

Annual Report

Year Ending January 31, 2012





Our Vision

To have Ontario grown grape products in demand worldwide.

Our Mission

To achieve sustainable growth and profitability by creating an improved environment for Ontario grown grape products.

Year Ending January 31, 2012



THOMAS AND DEBRA MARSHALL,
PRINCE EDWARD COUNTY

WE GROW THE WINES YOU LOVE

Each grape grower in Ontario has a rich story to tell. A marketing promotion was launched in 2011 with funding assistance from the Ontario Market Investment Fund to share the stories with consumers about the farms, the families and the grapes that produce the Ontario wines you love. Thank you to our grower families who were featured in five videos produced throughout the growing season for the Grape Growers of Ontario YouTube and Facebook sites. The promotion also included written grower stories, on-line ads, a Food and Drink ad, billboards located through Ontario, and Twitter.



DOUG JR, DOUG SR AND RANDY FUNK,
ST CATHARINES



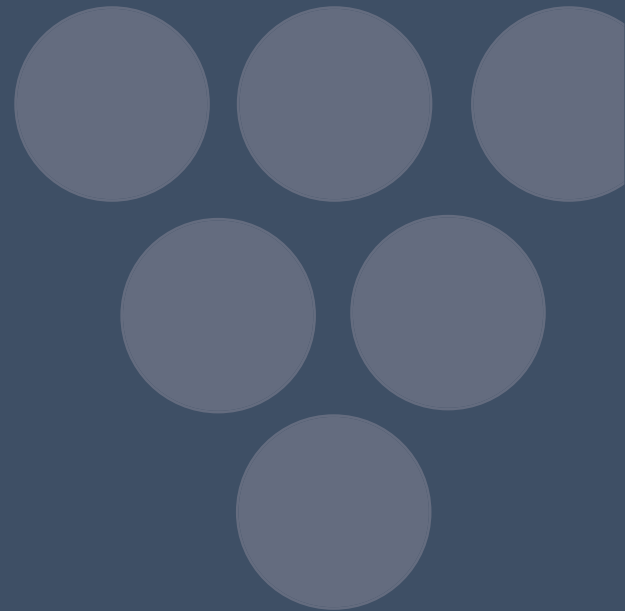
KEVIN WATSON,
NIAGARA-ON-THE-LAKE, ONTARIO



GORD MITCHELL,
SOUTHWESTERN ONTARIO
1945-2011



BRANDON AND TREVOR FALK,
NIAGARA-ON-THE-LAKE, ONTARIO



64TH ANNUAL REPORT

YEAR ENDING JANUARY 31, 2012

Our Values

ACCOUNTABILITY

We are accountable to the grape growers for decisions made and for the rationale upon which these decisions are made.

INNOVATION

We support innovation through research, new technology and continuous improvement of services provided to the grape growers.

QUALITY

We promote quality by developing and setting standards for vineyard management for the grape growers.

RESPECT

We understand the value of people to our organization's success. As such, we trust, respect and value the opinions of all employees and grape growers.


RESPONSIVENESS

We are responsive to the needs of the grape growers in a timely manner so that they are supported in their activities which improve their livelihood and economic health.

SERVICE

We exist to serve grape growers by providing them with current, informative and supportive services in order to maintain and grow the industry in Ontario.

We strive to make clear the true value of our business and promote strong relationships that are crucial to making this industry grow and thrive in a healthy marketplace.

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2011-2012 Board of Directors



2011-2012 Staff



2011-2012

Board of Directors

CHAIR

Bill George

VICE CHAIR

Matthias Oppenlaender

CEO

Debbie Zimmerman

DIRECTORS

Trevor Falk
 Steve Fernick
 Bill Jansenberger
 Debra Marshall
 Jim Morrison
 Steve Pohorly
 Bill Schenck
 Kevin Watson

The grape growing industry lost one of its champions in June 2011. Steve Fernick, a life-long grape grower who served on the Growers' Committee for 10 years and on the GGO Board of Directors since 2004, passed away after a valiant struggle with cancer.

2011-2012

Growers' Delegates

NIAGARA PENINSULA FRUIT AND VEGETABLE GROWERS' ASSOCIATION

Steve Pohorly

ONTARIO FRUIT AND VEGETABLE GROWERS' ASSOCIATION

Ray Duc

ONTARIO FEDERATION OF AGRICULTURE

Jim Morrison

CANADIAN HORTICULTURAL COUNCIL

Bill George

NIAGARA GRAPE AND WINE FESTIVAL

Bill Schenck

ST. CATHARINES AND DISTRICT CHAMBER OF COMMERCE

Bill Schenck

NIAGARA-ON-THE-LAKE CHAMBER OF COMMERCE

Matthias Oppenlaender

REGIONAL CHAIR'S AGRICULTURAL TASK FORCE

Bill Schenck, Debbie Zimmerman

VINTNERS' QUALITY ALLIANCE

Kevin Watson

F.A.R.M.S.

Trevor Falk

GRAPE INDUSTRY ADVISORY COMMITTEE

Wine – Bill George, Matthias Oppenlaender, Kevin Watson, Trevor Falk

Juice – Bill George, Matthias Oppenlaender, Jim Morrison

ONTARIO GRAPE AND WINE RESEARCH COMMITTEE

Matthias Oppenlaender, Kevin Watson

2011-2012

Staff

CHIEF EXECUTIVE OFFICER

Debbie Zimmerman

ADMINISTRATIVE ASSISTANT

Gillian McWilliams

GROWER RELATIONS AND SYSTEMS STRATEGIST

Nick Hubbard

MARKET ANALYST

Mary Jane Combe

PROJECT MANAGER

Nick Lemieux

2011-2012

Shared Staff

TREASURER

Larissa Osborne

ACCOUNTS PAYABLE

Sylvana Lagrotteria

RECEPTIONIST/ADMINISTRATIVE ASSISTANT

Morag Tait

2011-2012

Growers' Committee

Bill George	Matthias Oppenlaender
Trevor Falk	Steve Pohorly
Steve Fernick (1939-2011)	Bill Schenck
Harold Ferrier	Martin Schuele
Don Forrer	Albrecht Seeger
Doug Funk Jr.	Kevin Watson
Bill Jansenberger	Erwin Wiens
Ron Koop	George Wiley
David Lambert	Tom Wiley
Debra Marshall	Terry Yungblut
Jim Morrison	

Greetings

from the Honourable Ted McMeekin

On behalf of the Government of Ontario, I am pleased to offer a few words of greeting as part of the Grape Growers of Ontario's Annual Report.

Congratulations on another excellent growing season! I understand that the grape crop was one of the best in recent memory even though the wet weather posed a challenge during harvest.

I want to take this opportunity to thank the board and staff for their leadership in the farming community. Your efforts help our farmers succeed and have a positive impact on Ontario's tender fruit sector and our rural communities.

My ministry has partnered with the Grape Growers of Ontario to deliver the Ontario Vineyard Improvement Program (OVIP), providing funding and support to the growers to help with improvements to grape quality and that align with the Industry Varietal Plan. I understand the program has been very successful and that demand continues to be high.

I am also very pleased with the work that is being undertaken by the Grape Growers of Ontario through the Industry Support Component of the OVIP Program in partnership with other industry partners and with its broad industry impact.

4 Over the past year, staff of my ministry had the pleasure of working with the leaders from the fruit and vegetable sector to develop the Self-Directed Risk Management (SDRM) program. SDRM will help farmers make on-farm investment and mitigate risk, allowing them to focus on what they do best - growing good things in Ontario.

I wish you all the best for 2012.

Kindest Regards,



Ted McMeekin, MPP
Minister of Agriculture, Food and Rural Affairs





Greetings from the Honourable Jim Bradley

As the Minister of the Environment for Ontario and in particular, in my capacity as the member of the Legislative Assembly of Ontario for St. Catharines, I am pleased to extend greetings and best wishes to all members of the Grape Growers of Ontario as you hold your Annual General Meeting

The Government of Ontario recognizes the importance of the wine industry as a significant contributor to Ontario's economic vitality and has been acting in partnership with the Grape Growers of Ontario to promote the outstanding quality grape and wine products that are produced from grapes grown in Ontario's wine regions all around the world.

Despite the many and varied challenges confronting the grape and wine industry over the past few decades, the Grape Growers of Ontario vigorously represent the interests of grape growers across our province and have committed much time, effort and energy to producing a superior quality product, positioning Ontario wines in a class their own.

I am well aware of the attraction that our grape growing regions provide for visitors to those areas of the province and I am cognizant of the positive economic impact of this tourism experience.

As you approach another growing year, I would like to take this opportunity to extend to you my personal compliments and sincere appreciation for your hard work and commitment to producing quality wines and for showcasing them to Ontarians and visitors to our province alike.

With very best wishes for success in 2012, I am
Yours sincerely,

A handwritten signature in black ink that reads "Jim Bradley". The signature is written in a cursive, flowing style.

