700	29,100
	<u>29,200</u>	<u>29,950</u>
<b>Excess (deficiency) of revenues over expenses</b>	<b>\$ 31,376</b>	<b>\$ (2,202)</b>

**Pea, Bean and Corn Industry Research Committee**  
**Financial Statements**  
For the Year Ended December 31, 2019  
(Unaudited - see Notice to Reader)

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## Notice to Reader

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On the basis of information provided by management, we have compiled the statement of financial position of Pea, Bean and Corn Industry Research Committee as at December 31, 2019 and the statements of operations and changes in net assets for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Exeter, Ontario  
March 17, 2020

**Pea, Bean and Corn Industry Research Committee  
Statement of Financial Position  
(Unaudited - see Notice to Reader)**

December 31	2019	2018
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 60,858	\$ 59,867
<b>Liabilities and Net Assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ -	\$ 7,547
Due to Board	500	500
	500	8,047
<b>Net Assets</b>		
Ontario Fruit & Vegetable Processors Association	30,179	25,910
Ontario Processing Vegetable Growers	30,178	25,910
	60,357	51,820
	\$ 60,857	\$ 59,867

**Pea, Bean and Corn Industry Research Committee  
Statement of Changes in Net Assets  
(Unaudited - see Notice to Reader)**

<b>For the year ended December 31</b>	<b>Ontario Fruit &amp; Vegetables Processors Association</b>	<b>Ontario Processing Vegetable Growers</b>	<b>2019</b>	<b>2018</b>
<b>Balance, beginning of the year</b>	\$ 25,910	\$ 25,910	\$ 51,820	\$ 47,577
<b>Excess of revenues over expenses</b>	4,269	4,268	8,537	4,243
<b>Balance, end of the year</b>	\$ 30,179	\$ 30,178	\$ 60,357	\$ 51,820



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**Pea, Bean and Corn Industry Research Committee  
Statement of Operations  
(Unaudited - see Notice to Reader)**

<b>For the year ended December 31</b>	<b>2019</b>	<b>2018</b>
<b>Revenue</b>		
Ontario Fruit & Vegetable Processors Association levies	\$ 20,811	\$ 19,591
Ontario Processing Vegetable Growers levies	20,811	19,591
Interest income	784	516
	<hr/>	<hr/>
	42,406	39,698
<b>Operating expenses</b>		
Professional fees	500	799
Research	33,369	34,656
	<hr/>	<hr/>
	33,869	35,455
<b>Excess of revenues over expenses</b>	<b>\$ 8,537</b>	<b>\$ 4,243</b>

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**Tomato Grading Reserve Fund  
Financial Statements  
For the Year Ended December 31, 2019  
(Unaudited - see Notice to Reader)**

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## Notice to Reader

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On the basis of information provided by management, we have compiled the statement of financial position of Tomato Grading Reserve Fund as at December 31, 2019 and the statements of operations and changes in net assets for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

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*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Exeter, Ontario  
March 17, 2020

**Tomato Grading Reserve Fund  
Statement of Financial Position  
(Unaudited - see Notice to Reader)**

December 31	2019	2018
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 55,699	\$ 55,394
Equipment (Note 1)	50,589	66,134
	<u>\$ 106,288</u>	<u>\$ 121,528</u>
<b>Liabilities and Net Assets</b>		
<b>Current</b>		
Due to Board	<u>\$ 500</u>	<u>\$ 500</u>
<b>Net Assets</b>		
Ontario Fruit & Vegetable Processors Association	52,894	60,514
Ontario Processing Vegetable Growers	52,894	60,514
	<u>105,788</u>	<u>121,028</u>
	<u>\$ 106,288</u>	<u>\$ 121,528</u>

**Tomato Grading Reserve Fund  
Statement of Changes in Net Assets  
(Unaudited - see Notice to Reader)**

<b>For the year ended December 31</b>	<b>Ontario Fruit &amp; Vegetable Processors Association</b>	<b>Ontario Processing Vegetable Growers</b>	<b>2019</b>	<b>2018</b>
Balance, beginning of the year	\$ 60,514	\$ 60,514	\$ 121,028	\$ 131,276
Deficiency of revenue over expenses	(7,620)	(7,620)	(15,240)	(10,248)
<b>Balance, end of the year</b>	<b>\$ 52,894</b>	<b>\$ 52,894</b>	<b>\$ 105,788</b>	<b>\$ 121,028</b>

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**Tomato Grading Reserve Fund  
Statement of Operations  
(Unaudited - see Notice to Reader)**

<b>For the year ended December 31</b>	<b>2019</b>	<b>2018</b>
<b>Revenue</b>		
Interest income	\$ 804	\$ 705
	<hr/>	<hr/>
<b>Operating expenses</b>		
Amortization	15,544	9,680
Meeting expenses	-	470
Professional fees	500	803
	<hr/>	<hr/>
	16,044	10,953
	<hr/>	<hr/>
<b>Deficiency of revenues over expenses</b>	<b>\$ (15,240)</b>	<b>\$ (10,248)</b>

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**Tomato Grading Reserve Fund  
Notes to Financial Statements  
(Unaudited - see Notice to Reader)**

December 31, 2019

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1. Capital Assets

	<u>2019</u>		<u>2018</u>	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Equipment	\$ 186,619	\$ 136,030	\$ 186,619	\$ 120,485
		<u>\$ 50,589</u>		<u>\$ 66,134</u>

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## OUR MISSION

To supply our customers with safe, high quality vegetables for processing, according to their requirements and on competitive terms and conditions, that have been profitably grown using sustainable production practices.

## OUR VISION

Ontario's vegetables for processing value chain is growing, thriving and committed to innovation.

## OUR VALUES

**Leadership** – We will serve as one unified voice for Ontario's processing vegetable growers.

**Collaboration** – We will identify common goals with our value chain partners and work together to achieve them.

**Integrity** – We will do business honestly, consistently and with accountability.

**Excellence** – We will work to continuously improve production outcomes for processing vegetables.

**Innovation** – We will seek to find and adopt better ways of achieving positive outcomes.

**Profitability** – We seek to provide fair returns on investment relative to labour, capital and risk to our growers through negotiating competitive prices, terms and conditions with our value chain partners.

## OUR STATEMENT OF CARE

**Our customers** – We seek to grow and prosper with our customers as partners with aligned goals.

**Our growers** – We will work for the best interests of our growers at all times to enable their farms to prosper from the production and marketing of vegetables for processing.

**Our consumers** – We are committed to providing safe, high quality, locally grown, nutritious vegetables that can be accessed and enjoyed throughout the year.

**Our people** – We will treat our staff with dignity and encourage their professional development.


**Our value chain relationships** – We will work to support our sector through collaboration in research, crop production and harvesting practices, information sharing, sector strategy development and through negotiation of fair and competitive terms of sale.

**Our environment** – We care about our water, soil and air resources and will work to use them as responsible stewards so that they are sustained for future generations.





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