

66th



Grape Growers
of ONTARIO

Annual Report, year ending January 31, 2014



YEAR ENDING JANUARY 31, 2014

Our Vision

Ontario-grown grape products will be demanded at home and recognized internationally.

Our Mission

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

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.

OUR ORGANIZATION

A YEAR IN REVIEW

RESEARCH

FINANCIALS



Board of Directors



Staff



2013-2014 Board of Directors

CHAIR

Bill George

VICE CHAIR

Matthias Oppenlaender

CEO

Debbie Zimmerman

DIRECTORS

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

The grape growing industry lost a strong advocate for the industry and for District 5, the Lake Erie North Shore region, with the passing of Dr. Bill Jansenberger in June, after a courageous battle with cancer.

GROWERS' COMMITTEE

Bill George
 Matthias Oppenlaender
 Trevor Falk
 Don Forrer
 Doug Funk Jr.
 Bill Jansenberger
 Ron Koop
 David Lambert
 Debra Marshall
 Jim Morrison
 Art Moyer
 Steve Pohorly
 Brock Puddicombe
 Bill Schenck
 Martin Schuele
 Albrecht Seeger
 Kevin Watson
 Erwin Wiens
 George Wiley
 Tom Wiley
 Terry Yungblut

GROWERS' DELEGATES

Niagara Peninsula Fruit and Vegetable Growers' Association
 Ontario Fruit and Vegetable Growers' Association
 Ontario Federation of Agriculture
 Canadian Horticultural Council
 Niagara Grape and Wine Festival
 St Catharines and District Chamber of Commerce
 Niagara-on-the-Lake Chamber of Commerce
 Niagara Region Agricultural Policy and Action Committee
 Vintners' Quality Alliance
 F.A.R.M.S.
 Wine Grape Industry Advisory Committee

 Juice Grape Industry Advisory Committee

 Ontario Grape and Wine Research Inc.

Steve Pohorly
 Ray Duc
 Jim Morrison
 Bill George
 Bill Schenck
 Bill Schenck
 Matthias Oppenlaender
 Bill Schenck
 Kevin Watson
 Trevor Falk
 Bill George, Matthias Oppenlaender, Kevin Watson, Trevor Falk
 Bill George, Matthias Oppenlaender, Jim Morrison, Brock Puddicombe
 Matthias Oppenlaender, Kevin Watson

2013-2014 STAFF

Chief Executive Officer
 Administrative Assistant
 Grower Relations and Systems Strategist
 Market Analyst
 Project Manager

Debbie Zimmerman
 Gillian McWilliams
 Nick Hubbard
 Mary Jane Combe
 Nick Lemieux

Shared Staff

Treasurer
 Office Manager/Accounts Payable
 Receptionist/Administrative Assistant

Maureen Connell
 Sylvana Lagrotteria
 Morag Tait



Greetings from the **Honourable Kathleen Wynne**

On behalf of the Ontario Ministry of Agriculture and Food and the Government of Ontario, I am pleased to offer greetings to the Grape Growers of Ontario and extend my best wishes for a successful Annual General Meeting.

It was a great pleasure for me to attend the event you held in January to celebrate Ontario's record-breaking 2013 grape harvest. With a crop of nearly 80,000 tonnes valued at almost \$100 million you've clearly demonstrated that Ontario's grape and wine industry is growing and vibrant. Your skill and dedication as growers is making a vital contribution to your industry and to the Province and I want to congratulate you on the achievement.

In October last year I issued a challenge to the agri-food sector to double its growth and create thousands of new jobs by 2020. The grape and wine industry will be an important contributor to the achievement of that goal.

I believe in this sector, and in your ability to build on your success. That's why we're renewing the 2009 Wine and Grape Strategy with a five-year, \$75-million investment. This investment will build on the current Ontario Vineyard Improvement Program (OVIP) that's been so successful in partnering with growers to improve quality in the vineyards with over 300 projects completed to date.

By supporting Ontario grape growers, we are supporting made-in-Ontario jobs and strengthening our economy. This is part of our government's economic plan that is creating jobs for today and tomorrow. The comprehensive plan and its six priorities focus on Ontario's greatest strength - its people and strategic partnerships.

I congratulate you on your achievements, and wish you all the best for the future.

Sincerely,

A handwritten signature in cursive script that reads "Kathleen Wynne".

Premier, Kathleen Wynne
Minister of Agriculture and Food



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.

Those responsible for the establishment of the Ontario Grape Grower's Marketing Board over six decades ago identified a need, envisioned a dream and as a result of much effort and time, the grape and wine industry prospered and our province achieved its status as an internationally acclaimed wine region. Award winning wines can only be made from high quality grapes, and Ontario wines consistently win influential international awards, which is a testament to the commitment, ability and knowledge of Ontario Grape Growers.

Those of us who reside in this province, and particularly those of us who reside in areas where our grapes are grown and our wine is produced, are very much aware of the contribution that the grape and wine industry makes to the economic prosperity of our province, both directly and indirectly.

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.

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 Environment



Greetings from the **Honourable Gerry Ritz**

Congratulations to Grape Growers of Ontario for another successful year of growing top-quality grapes and Canada's overall economy. As the country's leading grape and wine producing province, Ontario's grape and wine industry has a lot to be proud of and a reputation that is well deserved.

With another record-breaking crop this year valued at nearly \$100 million, your industry creates thousands of jobs through the value chain, while providing consumers with world-class wines, juices and other grape products. Our Government is committed to driving jobs and growth across Canada, and we recognize the important role your industry plays in keeping our economy strong.