Jim Bradley, MPP, Chair Ontario Wine Secretariat
Minister of the Environment

Greetings

from the Honourable Gerry Ritz

On behalf of the Government of Canada, I am pleased to congratulate the Grape Growers of Ontario on another successful year of driving Canada's Agriculture Sector and Economy.

Like a fine wine, Ontario's grape and wine industry keeps getting better with age. Today, Ontario is the country's leading grape and wine producing province, contributing close to \$1 billion annually to the economy and creating jobs and driving growth across Ontario.

The Harper Government's top priority is the economy in which the Ontario grape and wine industry plays a vital role. That's why we're working with you to keep your industry on the cutting edge of innovation through our investment of \$1.5 million to support your great work with the Cool Climate Oenology and Viticulture Institute to study critical areas such as winter hardiness, pest control and wine quality. And to help the grape industry adapt to market and industry challenges, we also provided funding through the Orchard and Vineyard Transition Program.

Through our excellent collaborative relationships with provincial governments, research institutions and industry partners, our Government is committed to supporting your industry's innovative and competitive grape and wine sector in Canada.

- 6 Thanks for your ongoing dedication to excellence, and all the best for another successful year.



A handwritten signature in black ink, appearing to read 'Gerry Ritz', written over a light blue grid background.

Gerry Ritz, MP

Minister of Agriculture and Agri-Food



2011 Grape King

ED HUGHES

Ed Hughes was crowned Grape King on September 14, 2011 in the vineyards at Malivoire Wine. Ed's interest in grape growing began in the early 1990's when, as a chef, he attended a Sommelier course to study food and wine affiliations. Ed and his wife, Caroline, purchased a 3-acre farm in Beamsville and began growing grapes there in 1995. A few years later they purchased an established 21-acre vineyard that was planted with a combination of hybrid and concord grapes. Today Ed farms over 20-acres of VQA premium quality vinifera grapes. He sells to Malivoire Wine Co. and has also developed a business selling high quality grapes to amateur wine makers and a number of wine clubs in Southern Ontario. As Ed's interest in viticulture continued to grow, he enrolled in Brock University's Cool Climate Oenology and Viticulture Institute program to learn how to improve the grape quality in his vineyard, with the hopes of starting a small family winery. In 2010, Ed was awarded the Premier's Award for Agri-Food Innovation Excellence for his innovative work in implementing bio-controls and investigating new ways to improve the sustainability of the vineyard, including developing a more natural ecosystem and experimenting with high density planting.

Ed lives with his wife, Caroline, and their two children in Beamsville, Ontario.



2011 GRAPE KING

Ed Hughes was crowned Grape King on September 14th, 2011 in Beamsville, Ontario

Message from your Board Chair



Mother Nature brought out the best in Ontario's grape growers in 2011, demanding solid vineyard management to get through one of the most challenging growing seasons in years. It started with a spring of seemingly endless rain, followed by an excessively hot dry summer, and finished with consecutive days of fall rain and cool weather. The 2011 harvest is a large crop

at 64,495 tonnes, up 20% over 2010, and a farm gate value of \$78.7 million with exceptional quality, and wineries reporting wonderful ripe flavours, high sugars and good acidity.

The two-year pricing arrangement reached in 2010 was extended into the 2011 crop year. The Grape Growers of Ontario (GGO), Wine Council of Ontario (WCO) and Winery & Grower Alliance of Ontario (WGAO) agreed to a 1% increase on 2010 vintage pricing for all white varieties (Vinifera and Hybrid). The red varieties (Vinifera and Hybrid) remained stable at the 2010 pricing for 2011. The pilot plateau pricing model was continued for four varieties: Chardonnay, Riesling, Cabernet Sauvignon and Cabernet Franc.

In June, the Minister of Agriculture, Food and Rural Affairs announced the \$12 million dollar Ontario Vineyard Improvement Program for wine grape growers in Ontario. This program follows the Government of Ontario's 2009 commitment to deliver transition support as part of its grape and wine strategy, and supports the varietal plan. The first intake of OVIP applications began in August for the 2011 year and the second intake for projects to be undertaken in 2012 opened in December. The GGO is pleased that through our Vitis mapping system, we are able to provide support for the program delivery.

With funding provided through the Ontario government's Ontario Market Investment Fund (OMIF), the GGO launched a social media marketing promotion to share our grower stories with consumers. The promotion included 5 grower videos filmed throughout the growing season posted to YouTube and Facebook, and supported with billboards, Twitter, and Food and

Drink magazine advertising.

The 28th Annual Celebrity Luncheon featured award-winning Canadian national affairs writer, political commentator and author, Chantal Hebert. We appreciate the sponsorship provided by Friends of the Greenbelt Foundation and Meridian Credit Union. Ed Hughes was crowned Grape King to serve as ambassador for the industry during the 2011-12 year. Ed and his wife, Caroline, are grape growers in Lincoln, Ontario. We thank Dr. Debbie Inglis for serving as last year's Grape King. Kevin Donohue, Colio Estates Wines was awarded the annual Cuvée award for Excellence in Viticulture for Best White Vinifera. The Legislative Wine Tasting event in November was attended by a record number of MPP's and legislative staff choosing two official wines of Ontario's Legislative Assembly for 2012.

This has been a difficult year for many of us as we mourn the loss of a number of Board members and members of the grape growing community.

The support and guidance provided by the Ontario Ministry of Agriculture, Food and Rural Affairs and the Ontario Ministry of Consumer Services throughout 2011 is recognized and appreciated. I would also like to acknowledge the continued support of our local MP's and MPP's. I express my thanks to the research personnel of the Cool Climate Oenology and Viticulture Institute at Brock University, the Wine Visitor and Education Centre at Niagara College, the University of Guelph and the Vineland Research and Innovation Centre for their support and leadership to our industry.

Lastly, I thank the Board of Directors, Growers' Committee and staff of the Grape Growers of Ontario for their dedication during the past year.

A handwritten signature in black ink that reads "Bill George Jr." The signature is fluid and cursive, written over a light-colored, slightly textured background.

Bill George Jr.
Chair, Grape Growers of Ontario

Message from your CEO



2011 has been a demanding year for growers with the uncertainty caused by the extreme weather variations, but it ended on a high note with one of our largest vintages.

We are pleased with the results of the second year of the 2-year pricing agreement that included Plateau Pricing for Chardonnay, Riesling, Cabernet Sauvignon and Cabernet Franc grapes to provide flexibility to both VQA and blending wineries. Following the success of this pricing structure, the GGO, Wine Council of Ontario and Winery and Grower Alliance of Ontario have reached an agreement on an additional 2-year pricing framework that includes Plateau Pricing as well as a fixed base brix component.

While the pricing structure has provided encouraging results, VQA wine sales are not meeting the anticipated growth rate of the Ontario Government's 2009 5-year plan to strengthen the industry.

Sales volume of Ontario wine (VQA and International Canadian Blends) grew by 0.9% in the 12 months ending September 2011 with VQA sales growing by 2.4%. International Canadian Blend (ICB) sales, which represent 74% of Ontario wine sales grew by 0.5%, while imported wine sales increased by 2.7%.

To put this in context, the overall increase in volume of Ontario wine over the year represents about 550,000 litres of wine or an additional 600 tonnes of Ontario grapes compared to the growth in imported wine sales of 2.3 million litres. The GGO Board is actively engaged in these issues with our industry and

government partners.

During harvest, juice grape growers were faced with a challenge of moving grapes into the USA due to onerous Federal Drug Administration (FDA) regulations. It is anticipated that the recent Federal Government announcement to improve cross border agreements between Canada and the U.S. will help to resolve the FDA sampling issues and improve harmonization of pesticide registrations.

The Grape Growers of Ontario continues to represent the interests of all Ontario growers through a number of activities including the Meridian Celebrity Luncheon, Grape King and Cuvee awards, sponsorship of key festivals, and through our locally grown marketing promotion. Our marketing campaign "We Grow The Wines You Love" has received tremendous accolades and is one of the most liked Facebook pages in the industry. Additionally, the new GGO website, Twitter and YouTube initiatives have garnered more interest in Ontario's grape growing.

The GGO is being pro-active with funding obtained through the Ontario government's Traceability Foundations Initiative to meet consumer and government expectations that the industry has traceability systems and protocols in place now and in the future. The funds will be used to enhance the Vitis and Setgo systems to develop on-line, user friendly and grower-focused modules over the next few years. The Provincial Governments' Ontario Vineyard Improvement Program-Industry Support Component has created a number of opportunities for the industry to focus on growth and sustainability in the vineyards. We look forward to developing new projects with the assistance provided by the Ontario Ministry of Agriculture, Food and Rural Affairs.

Research initiatives continue to be a high priority with support to the Ontario Grape and Wine Research Inc.

