Okanagan Centre, B.C.
March 22nd. 1931.

Dear Sirs :-

I last wrote you on Nov. 12th , but have since written private letters.

I am enclosing my annual statements without the Auditor's report. It should arrive within a day or two,and will be at once sent on to you.

These statements have been made out on similar lines to those of the last two years, and I hope that from them you will be able to get a fair idea of the years operation.

This is very much the worst year in our experience. While our expenses are slightly higer, most of them are largely beyond our control. It is difficult to see where our expenses can be materially cut and still protect our assets and future production. Looking over the figures it will be seen that the selling price is the vital factor in the Profit & Loss account.

Please let me know if there is anything you do not understand in the statements, or if there is any other information which you would like to have. My working papers leading up to these final figures will show almost any detail.

Looking forward to the coming season, we should with a reasonable break have a fairly good crop. Our greatest danger is of course the lack of water. We have had a very remarkable Winter. Twice we have had the thermometer down to 12 degrees of frost, but for most of the Winter there has been no frost in the ground. There has been practically no snow or rain. Never at any time have we had more than, at the most, four or five inches of snow in the orchard. Outside of the irrigated lands the sub-soil is bone dry. Test holes in the orchard show a fair amount of moisture, and we again propose to clean cultivate intensively to save this moisture. The reports of the water in the hills are rather conflicting, but as we have had two very dry years we should have it wet this year if the law of average works out.
The last two years have given us considerable winter injury to the trees, this year there should be none of this and the trees should be in better condition to use what water we do get.
We expect to reduce wages some what, but the other expenses will be similar to last year. It was our intention to go ahead with building an addition to the packing house and to instal a new grader this year. We have side tracked these for the time being at least, and will not think of them unless it is shown that speed in packing is going to materially improve our marketing conditions.
Last season the market was in such poor shape that it was decided to hold the late varieties loose. The fruit that was held loose was eventually shipped in bulk, so we actually packed all the fruit which was shipped as packed fruit. However with our present equipment we did not and cannot finish packing before the danger of frost.

Outside of some fluming and a small shack for the men we do not forsee any extaordinary expenditure this year.

In regard to Auditor and reorganization. I have taken the liberty of going back to the Maclachlan firm to make the audit this year. On going into the question of reorganization with Cummins, I found that he was not at all sure of his ground, and I could not get proper legal advice in the Valley. I began to realize that we were up against a more serious problem than it at first appeared, so I took up the question with Mr. Maclachlan.
At first he thought that there was something to be gained by reorganization, and I decided that it would be better for us to use his firm for the reorganization and to have him again audit our books for this year. I did this feeling that you would approve.
Maclachlan has gone into the different angles of the question and in his last letter advises against it, unless we are prepared to dispute any assessment which the Department might make on the advances

to shareholders prior to 1925 under Sec, 13 of the Act. In his judgement they would certainly assess them, if we reorganised.
I am still in correspondence with himmabout the different points of reorganization and will write you later.
It would seem to be clear that we would have to loose our old Charter, which in itself is a consideration. We could gain nothing by revaluation of our accounts so long as the shareholders remain the same.

The question of being assessed as a Family Corporation is also in doubt. I notice that Ottawa is considering a change in the act that would bring about the same result.

In regard to the water question. We have reams of correspondence and figure in regard to pumping, but none of them worked out to a fine point. Our ability to use water out of Woods Lake is still in doubt. We hope to have some decision on this early this Spring. As Woods Lake is 164 feet higher than Okanagan there is not much use proceeding with the details until we are sure of this point. Roughly speaking the plant and pipe would cost nearly $10,000. It would cost about $10. per acre foot and about $14. to pump out of Woods and Okanagan Lakes.
I would like to know more of the chances of getting a supply out of the gravity system before tackling the pumping proposition.
The Power Line is now at the Centre. The line crosses over at the South end of Woods Lake and comes down the road past the packing house to our house and from here goes South to the Centre.
The Power people intimate that if we put up a definite proposition they would consider making a rate for us.

Markets. I might write pages on this question.
You no doubt have seen by the Vernon News that we have been having a fine time out here talking over Pools and legislation.
The Central Selling bill will likely go to the House, but nothing come of it this year. This years crop will likely be a small one and there will be little trouble getting rid of it.
Owing to the Pooling arrangementwhich we started to work under, but knocked over late in the season the Associated Pool will be lower than most of the Independants prices. I think that the Associated will be in better shape to get their share of the Prairie market this year, and I hope that they will cut out advertising etc. which they have been doing for the good of the industry. There is a good deal of unrest however among the Associated members and anything might happen. Personally I have kept off the board this year for personal reasons, so if we think it good business to make a change we will be free to do so.
To continue to market our fruit profitably we must regulate the picking date, spread the shipment over as long a period as possible by storing, maintain a standard pack, extend the export market and advertise. All these things could be done by one selling agency, but it never will be done by a lot of small inexperienced shippers. Our trouble is that we have a small preferred market on the Prairie. To get our stuff into it we pick before the fruit is mature, and then proceed to cut prices or give inducements to Dealers. The trick is to beat the gun and not have any fruit to carry over to supply the Winter and Spring market.
A serious factor that has to be dealt with is the line up of Jobbing houses on the Prairie. Two houses control about 70% of the trade.

As the Pools close I will advise you.

Your sincerely,

James Golden

To
J.E. McAllister
R.S. Dormer.