Working with you we continue to build a strong future for agriculture through Growing Forward 2, with proactive investments of \$3 billion over five years to help the industry strengthen innovation and marketing strategies. That includes joint investments with Ontario of \$417 million, an increase of \$25 million a year over the previous framework.

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The future of Canadian agriculture remains bright. Global demand is growing for our great Canadian food and beverages, and that includes demand for Ontario wines made with great Ontario grapes.

I wish you a prosperous 2014.

A handwritten signature in blue ink, appearing to read "Gerry Ritz".

Gerry Ritz, MP
Minister of Agriculture and Agri-Food Canada

2013 Grape King

Wes Wiens

Wes Wiens was named Grape King on September 18, 2013 at his family farm in Niagara-on-the-Lake. Wes was born and raised on the grape and tender fruit farm where he, along with his parents and 3 siblings worked, learning the value of a dollar as well as gaining the innovative work ethic that has carried his family through the highs and lows of farming.

Now married, his wife Briar and their 4 children continue to farm with Wes' family. Together with his brother Gary, his wife Lauren and their parents Abe and Agnes, they have transitioned to focus solely on vineyards. In addition to numerous experimental plots for varietal, clonal and rootstock comparison, the Wiens family vineyards consist of 19 varieties planted on 400 acres which they supply to 4 local wineries.

Whether providing grapes to the wineries they grow for, custom services such as planting, trellising and harvesting, or supplying the Canadian industry with grapevine nursery stock and expertise, the Wiens family has dedicated themselves to providing the highest quality in products and services, specifically catered to the Canadian Grape and Wine industry.



2013 Grape King Wes and Briar Wiens and their children Kaitlyn, Berlin, Rowan and Addisyn

Message from your Board Chair



Dear Members of the Grape Growers of Ontario,

2013 will be remembered as the time in grower history when the wine grape crop was one of the highest recorded at 77,828 tonnes, with a total crop including juice grapes of 80,548 tonnes. Additionally, the farm gate value of purchased crop was recorded at more than \$100 million. The 2013 growing season was comprised of above average rainfall, moderate summer temperatures and a warm fall which produced good fruit quality that continues to exceed all industry standards.

The second year of the two-year grape pricing agreement remained in place for the 2013 harvest with an extension of the plateau pricing framework and the following price increases: Red Hybrid 1%, White Hybrid 1%, White Vinifera 1% for 2013. Juice grape prices on classes 1, 2 and 3 received a 1.5% increase. Late harvest and Icewine remained at 2012 prices.

The three years of the Ontario Vineyard Improvement Program (OVIP) has provided a total of \$24.1 million of investment by both growers and the Ontario government to date. This dedicated vineyard improvement program is important infrastructure support which improves the sustainability and quality of the grape harvest, thereby ensuring wineries a consistent supply of product.

In December of this year, and working collaboratively with industry partners, Wine Council of Ontario and Winery and Grower Alliance of Ontario, Premier Wynne in her capacity as Minister of Agriculture and Food announced the renewal of the Wine and Grape Strategy. This 5-year, \$75 million program is tangible proof of the substantive economic impact the grape and wine industry provides to Ontario's economy. The renewed Grape and Wine Strategy and related program details are currently under discussion through a revived Grape and Wine Secretariat. The Honourable Jim Bradley will guide the process as Chair and report outcomes directly to the Premier's office. We thank and acknowledge the investment of the Ontario Government and thank our industry partners for co-operation in securing this program renewal.

Our work as your Board reaches beyond provincial boundaries and includes participation in policy development with both our Provincial and Federal Governments. Building from this work and ensuring our future success, the Board of Directors reviewed and updated the 2008 "Growing a Healthy Future" strategic plan. This refreshed plan is our commitment to continue to pursue the strategic priorities (key results areas). This work is the cornerstone of grower and industry prosperity as reflected in the activities outlined in the Year in Review.

As we close the books on the 2013 harvest, it is important to pause to remember those who are no longer with us but have contributed significantly to our industry. Board Director Dr. Bill Jansenberger, who was a strong advocate for the industry and a vocal representative of District 5, the Lake Erie North Shore region, passed in June of 2013. Wayne Roberts, a dedicated member of the Grape Growers of Ontario team and widely respected industry specialist in all pest management issues, died in July of 2013. Wayne left an indelible mark on our industry.

Finally, I want to offer my thanks to the Board of Directors, Committee Members and staff, for their support and hard work on behalf of all members of the Grape Growers of Ontario.

A handwritten signature in cursive script that reads "Bill George". The ink is dark and the signature is fluid and legible.

Bill George
Chair, Grape Growers of Ontario



Message from your CEO

2013 began with a fairly mild winter and higher than average rainfall produced a total wine and juice grape crop of 80,548 tonnes. This large harvest demanded cooperation and collaboration from both grower and processors to capitalize on processing the 2013 crop in a timely manner. Consumers of Ontario wine will have the opportunity to enjoy another superb vintage in the coming year.

Grape pricing negotiations in 2012 resulted in a two-year agreement that included price increases for red and white hybrids, and white vinifera varieties over two years of the agreement, and included the extension of Plateau Pricing. All other wine grape prices remained the same as 2012. Juice grape pricing increased by 1.5% for Class 1 (Concord), Class 2 (Niagara), and Class 3 (Elvira) grapes.