It is with great sadness that we announced the passing of several of our members during the past year including juice grape grower and long-time Board Director, Steve Fernick, Jim Rainforth who had served as Secretary/Manager of the Grape Growers Marketing Board from 1977-1998, Gord Mitchell, a former Grower Committee member from Southwestern Ontario and owner of Sprucewood Shores, and Bill George, Sr. who was on the Growers' Committee from 1962-1980, including 6 years on the Board of Directors. These gentlemen contributed significantly to the success of our industry.

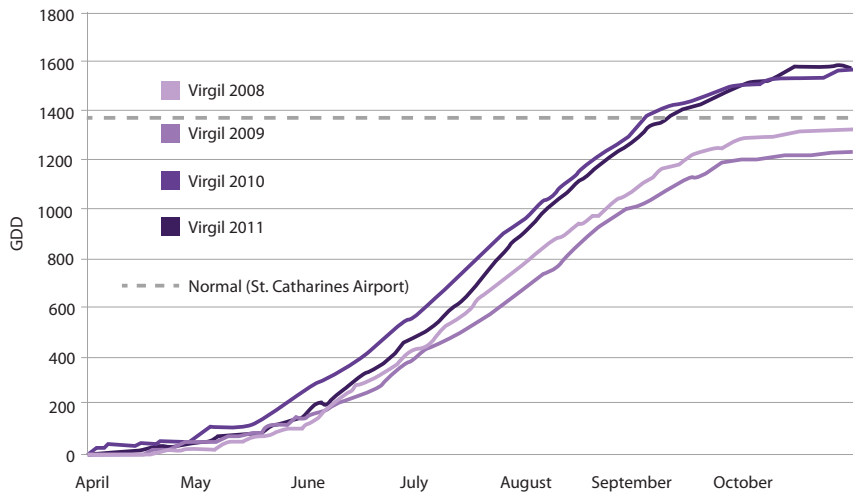
Thank you to the Board Chair and Directors for their continued support and commitment to improving grape growing in Ontario. And as always, the staff of the GGO's unwavering support to ensure an efficient and effective organization is most appreciated.

Debbie Zimmerman,
CEO, Grape Growers of Ontario

2011 Growing Season Weather Report



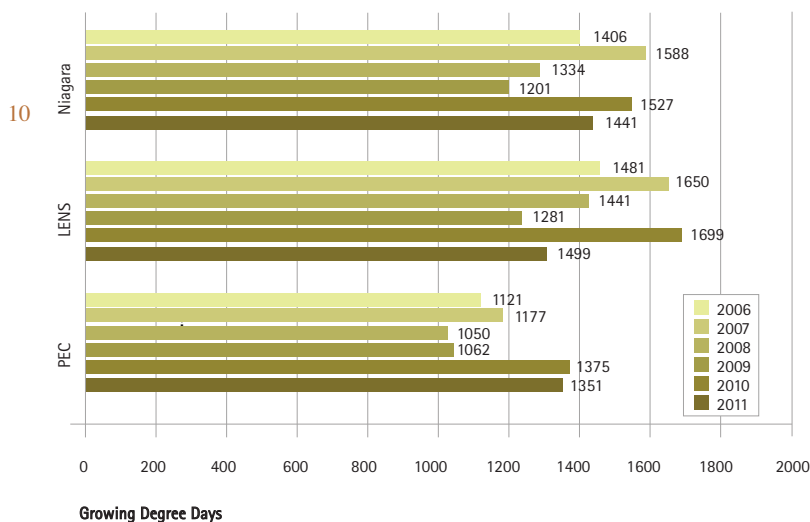
2011 Accumulated Base 10°C Growing Degree Days | Compared to 2010, 2009, 2008 and 30 Year Normal



2011 comprised many temperature and rainfall extremes. The year consisted of periods of extremely high and low temperatures and rainfall, resulting in both a unique and challenging growing season. It will no doubt be remembered in Lake Erie North Shore for its relentless rainfall and in Niagara and Prince Edward County for its incredibly wet spring & fall, but hot & dry summer. The preceding winter brought two extreme cold events to Niagara exactly one week apart in January 2011. Temperatures fell below -25°C at a number of Niagara stations, with the coldest temperatures reaching -28.7°C at the Grimsby station in Niagara. The coldest temperature reached in Lake Erie North Shore was -22.4°C at the Kingsville station, while the lowest temperature reached in Prince Edward County was -35.2°C at the Hillier station.

Seasonal Accumulation of Base 10°C GDD

April 1 - October 31



The spring of 2011 was much cooler than the very warm spring of 2010 and even slightly cooler than the 30-year normal. On the positive side, however, daily minimums in May were above normal and never below 1°C at any of the stations. There was thus no concern for May frosts. Temperatures quickly turned around beginning in June and consistently hot conditions throughout the summer months led to a steady and greater than normal accumulation of growing degree days.

Niagara: December 2011 Icewine Hours

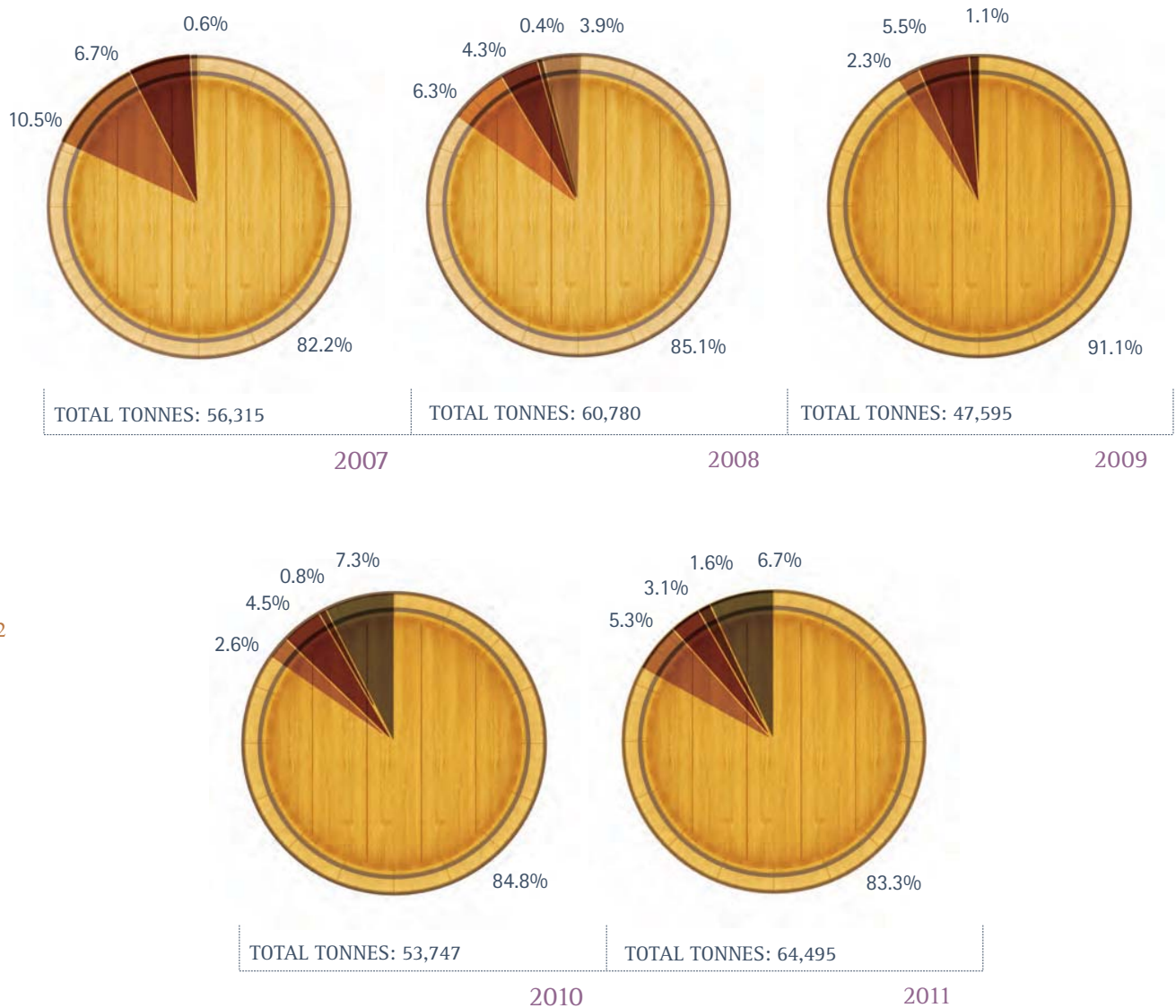
Temperatures were much warmer than normal as winter approached, thus resulting in an exceptionally low number of icewine hours in December 2011. The accumulation of icewine hours ranged from 0-19 hours across the Niagara appellation, 0 hours across the Lake Erie North Shore appellation and 45-51 hours in Prince Edward County.

The 2011 growing season will be remembered for its unique temperatures, its rainfall and harvest challenges and a later than usual start to the icewine harvest resulting from an extremely warm winter.

Production

TABLE I presents the production and disposition of grapes from 2007 through 2011. Grapes purchased by licensed Ontario wineries for wine, icewine and late harvest wine equaled 61,454 tonnes. Overall production increased 10,748 tonnes which represents a 20% increase from 2010.

TABLE I – Tonnage Processed by Category



Processing Prices

Agreement to extend the 2-year pricing arrangement to 2011 was reached on December 17, 2010 with the final agreement for minimum prices for Classes 5 – 10f including late harvest and icewine signed on April 18, 2011. Classes 1, 2 and 3 were set through negotiations on August 18, 2011. The price agreement includes a plateau pricing pilot model for Chardonnay, Riesling, Cabernet Franc and Cabernet Sauvignon.

GRAPES LEFT ON THE VINE FOR SELECT LATE HARVEST OR ICEWINE PRODUCTION: Bonus of 25% based on the price of normal harvest grapes of the same variety at the appropriate sugar level determined by samples taken at regular harvest time.

Late harvest juice at 26° Brix	\$ 4.58 per litre
Hybrid icewine juice at 35° Brix	\$15.76 per litre
All vinifera icewine juice at 35° Brix	\$24.16 per litre

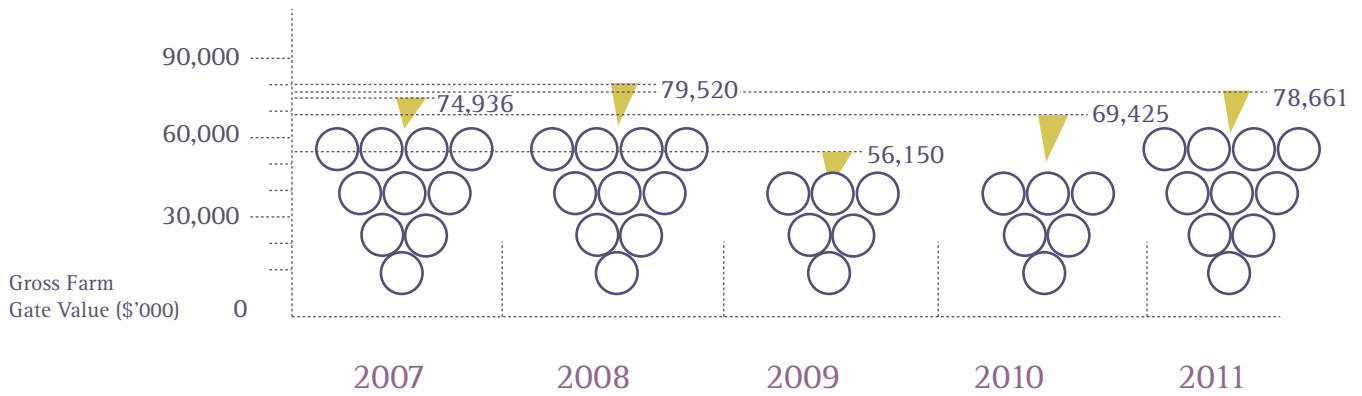
The minimum price established for each class of grapes sold for processing in 2011 is shown in TABLE II with the 2010 price listed.

TABLE II – Processing Prices for Grapes (\$ per tonne)

CLASS	VARIETY	2010	2011	PLATEAU PRICE
1	Concord, Fredonia, Patricia, President, Suffolk Red and Van Buren	\$ 431	\$ 444	
2	Niagara and Wiley White	\$ 425	\$ 438	
3	Delaware, Elvira, Himrod, Sovereign Coronation, Veeblanc and Veeport	\$ 520	\$ 536	
5	De Chaunac and Rosette	\$ 659	\$ 659	
5a	Leon Millot and Marechal Foch	\$ 780	\$ 780	
5b	Baco Noir, Castel, Chambourcin, Chancellor, GR7, Le Commandant and Villard Noir	\$ 843	\$ 843	
5c	Experimental red hybrid, Frontenac, Landot, Lucy Kuhlman and Red Amourensis	\$ 643	\$ 643	
6	New York Muscat and V64111	\$ 520	\$ 520	
7	Aurore, Cayuga White, J.S. 23-416 and S.V. 23-512	\$ 488	\$ 493	
7a	Seyval Blanc and Vidal 256	\$ 594	\$ 600	
7b	Geisenheim hybrids, GM 311, GM 318 and GM 322	\$ 515	\$ 520	
7c	Experimental white hybrid, Traminette, V65232 and White Amourensis	\$ 451	\$ 456	
9	J. Riesling	\$ 1,382	\$ 1,396	\$1200
9a	Auxerrois, Kerner, Scheurebe and Welsch Riesling	\$ 1,204	\$ 1,216	
9b	Chardonnay Musque and Chardonnay	\$ 1,410	\$ 1,424	\$1200
9c	Gewurztraminer	\$ 1,539	\$ 1,554	
9d	Pinot Gris	\$ 1,579	\$ 1,595	
9e	Sauvignon Blanc	\$ 1,554	\$ 1,570	
9f	Aligote, Alsace Muscat, Chenin Blanc, experimental white vinifera, Melon de Bourgogne, Morio Muscat, Muscat Ottonel, Pinot Blanc, Riesling Traminer, Savignin, Semillon and Viognier	\$ 1,226	\$ 1,238	
10	Gamay and Zweigeltrebe	\$ 1,283	\$ 1,283	
10a	Pinot Noir	\$ 1,933	\$ 1,933	
10b	Cabernet Sauvignon	\$ 1,875	\$ 1,875	\$1300
10c	Cabernet Franc	\$ 1,676	\$ 1,676	\$1300
10d	Merlot	\$ 1,894	\$ 1,894	
10e	Sirah, Shiraz and Syrah	\$ 2,164	\$ 2,164	
10f	Dornfelder, experimental red vinifera, Limberger, Malbec, Nebbiolo, Petite Sirah, Petit Verdot, Pinot Meunier, Sangiovese and St. Laurent	\$ 1,366	\$ 1,366	
	Distilling	\$ 125	\$ 125	
	Sherry	\$ 300	\$ 300	

Value of Crop Purchased

TABLE III – Farm Gate Value of Grapes Sold for Processing



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GRAPE KINGS PAST AND PRESENT

Licence Fees

In the aggregate, licence fees for the 2011-2012 fiscal year represent approximately 1.6% of the total farm gate value of the crop. This represents a 0.1% increase from the 2010-2011 fiscal year in which licence fees represented approximately 1.5% of the crop value.

TABLE IV – Licence Fees per Tonne by Class and Variety (including R & D fee of \$2.05)

CLASS	VARIETY	2010	2011
1	Concord, Fredonia, Patricia, President, Suffolk Red and Van Buren	\$ 10.00	\$ 10.00
2	Niagara and Wiley White	\$ 10.00	\$ 10.00
3	Delaware, Elvira, Himrod, Sovereign Coronation, Veeblanc and Veeport	\$ 10.00	\$ 10.00
5	De Chaunac and Rosette	\$ 15.65	\$ 15.65
5a	Leon Millot and Marechal Foch	\$ 16.85	\$ 16.85
5b	Baco Noir, Castel, Chambourcin, Chancellor, GR7, Le Commandant and Villard Noir	\$ 17.50	\$ 17.50
5c	Experimental red hybrid, Frontenac, Landot, Lucy Kuhlman and Red Amourensis	\$ 15.50	\$ 15.50
6	New York Muscat and V64111	\$ 14.25	\$ 14.25
7	Aurore, Cayuga White, J.S. 23-416 and S.V. 23-512	\$ 13.95	\$ 14.00
7a	Seyval Blanc and Vidal 256	\$ 15.00	\$ 15.05
7b	Geisenheim hybrids, GM 311, GM 318 and GM 322	\$ 14.20	\$ 14.25
7c	Experimental white hybrid, Traminette, V65232 and White Amourensis	\$ 13.60	\$ 13.65
9	J. Riesling	\$ 22.90	\$ 23.00
9a	Auxerrois, Kerner, Scheurebe and Welsch Riesling	\$ 21.10	\$ 21.20
9b	Chardonnay Musque and Chardonnay	\$ 23.15	\$ 23.30
9c	Gewurztraminer	\$ 24.45	\$ 24.60
9d	Pinot Gris	\$ 24.85	\$ 25.00
9e	Sauvignon Blanc	\$ 24.60	\$ 24.75
9f	Aligote, Alsace Muscat, Chenin Blanc, experimental white vinifera, Gruner Veltliner, Italian Muscat, Melon de Bourgogne, Morio Muscat, Muscat Ottonel, Muscat Petit Le Grain, Pinot Blanc, Riesling Traminer, Savignin, Semillon and Viognier	\$ 21.35	\$ 21.45
10	Gamay and Zweigeltrebe	\$ 21.90	\$ 21.90
10a	Pinot Noir	\$ 28.40	\$ 28.40
10b	Cabernet Sauvignon	\$ 27.80	\$ 27.80
10c	Cabernet Franc	\$ 25.80	\$ 25.80
10d	Merlot	\$ 28.00	\$ 28.00
10e	Sirah, Shiraz and Syrah	\$ 30.70	\$ 30.70
10f	Blauberger, Dornfelder, experimental red vinifera, Limberger, Malbec, Nebbiolo, Petite Sirah, Petit Verdot, Pinot Meunier, Sangiovese, St. Laurent, Tannat and Tempranillo	\$ 22.75	\$ 22.75
	Distilling	\$ 5.50	\$ 5.50
	Sherry	\$ 7.75	\$ 7.75

Note: 2011 Vertically Integrated Tonnage license fee rebate is \$2.00 per tonne.