Moving more Ontario grapes into 100% grown Ontario wine continues to be our focus. The total federal excise duty exemption on wines containing 100% Ontario grown grapes has risen from 23.7 million litres in 2009 to 34.7 million litres in 2012. The GGO participated in numerous opportunities to present our views on growing the Ontario market place that included the following: Modernization of Alcohol and Gaming Commission of Ontario policies; Canadian Food Inspection Agency (CFIA) Food Labelling Modernization Initiative; Ontario's Minimum Wage initiative panel hearing. Putting Ontario wine first also resonated with the Ontario Government and the LCBO with a commitment to add more retail access for consumers. The LCBO launched two new store formats with LCBO express stores to be in large grocery stores, and LCBO VQA destination stores that will offer customers expanded selection of Ontario's VQA wines.

The renewal of the 2009 Wine and Grape Strategy on December 16, 2013 of \$75 million over 5 years includes developing an initiative for VQA wines to be sold at farmers' markets. Building on the strength of the Ontario Government's commitment to Ontario grown wine, growers continued to invest heavily in vineyard infrastructure through the Ontario Vineyard Improvement Program (OVIP). We thank the Ontario Ministry of Agriculture and Food for their continued support.

Interactive media continued to be the GGO's marketing focus with the formal launch of a robust mobile map – WineONtour.ca. Facebook and Twitter (@grapegrowersont) continue to attract committed followers. Our Celebrity Luncheon and special guest speaker Bryan Baeumler was again the highlight to the kickoff of the Grape and Wine Festival. The GGO's commitment to building alliances with its partners is reflected in the sponsorship of the International Cool Climate Chardonnay (i4c) event, Insight Summit, Cuvee Awards, Grape King float, and the LCBO Queen's Quay Media day.

Research, education and improved technology for real-time data collection is one of the key elements of the GGO's strategic direction. e-Grape, the next generation of the current Vitis and Setgo systems will provide growers with easier access to information through a single login system. Improved functionality is the cornerstone of this new system and will provide both growers and staff with real-time accurate data for efficient and improved traceability. This system will go live for the 2014 harvest.

Finally, the GGO's growth and success as an organization is the culmination of Board leadership, Grower Committee support and a focus on excellence from the dedicated team of GGO staff.

Thank you,

Debbie Zimmerman, CEO,
Grape Growers of Ontario

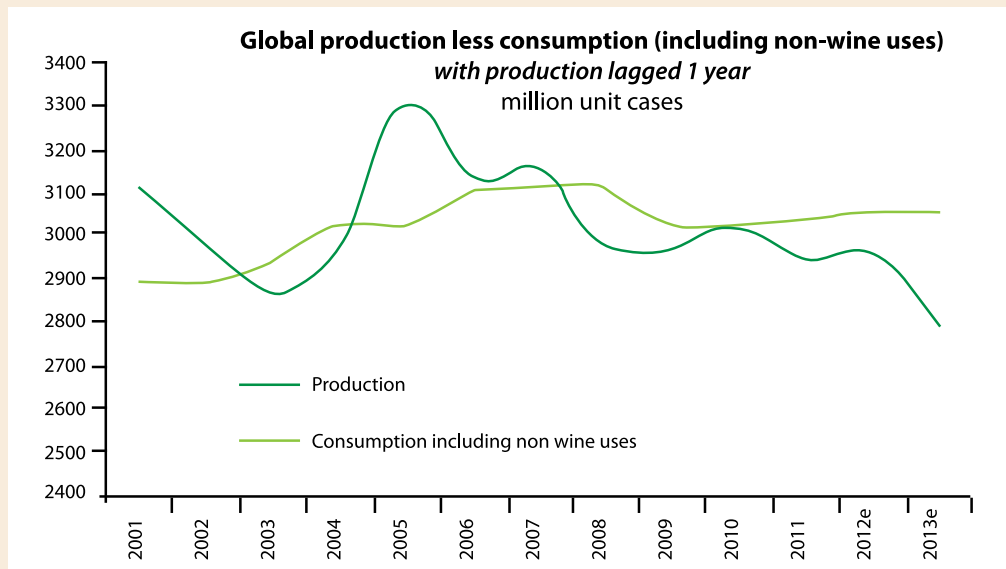
YEAR IN REVIEW

A record crop

The 2013 grape harvest is in and set a record in terms of value at 80,548 tonnes and \$100.8 million farm gate value. According to Chair Bill George at a harvest media event hosted at the Queens Quay LCBO in January 2014, “Ontario’s grape harvest set records this past autumn. It’s another superb harvest and it’s promising in terms of the quality of the grapes.”

Growing our market for wine made of 100% Ontario grown grapes continues to be a priority for the GGO and critical to the long term sustainability and growth of our industry. VQA wine sales in Ontario have reached 16 million litres and \$268 million in sales annually, up from 15 million litres the year before. Ontario’s VQA wines account for 9.5% of sales and non-VQA/ICB wine adds another 29.3%, giving a total of 38.8% of Ontario’s wine sales. Each year wineries are selling more 100% Ontario, non-VQA/ICB wine.

Looking to the future



Source: Orchard & Vine Magazine

World production and consumption found a balance in 2010, but since then consumption has been relatively flat while production has been declining mostly due to removal of European Union vineyards and recent world weather events. A study by Morgan Stanley Research suggests global wine production will continue to fall as it has every year since 2004.

We made maps a lot better...with wine

In addition to the many annual events sponsored by the GGO to raise the profile of Ontario’s grape and wine industry, GGO launched www.wineONTour.ca, an interactive mapping tool that includes all of Ontario’s grape wineries.