Production of Processed Grapes by Variety

TABLE V – Purchases by Processors by Variety (in tonnes)

	2007	2008	2009	2010	2011
Classes 1-3					
Concord	2,965	2,118	1,966	1,746	1,524
Elvira	53	49	60	12	-
Niagara	1,525	1,048	1,209	1,066	935
Miscellaneous 1-3	14	4	14	6	8
SUB-TOTAL (Labrusca)	4,557	3,219	3,249	2,830	2,467
Classes 5-6					
Baco Noir	2,596	2,105	2,867	2,750	2,866
Chambourcin	463	608	421	488	630
De Chaunac	298	462	304	403	330
Marechal Foch	959	884	802	879	961
New York Muscat	57	55	38	19	33
Rosette	111	30	-	-	-
Villard Noir	69	68	64	69	61
Miscellaneous 5-6	214	128	201	251	282
SUB-TOTAL (Blue/Red French hybrids)	4,767	4,340	4,697	4,859	5,163
Classes 7-7c					
S.V. 23-512	405	357	223	233	259
Seyval Blanc	927	894	874	650	771
Vidal 256	8,994	10,288	9,906	11,836	14,510
Geisenheim Hybrids	1,451	1,769	823	903	727
GM 322	100	145	133	42	453
Miscellaneous 7-7c	89	51	17	23	90
SUB-TOTAL (White French Hybrids)	11,966	13,504	11,976	13,687	16,810
SUB-TOTAL (Hybrids)	16,733	17,844	16,673	18,546	21,973

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2011 ANNUAL GENERAL MEETING

Wes Wiens, Debra Marshall, Ben Simmons and Thomas Marshall

	2007	2008	2009	2010	2011
Classes 9-9f					
Auxerrois	193	206	155	126	176
Chardonnay and Chardonnay Musque	7,858	8,712	6,292	6,900	7,735
Gewurztraminer	1,207	1,415	919	902	1,586
J. Riesling	5,123	6,786	5,407	6,088	7,176
Pinot Blanc	142	126	137	119	144
Pinot Gris	1,101	1,270	919	1,275	1,714
Sauvignon Blanc	1,391	1,810	1,257	1,272	1,898
Miscellaneous 9-9f	472	518	437	349	602
SUB-TOTAL (White Vinifera)	17,487	20,843	15,523	17,031	21,031
Classes 10-10f					
Cabernet Franc	5,206	5,952	3,547	4,532	5,747
Cabernet Sauvignon	3,527	3,906	1,842	2,772	3,808
Gamay	1,543	1,640	1,232	1,244	1,549
Merlot	4,097	4,326	2,733	3,846	4,110
Pinot Noir	2,078	1,789	1,998	1,908	2,613
Shiraz, Sirah, Syrah	564	625	408	547	555
Zweigeltrebe	322	388	241	298	359
Miscellaneous 10-10f	201	248	149	193	283
SUB-TOTAL (Red Vinifera)	17,538	18,874	12,150	15,340	19,024
SUB-TOTAL (Vinifera)	35,025	39,717	27,673	32,371	40,055
TOTAL HYBRID & VINIFERA	51,758	57,561	44,346	50,917	62,028
GRAND TOTAL	56,315	60,780	47,595	53,747	64,495



SERIOUSLY COOL CHARDONNAY EVENT

Matthias Oppenlaender, GGO Vice Chair; Bill Redelmeier, Southbrook, Niagara-on-the-Lake; and Kevin Watson, in New York

Wine Grape Sugar Testing Program

The Wine Grape Sugar Testing Program was once again coordinated by Errol McKibbon of McKibbon Associates, a privately-owned company acting as third party tester. The total number of samples tested in 2011 increased to 4,520 from 4,244 in 2010. The number of wineries/processors serviced by this program was 142. Growers were provided with sugar test results at the same time as the wineries.

Tabulation of Growers with Production

The number of growers with production registered with the Grape Growers of Ontario in 2011 decreased by 1.7% from 481 in 2010 to 473 in 2011.

TABLE VI – Number of Growers with Production Registered with the Board

		2007	2008	2009	2010	2011
District 1	Town of Niagara-on-the-Lake	174	171	154	163	170
District 2	City of St. Catharines	57	49	45	45	40
District 3	Town of Lincoln	174	155	141	157	149
District 4	Town of Grimsby, Township of West Lincoln and City of Hamilton	41	32	29	28	28
District 5	Southwestern Ontario	32	34	29	36	36
District 6	Prince Edward County	40	43	38	52	50
TOTAL		518	484	436	481	473

Wine Sales in Ontario

TABLE VII below shows the five-year history of wine sales in Ontario. Total wine sales in Ontario grew by 2.8% to 155 million litres in 2011. Ontario wine sales increased by 1.8% to 59.4 million litres. Imported wine sales increased by 3.6% to 95.4 million litres, while out-of-province wine sales in Ontario decreased by 14.0% to 0.45 million litres. Market share for Ontario wines decreased slightly to 38.2%.

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TABLE VII – Wine Sales in Ontario* ('000 litres)

	2007	2008	2009	2010	2011
Ontario wine sold in Ontario*	54,083	56,118	57,507	58,364	59,410
Annual change	3.6%	3.8%	2.5%	1.5%	1.8%
Imported wine sold in Ontario	83,888	87,112	89,409	92,209	95,494
Annual change	6.4%	3.8%	2.6%	3.1%	3.6%
Out-of-province sales in Ontario	757	756	684	528	454
Annual change	-6.2%	-0.1%	-9.5%	-22.8%	-14.0%
Total wine sold in Ontario	138,729	143,986	147,600	151,101	155,358
Annual change	5.2%	3.8%	2.5%	2.4%	2.8%
Market share of Ontario wines in Ontario	39.0%	39.0%	39.0%	38.6%	38.2%

Ontario Wine Sold in Ontario for 2009-10 has been revised by LCBO.

Fiscal Year April 1 to March 31 (statistical data provided by the LCBO)

** Includes sales through LCBO, Winery Retail Stores, Direct Delivery to Licensees, embassies, airlines and industrial sales.*

VQA versus Non-VQA Sales

TABLE VIII below shows VQA versus non-VQA sales in Ontario to March 31, 2011. VQA sales in Ontario increased 2.6% from 13.8 million litres in 2010 to 14.2 million litres in 2011. Non-VQA wine sales in Ontario increased 1.5% from 44.5 million litres to 45.2 in 2011. VQA sales outside of Ontario increased by 11.7% from 1.20 million litres in 2010 to 1.35 million in 2011.

TABLE VIII – VQA versus Non-VQA Sales in Ontario ('000 litres)

	2007	2008	2009	2010	2011
Ontario wine sold in Ontario*	54,083	56,118	57,507	58,364	59,410
Total VQA sales in Ontario**	9,127	10,394	12,142	13,856	14,222
Total non-VQA sales in Ontario	44,956	45,724	45,365	44,508	45,188
Total VQA sales outside Ontario**	818	1,067	1,243	1,204	1,345
Market share of VQA wines in Ontario	16.9%	18.5%	21.1%	23.7%	23.9%

Ontario Wine Sold in Ontario for 2009-10 has been revised by LCBO.

** Fiscal Year April 1 to March 31 (statistical data provided by the LCBO)*

*** VQA figures from VQAO Annual Report – March 31, 2011*



GGO Award of Merit

Bill Jansenberger, GGO Director presents the GGO Award of Merit to Honourable Steve Peters, Speaker of the House in June 2011

Blending Materials Imported into Ontario

TABLE IX below shows the quantity of blending grape product imported into Ontario over the last five years. The Ontario Wine Content and Labelling Act (WCLA), which came into effect January 1, 2001, required that Ontario wine contain a minimum of 30% Ontario grape content. The WCLA has been amended to 25% Ontario grape bottle content and a 40% average Ontario grape content for blended wine packaged on or after September 1, 2010. Wine imported for blending purposes decreased by 6% from 25.5 million litres to 23.9 million litres. Concentrate decreased by 20% from 4,512 equivalent tonnes to 3,616 equivalent tonnes. Grape juice is down 50% from 1,975 equivalent tonnes to 982 equivalent tonnes. In total, blending material was down 9.8% from 40,493 equivalent tonnes in 2010 to 36,506 equivalent tonnes in 2011.

TABLE IX – Blending Materials Imported into Ontario

	2007	2008	2009	2010	2011
Wine (litres)	36,406,730	25,178,128	15,361,137	25,504,088	23,930,798
Concentrate (equivalent tonnes) (@165 litres per tonne)	2,048.42	875.47	1,728.12	4,512.16	3,615.52
Grape Juice (equivalent tonnes) (@750 litres per tonne)	2,126.82	2,115.11	1,648.43	1,975.81	982.43

Statistical data provided by Alcohol and Gaming Commission of Ontario

Importation of Wine

TABLE X presents the quantity of importation of wine categories from 2007-2011. The total imports of all wine categories in Canada increased by 3.6% from the previous year to 295 million litres. Still wine was the greatest contributor at 269 million litres.

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TABLE X – Quantity of Importation of Wine Categories ('000 litres)

	2007	2008	2009	2010	2011
Aperitif	964	928	851	808	795
Champagne	975	929	841	928	1,017
Miscellaneous wines	10,338	10,485	9,600	10,708	11,734
Port	2,342	2,153	1,958	1,921	1,857
Sherry	830	796	698	648	619
Sparkling wine (includes crackling table)	6,135	6,258	6,655	7,557	7,897
Still wine	232,932	241,525	249,849	260,023	269,021
Vermouth	2,677	2,589	2,471	2,352	2,295
TOTAL	257,193	265,663	272,923	284,945	295,235

Statistical data provided by Association of Canadian Distillers and Canadian Vinters Association

Importation of Wine

TABLE XI shows the volume of still table wines by country of origin imported into Canada from 2007-2011 inclusive. In 2011 total importation of still table wines into Canada increased by 3.5% to 269 million litres compared to 260 million litres in 2010. Imports from the United States had the greatest increase at 12.4%. Italy is the largest single importer into Canada followed by France and South America.

TABLE XI – Importation of Still Table Wines by Country of Origin (*000 litres)

	2007	2008	2009	2010	2011
Australia	42,965	42,394	40,025	40,338	41,752
Eastern Europe	858	583	630	634	621
France	53,841	53,334	49,954	50,019	49,536
Germany	4,302	4,361	4,304	4,396	4,616
Italy	47,175	48,657	49,406	51,820	54,182
Portugal	4,115	4,763	4,972	5,078	5,416
South Africa	7,764	7,971	8,903	8,624	8,199
South America	30,694	34,563	43,307	44,917	44,133
Spain	10,752	11,167	12,438	13,264	14,090
United States	25,803	28,644	31,080	34,841	39,117
Other Countries	4,663	5,089	4,830	6,092	7,359
TOTAL	232,932	241,526	249,849	260,023	269,021

Statistical data provided by Association of Canadian Distillers and Canadian Vinters Association



CELEBRITY LUNCHEON

Brian McMullan, Mayor City of St Catharines; Honourable Jim Bradley, MPP; Alan Schmidt, WCO; Chantal Hebert; Debbie Zimmerman GGO CEO; Bill George, GGO Chair; Ken Janzen, Meridian Credit Union; Dr. Debbie Inglis; Barry Katzman; Rick Dykstra, MP

Crop Insurance

Data included in **TABLE XII** below was supplied by AgriCorp, the Corporation responsible for delivering Crop Insurance Programs and providing the statistical history of the Grape Crop Insurance Program, 2002-2011 inclusive. The number of accounts remained steady. Claims decreased from 90 in 2010 to 72 in 2011. The dollar value of the claims was up from \$1.2 million in 2010 to \$1.8 million in 2011.

TABLE XII – Crop Insurance

YEAR	NO. OF ACCOUNTS	NO. OF CLAIMS	TOTAL PREMIUMS* \$'000	TOTAL CLAIMS \$'000	PREMIUMS LESS CLAIMS \$'000
2002	273	127	2,136	2,071	65
2003	286	241	2,061	16,714	-14,653
2004	329	149	4,743	3,641	1,102
2005	332	283	5,188	22,308	-17,120
2006	336	51	7,205	1,046	6,159
2007	316	65	7,763	1,136	6,627
2008	308	77	7,088	1,495	5,593
2009	292	145	7,800	3,820	3,980
2010	288	90	6,668	1,223	5,445
2011	289	72	5,909	1,805	4,104

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*Total grower and government premiums

Ontario Vineyard Improvement Program

The Ontario Vineyard Improvement Program (OVIP) is a 4-year, 12 million dollar program launched April 1, 2011 and will run until March 31, 2015. The objective of the program is to assist the wine grape industry to make vineyard improvements. Eligible growers are able to receive \$1,000 for every acre of hybrid or vinifera grapes in production. The budget for Intake 1 of the program has been fully allocated to eligible growers who applied between August 2, 2011 and October 21, 2011. This initiative is in line with the industry varietal plan of December 2010 entitled, *Aligning the Ontario Grape Supply and Demand: A Varietal Plan for the Grape and Wine industry Final Report*.

Memberships and Sponsorships

The Grape Growers of Ontario is a contributing member and/or sponsor to a number of agricultural and trade organizations. The organizations supported in the 2011/2012 year include:

MEMBERSHIPS	AMOUNT
Agricultural Adaptation Council	150
Canadian Horticultural Council	7,140
Grimsby and District Chamber of Commerce	238
Lincoln Chamber of Commerce	180
Niagara-on-the-Lake Chamber of Commerce	200
Ontario Agri-Food Education Inc.	500
Ontario Agricultural Commodity Council	750
Ontario Fruit & Vegetable Growers' Association	20,000
Ontario Federation of Agriculture	500
President's Council	250
St. Catharines - Thorold Chamber of Commerce	308
St. Catharines Club	575
British Columbia Grape Growers Association	150
TOTAL	30,941

SPONSORSHIPS	AMOUNT
Brock University Riesling Sponsorship	2,500
Grape King	2,500
Grape Stomp	400
In Stride Productions – Niagara Running Series	1,500
Lincoln Agricultural Society	200
Niagara Grape and Wine Festival – 2011 Niagara Wine Festival	20,000
Niagara Peninsula Fruit and Vegetable Growers' Association	500
Official Guide to Wineries of Ontario	3,800
Ontario Wine Awards	2,500
Outstanding Young Farmers' Program – 2012	300
Prince Edward County Winegrowers Association – Terroir Wine Festival	8,000
South Western Ontario Vintners Association – Lake Erie North Shore Wine Festival	10,000
TOTAL	52,200



NIAGARA WINE FESTIVAL

City of St. Catharines Mayor's Grape Stomp
Sponsored by GGO

Promotional Expenses

In 2011, the Grape Growers of Ontario's promotional expenditures increased with the Grape Growers of Ontario "We Grow the Wines You Love" promotion which received 50% promotional grant funding through the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) Ontario Market Investment Fund. Grower members from Prince Edward County as well as South Western Ontario were promoted in 2011 through sponsorships to the Prince Edward County Wine Association and the South Western Ontario Vintners Association. The Grape Growers of Ontario continued with a series of activities such as the annual Media Day, the Grape Stomp, and Wine Tasting at the Legislative Assembly of Ontario. Congratulations to Burning Kiln and Good Earth Wineries whose wines were chosen as the official wines to be served at the Ontario Legislature for 2012. The Grape Growers of Ontario continues to be a proud sponsor of the Niagara Grape and Wine Festival.

TABLE XIII – Promotion Expenses

	2009/2010	2010/2011	2011/2012
Promotions, Sponsorship Et Public Relations	\$69,749	\$64,708	\$70,051
Niagara College – GGO Wine Tasting Room	7,500	-	-
Miscellaneous – Wines	13,195	6,868	9,020
SUB-TOTAL	\$90,444	\$71,576	\$79,071
Grape Et Wine Festival and Grape King's Crowning	23,508	23,510	23,800
International Cool Climate Chardonnay Celebration	-	50,000	50,000
Grape Growers of Ontario promotion (OMIF)	-	6,937	101,642
TOTAL	\$113,952	\$152,023	\$254,513

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LEGISLATIVE WINE TASTING

Steve Pohorly; Ed Hughes; Bill George, GGO Chair; Debbie Zimmerman, GGO CEO; Honourable Dave Levac, Speaker of the House; Matthias Oppenlaender, GGO Vice-Chair



Education and Research

ONTARIO GRAPE AND WINE RESEARCH INC.

Research continues to be an integral part of the Grape Growers of Ontario business. In 2007, Ontario Grape and Wine Research Inc. (OGWRI) was created. Matthias Oppenlaender is currently the Chair of the organization, and with the support of the Grape Growers of Ontario, Wine Council of Ontario and Winery & Grower Alliance of Ontario long term funding for the organization and industry led research is underway. Currently, OGWRI has 7 projects approved that transcend key industry disciplines: viticulture, oenology and market research including:

- Establishing Best Practices Guidelines to Optimize Grapevine Winter Hardiness;
- Fine-Tuning Management of Grape Berry Moth;
- Management of Sour Rot and Volatile Acidity in Grapes;
- Consumer Perceptions of Quality for Horticultural Products and Wines: Impact of Production Practices and Region of Origin;
- Sustainable practices for repelling MALB and 7-spot lady-beetles from Ontario Vineyards;
- Confirming lady-beetle taint from 7-spot beetle and remediation of MALB and 7-spot taint from juice using a protein-based fining method.
- Determining Activity Patterns of Multi-Coloured Asian Lady Beetle in Niagara to Optimize Control Practices.