Celebrity Luncheon: Heidi and Curtis Fielding, 2012 Grape King and guest speaker, Bryan Baeumler

YEAR IN REVIEW

Innovate on purpose

The GGO supports innovation through research, new technology and continuous improvement of services provided to grape growers. Vineyard improvement and innovation was supported this year through delivery of the Ontario Vineyard Improvement Program, irrigation efficiency project funded through the Water Resource Adaptation Management Initiative, Leafroll and Redblotch survey funded through the Ontario Farm Innovation Program and several research projects. GGO is updating and integrating existing database systems with funding provided by the Traceability Foundations Initiative to provide a simple, user friendly system to streamline processes for growers, processors and GGO administration.

Engaging government

GGO championed the interests of grape growers in a number of government consultations in 2013 including: Modernization of Alcohol and Gaming Commission of Ontario policies, Canadian Food Inspection Agency (CFIA) Food Labelling Modernization Initiative, Ontario's Minimum Wage Consultation, Ontario's path to Jobs and Growth round table.

The GGO Board fosters our government relations through individual meetings with MPs and MPPs throughout the year.

GGO worked closely with the Premier's office in developing the \$75 million, 5-year Grape and Wine Strategy renewal announced in December, including an initiative for VQA wines to be sold at farmer's markets.

The GGO meets with MPs and government staff in Ottawa annually. This year issues have included National Icewine Standards, U.S. border issues for juice grapes, pesticide harmonization with the U.S., label clarity, potential impact of the CETA agreement, and the importance of policy that promotes real growth in domestic grape purchases. The GGO continues to work towards obtaining a long-term commitment from the federal government to maintain the Centre for Plant Health vine repository in Saanich, B.C. for national vine certification.



■ *Premier Wynne toasts the 2013 harvest with Vineland Estates Riesling Vidal Icewine, and is joined by Bill George, Chair GGO*



■ *Grower Water and Research Day*



Production

TABLE I presents the production and disposition of grapes from 2009 through 2013. Grapes purchased by licenced Ontario wineries for wine, icewine and late harvest wine equaled 80,548 tonnes. Overall production increased 14,534 tonnes which represents a 22.0% increase from 2012.

Processed by category	2009	2010	2011	2012	2013
Wine	91.1%	84.8%	83.3%	81.5%	81.6%
Icewine and Late Harvest Wine	2.3%	2.6%	5.3%	7.8%	7.6%
Jams and Juice	5.5%	4.5%	3.1%	2.0%	2.8%
Home Winemaking, Distilling & Sherry	1.1%	0.8%	1.6%	0.3%	0.6%
Plateau Pricing	0.0%	7.3%	6.6%	8.4%	7.4%
Total processed	100%	100%	100%	100%	100%
TOTAL TONNES	47,526	53,719	64,495	66,014	80,548

Processing Prices

Agreement was reached on April 25, 2012 on Classes 5 – 10f grape pricing for 2012 and 2013. This agreement provides for price increases and an extension of the plateau pricing framework for Chardonnay, Riesling, Cabernet Franc and Cabernet Sauvignon for the two years of the agreement. Late Harvest and Icewine juice prices were negotiated separately from Classes 5 – 10f, with a one-year agreement completed on July 17, 2013. Classes 1, 2 and 3 were set through negotiations on August 20, 2013.

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Icewine and Late Harvest Grapes

The minimum price to be paid for all grapes left on the vine to be used for Icewine is 125% of the price based upon normal harvest at the appropriate sugar level determined by samples taken at regular harvest time.

Late harvest hybrid and vinifera juice at 26° Brix	\$ 4.58 per litre
Hybrid icewine juice at 35° Brix	\$ 9.05 per litre
Vinifera icewine juice at 35° Brix	\$19.00 per litre

The minimum price established for each class of grapes sold for processing in 2013 is shown in TABLE II compared with the 2012 prices.



Harvest Event: Premier Wynne, Tracy MacCharles, Minister of Consumer Services and Bill George, Chair GGO

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

Class	Variety	2012	2013	Plateau Price
1	Concord, Fredonia, Patricia, President, Suffolk Red and Van Buren	\$ 473	\$ 480	
2	Niagara and Wiley White	\$ 449	\$ 456	
3	Delaware, Elvira, Himrod, Sovereign Coronation, Veeblanc and Veeport	\$ 543	\$ 551	
5	De Chaunac and Rosette	\$ 666	\$ 673	
5a	Leon Millot and Marechal Foch	\$ 788	\$ 796	
5b	Baco Noir, Castel, Chambourcin, Chancellor, GR7, Le Commandant and Villard Noir	\$ 851	\$ 860	
5c	Experimental red hybrid, Frontenac, Landot, Lucy Kuhlman and Red Amourensis	\$ 649	\$ 655	
6	New York Muscat and V64111	\$ 525	\$ 530	
7	Aurore, Cayuga White, J.S. 23-416 and S.V. 23-512	\$ 503	\$ 508	
7a	Seyval Blanc and Vidal 256	\$ 612	\$ 618	
7b	Geisenheim hybrids, GM 311, GM 318 and GM 322	\$ 530	\$ 535	
7c	Experimental white hybrid, Traminette, V65232 and White Amourensis	\$ 465	\$ 470	
9	J. Riesling	\$ 1,417	\$ 1,431	\$ 1,200
9a	Auxerrois, Kerner, Scheurebe and Welsch Riesling	\$ 1,234	\$ 1,246	
9b	Chardonnay Musque and Chardonnay	\$ 1,445	\$ 1,459	\$ 1,200
9c	Gewurztraminer	\$ 1,577	\$ 1,593	
9d	Pinot Gris	\$ 1,619	\$ 1,635	
9e	Sauvignon Blanc	\$ 1,594	\$ 1,610	
9f	Aligote, Alsace Muscat, Chenin Blanc, Experimental white vinifera, Melon de Bourgogne, Morio Muscat, Muscat Ottonel, Pinot Blanc, Riesling Traminer, Savignin, Semillon and Viognier	\$ 1,257	\$ 1,270	
10	Gamay and Zweigeltrebe	\$ 1,283	\$ 1,283	
10a	Pinot Noir	\$ 1,933	\$ 1,933	
10b	Cabernet Sauvignon	\$ 1,875	\$ 1,875	\$ 1,300
	Cabernet Franc	\$ 1,676	\$ 1,676	\$ 1,300
10d	Merlot	\$ 1,894	\$ 1,894	
	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