Pesticides

The GGO continues to work closely with employees from the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA), Agriculture and Agri-Food Canada (AAFC), the Pest Management Regulatory Agency (PMRA) and chemical manufacturers and consultants, in order to secure access to new and/or more effective crop protection products and procedures.

Wayne Roberts has been retained by the GGO on a fee for service contract to represent the Board and its grower members regarding pesticide registration and pest related issues including:

- Minor Use Priority Workshop in Ottawa regarding
 - o RIPCORDER –interval to harvest for MALB
 - o CYAZAPYR for Leafhoppers and Japanese Beetle
 - o Strategies for Brown Marmorated Stink Bug and Spotted Wing Drosophila
- Assisting in updating annual research priorities
- Technical Fruit Working Group which is involved in updating Publication 360
- Liaison with Crop Life (chemical manufacturers), OMAFRA and AAFC researchers and personnel on pesticide needs, trials and registrations
- Representation of the GGO with the Pest Management Regulatory Agency, Health Canada and Ontario Ministry of Environment regarding pesticide exposure and drift



GRAPE KING INSTALLATION

Dr. Debbie Inglis, CCOVI and Ed Hughes, Grape King

Industry Projects

GRAPE TRACKER

The GGO has developed an on-line spray record keeping system for growers with partial funding from the Growing Forward's Agricultural BioSecurity Program delivered by Agricultural Adaptation Council.

The project has been designed to enhance pest management in Ontario's viticulture regions through a secure and confidential website application to make pest management resources available to growers. Grape growers have access to spray labels and common treatments combined with individual Vineyard maps to record spray activities and to generate reports required by processors. A grower can also keep track of historic spray records and pest activity to enhance the scope of management information available to help reduce operating expenses, improve grape quality and reduce the spread of grape pests.

ONTARIO VINEYARD IMPROVEMENT PROGRAM (OVIP): INDUSTRY SUPPORT COMPONENT

26 The Industry Support Component of the OVIP program provided by the Ontario Ministry of Agriculture, Food and Rural Affairs, is a fund to assist the sector as a whole with access to additional technologies and capacities to help improve grape production in the vineyard and is delivered by the Grape Growers of Ontario.

Projects that have been initiated in 2011 include:

- Weather Innovations Network to provide improved access to real-time weather information to assist in decision-making for quality grape production;
- Organic and Biodynamic Viticulture Workshop to provide access to information to support adoption of best practices;
- Review of Wind Turbines and the potential effect on climatic and soil conditions in vineyards;
- Quality and Industry Assessment;

- Effect of Post Harvest Abscisic Acid Applications to evaluate whether the application improves cold hardiness without impacting fruit composition or quality.
- Varietal Plan Handbook to provide an empirical analysis of grape varieties and appellation and sub-appellation conditions;
- Winter Injury Bud Sampling to support the adoption of best practices through bud sampling performed in the spring to identify and quantify winter injury in vineyards by major varieties.



ONTARIO VINEYARD IMPROVEMENT PROGRAM

Honourable Jim Bradley, MPP and Honourable Carol Mitchell, Ontario Minister of Agriculture, Food and Rural Affairs announce the OVIP program in June 2011



T.R. Waud, CA
G.M. Momot, CA
B.R. St. Hilaire, CA
R.J. Momot, CA

Independent Auditors' Report

To the Members of
Grape Growers of Ontario

We have audited the accompanying financial statements of Grape Growers of Ontario, which comprise the statement of financial position as at January 31, 2012, and the statements of internally restricted net assets, operations and unrestricted net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Grape Growers of Ontario as at January 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

St. Catharines, Ontario
February 27, 2012

MacGillivray (St. Catharines)

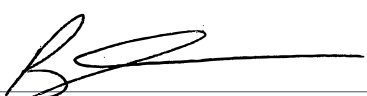
CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

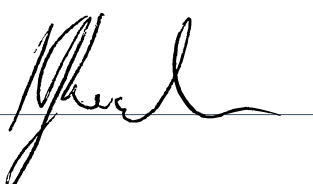
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GRAPE GROWERS OF ONTARIO
STATEMENT OF FINANCIAL POSITION
AS AT JANUARY 31, 2012

	2012	2011
ASSETS		
Current		
Cash	\$ 433,150	\$ 56,972
Guaranteed investment certificates	2,817,286	2,751,381
Accounts receivable	121,859	117,736
Contributions receivable (note 11)	208,127	111,292
Prepaid expenses	9,011	5,306
Due from Grape & Tender Fruit (Ontario) Limited (note 3)	130,418	84,677
	3,719,851	3,127,364
Investments (note 4)	191,847	191,847
Software (note 5)	\$ 10,600	\$ 21,210
	\$ 3,922,298	\$ 3,340,421
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 516,413	\$ 277,923
Deferred contributions (note 11)	39,282	59,338
	555,695	337,261
NET ASSETS		
Unrestricted		
Invested in Grape & Tender Fruit (Ontario) Limited	191,847	191,847
Available for operations	1,010,987	720,375
	1,202,834	912,222
Internally Restricted		
Research and Promotion Fund	689,757	841,399
Operational reserve	1,000,000	1,000,000
Ontario Grape and Wine Research Fund		
Growers contributions	342,680	249,539
Processors contributions	131,332	-
	474,012	249,539
	2,163,769	2,090,938
	3,922,298	3,340,421

Approved on behalf of the Board


 Director


 Director

See Accompanying Notes to the Financial Statements

GRAPE GROWERS OF ONTARIO
 STATEMENT OF INTERNALLY RESTRICTED NET ASSETS
 FOR THE YEAR ENDED JANUARY 31, 2012

	2012	2011
RESEARCH AND PROMOTION FUND		
Expenses		
International Cool Climate Chardonnay Celebration	\$ (50,000)	\$ (50,000)
Weather monitoring and network program	-	(25,000)
Grape Growers of Ontario promotion	(101,642)	(6,937)
	(151,642)	(81,937)
Fund Balance - Beginning of year	841,399	923,336
Fund Balance- End of year	\$ 689,757	\$ 841,399
	2012	2011
ONTARIO GRAPE AND WINE RESEARCH FUND (GROWERS CONTRIBUTIONS)		
Revenues		
Grower fees	\$ 126,141	\$ 104,272
Expenses		
Contributions to OGWRI	(33,000)	(150,457)
Excess (Deficiency) of Revenues over Expenses for the Year	93,141	(46,185)
Fund Balance - Beginning of year	249,539	295,724
Fund Balance - End of year	\$ 342,680	\$ 249,539
	2012	2011
PROCESSOR CONTRIBUTIONS		
Revenues		
Processor fees	\$ 131,332	-
Fund Balance - Beginning of year	-	-
Fund Balance - End of year	\$ 131,332	-

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GRAPE GROWERS OF ONTARIO
 STATEMENT OF OPERATIONS AND UNRESTRICTED NET ASSETS
 FOR THE YEAR ENDED JANUARY 31, 2012

	2012	2011
REVENUES		
Licence fees	\$ 1,489,063	\$ 1,122,458
Vertically integrated rebate	(30,806)	(23,973)
Appropriation for research and development	(257,618)	(104,272)
	1,200,639	994,213
Government and industry funding for research and other projects	865,004	581,807
Interest and other income	50,430	34,744
	\$ 2,116,073	\$ 1,610,764

See Accompanying Notes to the Financial Statements

GRAPE GROWERS OF ONTARIO
STATEMENT OF OPERATIONS AND UNRESTRICTED NET ASSETS
FOR THE YEAR ENDED JANUARY 31, 2012

	2012	2011
EXPENSES		
Directors' fees, honoraria and benefits	72,235	85,423
Salaries and benefits <i>(note 6)</i>	415,623	480,165
Travel	52,044	57,726
Meetings and conventions	20,318	23,285
Bad debts	2,502	1,478
Office supplies and expenses	62,746	70,364
Postage	10,076	17,958
Telephone	20,394	21,728
Dues and subscriptions	14,794	14,157
Professional fees <i>(note 7)</i>	69,603	85,065
Utilities and maintenance	21,660	23,159
Building insurance and property taxes	14,906	14,904
Amortization	25,212	21,823
Festival	23,800	23,510
Assessment O.F. & V.G.A.	20,000	20,000
Research and other projects <i>(note 11)</i>		
Grape Growers funded portion	28,576	122,661
Government and industry funded portion	859,862	459,182
Promotional projects <i>(note 11)</i>		
Grape Growers funded portion	56,659	71,576
Government and industry funded portion	22,412	58,345
Professional development	5,138	11,977
Maintenance agreements	29,201	15,665
Labour issues co-ordinating committee	5,000	4,900
Loss on foreign exchange	2,820	1,602
Expense recoveries from other associations	(30,120)	(27,618)
	1,825,461	1,679,035
Excess (Deficiency) of Revenues Over Expenses for the Year	290,612	(68,271)
Net Assets – Beginning of year	912,222	980,493
Net Assets – End of year	\$ 1,202,834	\$ 912,222