	2009	2010	2011	2012	2013
Gross Farm Gate Value (\$'000)	\$56,150	\$69,425	\$78,661	\$88,630	\$100,795,190



Grape Kings Past and Present with Celebrity Luncheon speaker Bryan Baessler

TABLE IV - Licence Fees

In the aggregate, licence fees for the 2013-2014 fiscal year represent approximately 1.5% of the total farm gate value of the crop. This remained constant from the 2012-2013 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	2012	2013
1	Concord, Fredonia, Patricia, President, Suffolk Red and Van Buren	\$10.00	\$7.00
2	Niagara and Wiley White	\$10.00	\$7.00
3	Delaware, Elvira, Himrod, Sovereign Coronation, Veeblanc and Veeport	\$10.00	\$7.00
5	De Chaunac and Rosette	\$15.70	\$15.15
5a	Leon Millot and Marechal Foch	\$16.95	\$16.25
5b	Baco Noir, Castel, Chambourcin, Chancellor, GR7, Le Commandant and Villard Noir	\$17.55	\$16.80
5c	Experimental red hybrid, Frontenac, Landot, Lucy Kuhlman and Red Amourensis	\$15.55	\$14.95

Class	Variety	2012	2013
6	New York Muscat and V64111	\$14.30	\$13.85
7	Aurore, Cayuga White, J.S. 23-416 and S.V. 23-512	\$14.10	\$13.65
7a	Seyval Blanc and Vidal 256	\$15.15	\$14.65
7b	Geisenheim hybrids, GM 311, GM 318 and GM 322	\$14.35	\$13.90
7c	Experimental white hybrid, Traminette, V65232 and White Amourensis	\$13.75	\$13.30
9	J. Riesling	\$23.20	\$21.95
9a	Auxerrois, Kerner, Scheurebe and Welsch Riesling	\$21.40	\$20.30
9b	Chardonnay Musque and Chardonnay	\$23.50	\$22.20
9c	Gewurztraminer	\$24.80	\$23.40
9d	Pinot Gris	\$25.25	\$23.80
9e	Sauvignon Blanc	\$25.00	\$23.55
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	\$21.60	\$20.50
10	Gamay and Zweigeltrebe	\$21.90	\$20.60
10a	Pinot Noir	\$28.40	\$26.45
10b	Cabernet Sauvignon	\$27.80	\$25.95
10c	Cabernet Franc	\$25.80	\$24.15
10d	Merlot	\$28.00	\$26.10
10e	Sirah, Shiraz and Syrah	\$30.70	\$28.55
10f	Blauberger, Dornfelder, Experimental red vinifera, Limberger, Malbec, Nebbiolo, Petite Sirah, Petit Verdot, Pinot Meunier, Sangiovese, St. Laurent, Tannat and Tempranillo	\$22.75	\$21.35
	Distilling	\$5.50	\$5.50
	Sherry	\$7.75	\$7.75

Note: 2013 Vertically Integrated Tonnage license fee rebate is \$2.00 per tonne



*Juice Grapes: Erroll McKibbin brix testing
Concord grapes for transport to National Grape*

Production of Processed Grapes by Variety

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

	2009	2010	2011	2012	2013
Classes 1-3					
Concord	1,966	1,746	1,524	1,094	1,692
Elvira	60	12	-	-	-
Niagara	1,209	1,066	935	478	1,017
Miscellaneous 1-3	14	6	8	3	11
SUB-TOTAL (Labrusca)	3,249	2,830	2,467	1,575	2,720
Classes 5-6					
Baco Noir	2,867	2,750	2,866	2,836	4,019
Chambourcin	421	488	630	681	979
De Chaunac	304	403	330	325	398
Marechal Foch	802	879	961	800	1,173
New York Muscat	38	19	33	28	20
Rosette	-	-	-	-	-
Villard Noir	64	69	61	50	76
Miscellaneous 5-6	201	251	282	313	434
SUB-TOTAL (Blue/Red French Hybrids)	4,697	4,859	5,163	5,033	7,099
Classes 7-7c					
S.V. 23-512	223	233	259	164	215
Seyval Blanc	874	650	771	553	728
Vidal 256	9,906	11,836	14,510	13,218	17,013
Geisenheim Hybrids	823	903	727	639	1,069
GM 322	133	42	453	465	435
Miscellaneous 7-7c	17	23	90	88	99
SUB-TOTAL (White French Hybrids)	11,976	13,687	16,810	15,127	19,559
SUB-TOTAL (Hybrids)	16,673	18,546	21,973	20,160	26,658
Classes 9-9f					
Auxerrois	155	126	176	194	256
Chardonnay and Chardonnay Musque	6,292	6,900	7,735	8,919	11,304
Gewurztraminer	919	902	1,586	1,802	1,781
J. Riesling	5,407	6,088	7,176	8,497	9,444
Pinot Blanc	137	119	144	135	157
Pinot Gris	919	1,275	1,714	1,895	2,325
Sauvignon Blanc	1,257	1,272	1,898	2,193	2,592
Miscellaneous 9-9f	437	349	602	574	693
SUB-TOTAL (White Vinifera)	15,523	17,031	21,031	24,209	28,552