GRAPE GROWERS OF ONTARIO
STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JANUARY 31, 2012

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (Deficiency) of revenues over expenses for the year	\$ 290,612	\$ (68,271)
Research and Promotion Fund	(151,642)	(81,937)
Ontario Grape and Wine Research Fund	224,473	(46,185)
Adjustments for non-cash items		
Amortization	10,610	10,610
	374,053	(185,783)
Changes in non-cash working capital		
Accounts receivable	(4,123)	(3,509)
Contributions receivable	(116,891)	33,904
Prepaid expenses	(3,705)	26,803
Accounts payable and accrued liabilities	238,490	(98,064)
Due to Grape and Tender Fruit (Ontario) Limited	(45,741)	(7,755)
	442,083	(234,404)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(31,820)
(Increase) decrease in guaranteed investment certificates	(65,905)	(23,706)
	(65,905)	(55,526)
Increase (Decrease) in Cash	376,178	(289,930)
Cash - Beginning of year	56,972	346,902
Cash - End of year	\$ 433,150	\$ 56,972

GRAPE GROWERS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JANUARY 31, 2012

1. NATURE OF OPERATIONS

The Grape Growers of Ontario is a board which operates under the Farm Products Marketing Act, established for the purpose of marketing and promoting Ontario grapes for processing. The Board is a not-for-profit organization incorporated without share capital under the laws of Ontario, and is exempt from income taxes under the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

The Board follows accounting principles generally accepted in Canada in preparing its financial statements. The significant accounting policies used are as follows:

(a) FUND ACCOUNTING

The Board follows the deferral method of accounting for government and industry contributions and reports using fund accounting.

The Board follows the restricted fund method of accounting for grower contributions. Revenues and expenses related to marketing operations and administrative activities are reported in the operating fund. Revenues and expenses related to research activities are reported in the research fund. Fees and payments collected from growers and contributed to Ontario Grape and Wine Research Inc. (OGWRI) are reported in the Ontario Grape and Wine Research Fund. The operational reserve fund reports the net assets which have been internally restricted by the Board as an operational reserve.

(b) FINANCIAL INSTRUMENTS

The Board continues to disclose and present financial instruments in accordance with Section 3861 "Financial Instruments - Disclosure and Presentation". Financial assets are classified as either "held-for-trading", "held-to-maturity", "available for sale" or "loans and receivables". Financial liabilities are classified as either "held for trading" or "other liabilities". Financial assets and liabilities classified as held-for-trading are measured at fair value with changes in fair value reported in the statement of operations. Financial assets classified as held-to-maturity or loans and receivables are subsequently measured at amortized cost using the effective interest rate method.

THE BOARD HAS CLASSIFIED ITS FINANCIAL INSTRUMENTS AS FOLLOWS:

- Cash is classified as held-for-trading
- Guaranteed investment certificates are classified as held-to-maturity
- Accounts receivable are classified as loans and receivables
- Accounts payable and accrued liabilities are classified as other liabilities.

(c) PROPERTY AND EQUIPMENT

Property and equipment which are shared with other 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.

(d) SOFTWARE

Software is amortized on a straightline basis over 3 years.

GRAPE GROWERS OF ONTARIO
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JANUARY 31, 2012

(e) REVENUE RECOGNITION

The Grape Growers of Ontario has the authority to collect licence fees under the provisions of the Farm Products Marketing Act. Fees are recognized as the crop is received, weighed and graded by processors and collection is reasonably assured.

(f) USE OF ESTIMATES

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the period in which they become known. Actual results could differ from those estimates.

3. RELATED PARTY TRANSACTIONS

The Grape Growers of Ontario have amounts receivable of \$130,418 (2011 - \$84,677) from Grape & Tender Fruit (Ontario) Limited, a related party. Expenses include a \$153,986 (2011 - \$184,862) charge for Grape Growers of Ontario share (50% (2011 - 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.

4. INVESTMENTS, AT COST

	2012	2011
GRAPE & TENDER FRUIT (ONTARIO) LIMITED		
94 common shares	\$ 47	\$ 47
1,918 special shares	191,800	191,800
	\$ 191,847	\$ 191,847

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.

GRAPE GROWERS OF ONTARIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JANUARY 31, 2012

5. SOFTWARE	2012	2011
Computer software cost	\$ 31,820	\$ 31,820
Accumulated amortization	(21,220)	(10,610)
	\$ 10,600	\$ 21,210

6. SALARIES AND BENEFITS	2012	2011
Total salaries and benefits	\$ 548,207	\$ 531,451
Recoveries:		
Project management	(124,784)	(43,486)
Ontario Grape and Wine Research Inc.	(7,800)	(7,800)
	\$ 415,623	\$ 480,165

7. PROFESSIONAL FEES	2012	2011
Audit	\$ 18,538	\$ 14,400
Legal	17,957	28,209
Government relations, federal and provincial	33,108	42,456
	\$ 69,603	\$ 85,065

GRAPE GROWERS OF ONTARIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JANUARY 31, 2012

8. CAPITAL MANAGEMENT

UNRESTRICTED FUND:

The Board's objective in managing the unrestricted fund capital is to maintain a sufficient level to provide for normal operating requirements.

INTERNALLY RESTRICTED FUNDS:

The Board's objective in managing the internally restricted funds are:

RESEARCH AND PROMOTION

Funds restricted for research and promotion are available to fund future research projects determined to benefit the grape industry.

OPERATIONAL RESERVE

The operational reserve is restricted to provide operational funds should there be a future short crop.

ONTARIO GRAPE AND WINE RESEARCH FUND

Funds restricted for the benefit of OGWRI are available to fund OGWRI future research projects.

9. FINANCIAL INSTRUMENTS

FAIR VALUE

The Board's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities and an amount due from a related party. The carrying values of these instruments approximates their fair value.

RISKS

Unless otherwise noted, it is management's opinion that the Board is not exposed to significant interest, currency or credit risk arising from these financial instruments.

10. COMPARATIVE FIGURES

Certain comparative figures have been restated to reflect financial statement presentation adopted in the current year.

11. CONTRIBUTIONS FOR RESEARCH AND OTHER ACTIVITIES

	DEFERRED (RECEIVABLE) CONTRIBUTIONS FEBRUARY 1, 2011	GOVERNMENT/ INDUSTRY CONTRIBUTIONS RECEIVED 2011/12	EXPENSES 2011/12	GRAPE GROWERS OF ONTARIO PORTION 2011/12	DEFERRED (RECEIVABLE) CONTRIBUTIONS JANUARY 31, 2012
RESEARCH AND OTHER PROJECTS:					
Vitis Certification Project	\$ (61,024)	\$ 61,024	\$ -	\$ -	\$ -
Harvesting Innovation for Growth and Sustainability	(30,068)	535,100	605,693	-	(100,661)
System and website enhancement	23,335	-	25,384	2,049	-
Control and location of bird control devices	2,220	-	8,655	-	(6,435)
Niagara Native Plant Cover	5,270	-	10,950	-	(5,680)
On-Farm Grape IPM Initiative	8,551	9,061	17,612	-	-
VQA Grape Information Systems Initiative		20,538			20,538
Grape and Wine Varietal Plan	(20,200)	20,200	-	-	-
Enhancing Pest Management in Ont. Viticulture Regions		33,727	49,877	12,408	(3,742)
OVIP - Vineyard Improvement Program (Admin)		70,000	87,101	-	(17,101)
OVIP - Vineyard Improvement Program (ISC)					
- Biodiversity Workshop	-	-	1,000	-	(1,000)
- Weather Innovations Network	-	-	25,000	-	(25,000)
- Grape Quality Improvement	-	-	3,690	-	(3,690)
- Varietal Plan II	-	-	24,900	12,450	(12,450)
	(71,916)	749,650	859,862	26,907	(155,221)
Non-Grant Funded Research				1,669	
Research Expense Funded by Grape Growers of Ontario				\$ 28,576	
PROMOTIONAL PROJECTS:					
Celebrity Luncheon	6,899	34,257	22,412	-	18,744
Non-Grant Funded Promotion				56,659	
Grape Growers of Ontario Promotion	13,063	47,633	191,790	\$ 98,726	(32,368)
	\$ (51,954)				\$ (168,845)
Comprised of:		-	-	-	
Contributions receivable	\$ (111,292)	-	-	-	\$ (208,127)
Deferred contributions	59,338	-	-	-	\$39,282
	\$ (51,954)				\$ (168,845)



2011 Grape King

ED HUGHES

Ed Hughes was crowned Grape King on September 14, 2011 in the vineyards at Malivoire Wine near Beamsville.



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