	2009	2010	2011	2012	2013
Classes 10-10f					
Cabernet Franc	3,547	4,532	5,747	5,450	6,755
Cabernet Sauvignon	1,842	2,772	3,808	4,245	4,055
Gamay	1,232	1,244	1,549	1,599	1,920
Merlot	2,733	3,846	4,110	4,734	5,468
Pinot Noir	1,998	1,908	2,613	2,559	2,850
Shiraz, Sirah, Syrah	408	547	555	807	853
Zweigeltrebe	241	298	359	348	347
Miscellaneous 10-10f	149	193	283	328	370
SUB-TOTAL (Red Vinifera)	12,150	15,340	19,024	20,070	22,618
SUB-TOTAL (Vinifera)	27,673	32,371	40,055	44,279	51,170
TOTAL HYBRID & VINIFERA	44,346	50,917	62,028	64,439	77,828
GRAND TOTAL	47,595	53,747	64,495	66,014	80,548



***Award of Merit:** Bill George, Chair and Matthias Oppenlaender, Vice-Chair present the Award of Merit to the Grape Growers Action Committee members Linda Lockey, Margaret Byl, Cate Mee, Helga Froese, Molly Tancock, Jean Tancock, Lena Byl and Nellie Keeler*

Tabulation of Growers with Production

The number of growers with production registered with the Grape Growers of Ontario in 2013 decreased by 1.9% from 478 in 2012 to 469 in 2013.

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

		2009	2010	2011	2012	2013
District 1	Town of Niagara-on-the-Lake	154	163	170	173	172
District 2	City of St. Catharines	45	45	40	39	38
District 3	Town of Lincoln	141	157	149	154	151
District 4	Town of Grimsby, Township of West Lincoln and City of Hamilton	29	28	28	24	21
District 5	Southwestern Ontario	29	36	36	37	36
District 6	Northern and Eastern Ontario	38	52	50	51	51
TOTAL		436	481	473	478	469



The late Bill Jansenberger, Director representing District 5, and John Thwaites



Wassail in PEC: Richard Johnston, By Chadseys' Cairns; Heidi and Pat Del-Gatto, Del-Gatto Estates (King and Queen of Wassail 2013); Jennifer Dean and Grant Howes, County Cider (King and Queen of Wassail 2012)

Wine Sales in Ontario

Table VII shows the five-year history of wine sales in Ontario. Total wine sales in Ontario grew by 4.7% to 167 million litres in 2013. Ontario (VQA & NON-VQA/ICB) wine sales increased by 6.1% to 64.8 million litres. Imported wine sales increased by 3.9% to 101.8 million litres, while out-of-province wine sales in Ontario decreased by 7.5% to 0.43 million litres.

Table VII – Wine Sales in Ontario (by - '000s litres)

	2009	2010	2011	2012	2013	% Change 2012 to 2013
VQA Sales in Ontario**	12,142	13,856	14,222	15,090	15,917	5.5%
Non-VQA/ICB Sales in Ontario	45,365	44,518	45,288	46,017	48,887	6.2%
Ontario VQA & Non-VQA/ICB Wine Sold in Ontario*	57,507	58,374	59,510	61,107	64,804	6.1%
Imported Wine Sold in Ontario	89,408	92,209	95,501	97,978	101,820	3.9%
Out-of-Province Sales in Ontario	685	527	456	467	432	-7.5%
Total Wine Sold in Ontario	147,600	151,110	155,467	159,552	167,056	4.7%
VQA Sales Outside Ontario**	1,243	1,204	1,345	1,527	1,456	-4.6%

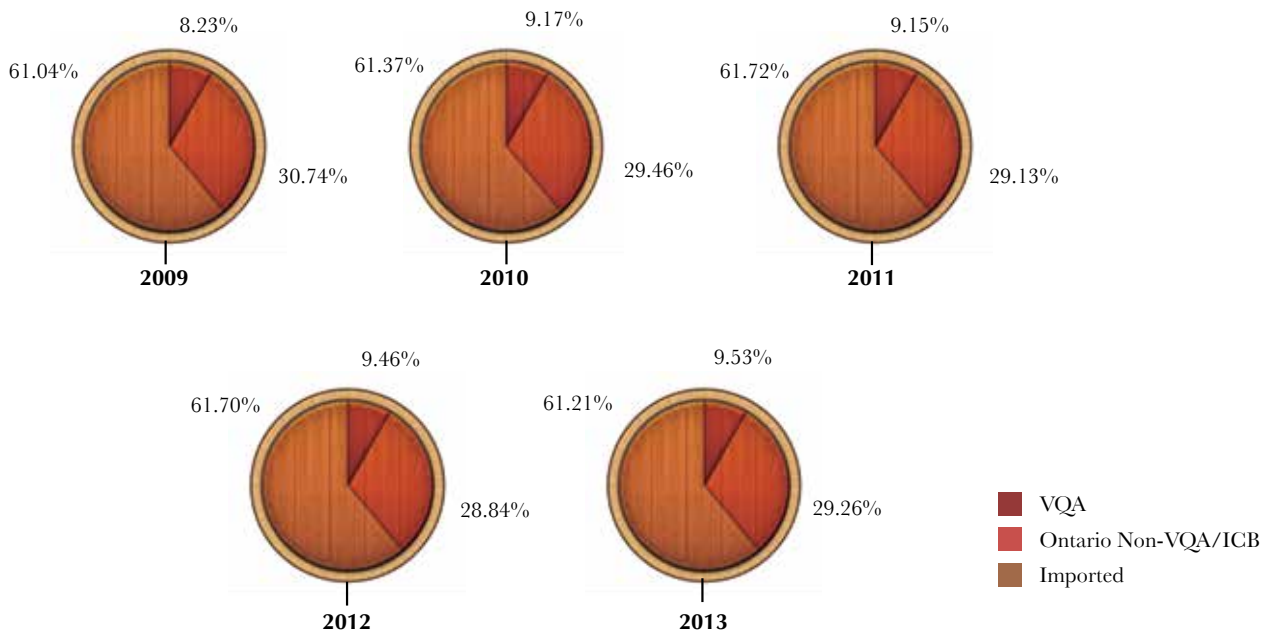
Ontario Wine Sold in Ontario for 2009-2012 has been revised by LCBO Fiscal Year April 1 to March 31 (statistical data provided by the LCBO)

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

*** VQA figures from VQAO Annual Report – March 31, 2013*

Table VIII below shows the five-year history of market share of Ontario VQA, Non-VQA/ICB and Imported wine sales in Ontario. Ontario's VQA wines account for 9.5% of wine sales in Ontario in 2013 and non-VQA/ICB wine sales add another 29.3% with a total of 38.8% market share of Ontario's wine sales compared to a market share of 61.2% for imported wine.

TABLE VIII - Market Share of Wine Sold in Ontario (by Volume)



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 increased by 9.5% from 22 million litres to 24 million litres. Concentrate decreased by 28.5% from 8,579 equivalent tonnes to 6,136 tonnes in 2013. Grape juice is down 15.0% from 1,084 equivalent tonnes to 922 equivalent tonnes. In total, blending material was up 0.5% from 39,107 equivalent tonnes in 2012 to 39,309 equivalent tonnes in 2013.

TABLE IX – Blending Materials Imported into Ontario

	2009	2010	2011	2012	2013
Wine (litres)	15,361,137	25,504,088	23,930,798	22,082,863	24,188,300
Concentrate (equivalent tonnes @165 litres per tonne)	1,728.12	4,512.16	3,615.52	8,579.41	6,136.21
Grape Juice (equivalent tonnes @750 litres per tonne)	1,648.43	1,975.81	982.43	1,084.13	921.88

Statistical data provided by LCBO

20 Importation of Wine

TABLE X presents the quantity of importation of wine categories from 2009-2013. The total imports of all wine categories in Canada remained steady from the previous year at 308 million litres. Still wine was the greatest contributor at 280 million litres.

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

	2009	2010	2011	2012	2013
Aperitif	851	808	795	825	825
Champagne	841	928	1,017	1,039	1,050
Miscellaneous wines	9,600	10,708	11,734	12,861	12,807
Port	1,958	1,921	1,857	1,764	1,764
Sherry	698	648	619	588	588
Sparkling wine (includes crackling table)	6,655	7,557	7,897	8,683	8,726
Still wine	249,849	260,023	269,021	280,295	280,369
Vermouth	2,471	2,352	2,295	2,234	2,234
TOTAL	272,923	284,945	295,235	308,289	308,363

Statistical data provided by Association of Canadian Distillers and Canadian Vintners Association.

Importation of Wine

TABLE XI shows the volume of still table wine by country of origin imported into Canada from 2009-2013 inclusive. In 2013 total importation of still table wine into Canada remained steady at 280 million litres. Imports from the United States had the greatest increase at 0.3%. Italy is the largest single importer into Canada followed by France and the United States.

Table XI - Importation of Still Table Wines by Country of Origin ('000 litres)

	2009	2010	2011	2012	2013
Australia	40,025	40,338	41,752	42,150	42,219
Eastern Europe	630	634	621	615	615
France	49,954	50,019	49,536	51,191	51,107
Germany	4,304	4,396	4,616	4,672	4,670
Italy	49,406	51,820	54,182	56,722	56,683
Portugal	4,972	5,078	5,416	5,881	5,883
South Africa	8,903	8,624	8,199	8,012	8,016
South America	43,307	44,917	44,133	41,812	41,857
Spain	12,438	13,264	14,090	15,694	15,650
United States	31,080	34,841	39,117	45,222	45,337
Other Countries	4,830	6,092	7,359	8,324	8,332
TOTAL	249,849	260,023	269,021	280,295	280,369

Statistical data provided by Association of Canadian Distillers and Canadian Vintners Association.



Legislative Wine Tasting: Debbie Zimmerman, CEO; Hon. Dave Levac, Speaker of the Legislative Assembly; Bill Schenck, Wes Wiens, Grape King; Bill George, Chair; Steve Pohorly and Matthias Oppenlaender



Red and White Wines of the Legislative Assembly: Mike Standen and Betty Colaneri from Colaneri Estate Winery with the Honourable Speaker Dave Levac

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, 2003-2013 inclusive. The number of accounts decreased slightly. Claims were the lowest in eleven years at 14 claims valued at \$217,000.

TABLE XII – Crop Insurance

Year	No. of Accounts	No. of Claims	Total Premiums* \$'000	Total Claims \$'000	Premiums less Claims \$'000
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
2012	281	60	5,538	952	4,586
2013	277	14	4,533	217	4,316

* Total grower and government premiums

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 2013/2014 year include:

Memberships	Amount
Agricultural Adaptation Council	\$ 150
British Columbia Grape Growers Association	150
Canadian Agricultural Hall of Fame	500
Canadian Horticultural Council	12,349
Grimsby and District Chamber of Commerce	238
Lincoln Chamber of Commerce	180
Ontario Agri-Food Education Inc.	500
Ontario Agricultural Commodity Council	1,000
Ontario Fruit & Vegetable Growers' Association	20,000
Ontario Federation of Agriculture	500
Ontario's South Coast Wineries	100
President's Council	267
St. Catharines - Thorold Chamber of Commerce	309
St. Catharines Club	715
TOTAL	\$ 36,958

Sponsorships	Amount
Brock University Riesling Sponsorship	\$ 5,000
Essex Pelee Island Coast Winegrowers Association	10,000
Grape & Wine Industry Summit	10,000
Grape King	2,500
Grape Stomp	400
Niagara Grape and Wine Festival - 2013 Niagara Wine Festival	20,000
Niagara Peninsula Fruit and Vegetable Growers' Association	880
Ontario Wine Awards	3,000
Outstanding Young Farmers' Program - 2013	350
Prince Edward County Winegrowers Association	8,000
Subaru of Hamilton - Niagara Running Series	1,500
Vineland Growers Co-operative - 100th Anniversary Birthday Bash	1,000
West Niagara Agricultural Society	100
Wine Country Ontario Travel Guide	4,150
TOTAL	\$ 66,880

TABLE XIII – Promotion Expenses

In 2013-14 the Grape Growers of Ontario continued with promotions to build the grape grower brand through social media, Facebook, Twitter and Pinterest. Grower members from Districts 5 (Southwest) and 6 (Eastern and Northern Ontario) were promoted through sponsorships to the Prince Edward County Winegrowers Association and Essex Pelee Island Coast Wine Association. The Grape Growers of Ontario continued with a series of activities such as the annual Harvest Media Event, Grape Stomp, and Legislative Wine Tasting. Congratulations to Colaneri Estate Winery whose wines were chosen as the official wines to be served at the Ontario Legislature for 2014. The GGO continues to be a proud sponsor of the Niagara Grape and Wine Festival.

	2010/2011	2011/2012	2012/13
Promotions, Sponsorship & Public Relations	\$ 70,051	\$ 121,198	\$ 173,265
Miscellaneous - Wines	9,020	9,926	6,438
SUB-TOTAL	\$ 79,071	\$ 131,124	\$179,703
Grape & Wine Festival and Grape King's Crowning	23,800	28,802	21,632
International Cool Climate Chardonnay Celebration	50,000	35,000	25,000
Grape Growers of Ontario promotion (OMIF)	101,642	25,100	-
TOTAL	\$254,513	\$220,026	\$226,335

Ontario Vineyard Improvement Program (OVIP)

OVIP: Producer Support Component

The Ontario Vineyard Improvement Program (OVIP) Producer Support Component (PSC) is an application-based, cost-share program funded by the Ontario Ministry of Agriculture and Food to assist eligible growers to transition to higher demand grape varieties and improve grape quality in line with the industry varietal plan.

Intake 2 of the OVIP-PSC program had considerable uptake from growers and provided support to investment in vineyard innovation. Of the applications received, 86% were from the Niagara Region, 6% from Essex County and 5% were from Prince Edward County. The remaining 3% of applications came from Chatham, Leeds & Grenville, Hamilton, Norfolk and Northumberland.

Growers are investing in a variety of improvements including:

- 25% for vineyard preparation including tile drainage systems/upgrades and land grading, and land preparation;
- 25% for improved viticulture practices (equipment);
- 22% for vine trellis systems;
- A total of 170 acres have been removed through Intake 2 of the program.

Total investments* by growers and the Ontario government through the OVIP program to date are:

Government Investment	Grower Investment	Total Investment
\$7,467,421	\$16,640,630	\$24,108,051

**Intakes 1, 2, and 3 only*

OVIP: Industry Support Component

The OVIP Industry Support Component is a fund provided by the Ontario Ministry of Agriculture and Food and administered by the GGO through a management committee, to assist the sector as a whole with access to additional technologies and capacities to help improve grape production in the vineyard. Projects for 2013-2014 include:

- Vine Certification
- Weather Information
- Winter Injury Bud Sampling
- Leaf Roll and Red Blotch Workshops
- Use of Geotextiles to Reduce Freeze Injury in Ontario Vineyards
- Brown Marmorated Stink Bug Research
- Freeze Tolerance in Grapevines Research
- Light Deterrent Bird Scaring Research
- Third Party Testing Dispute Resolution
- Soil Moisture Factsheet Development & Research Newsletter
- IPM Field Day
- Economic Impact Study
- Strategic Planning Update

Ontario Grape and Wine Research Inc. (OGWRI)

The objective of OGWRI is to enhance the profitability and sustainability of the Ontario grape and wine industry through directed and coordinated financing of research and development activities. Matthias Oppenlaender is Chair, and the Board of Directors has representatives from GGO, Wine Council of Ontario and Winery and Grower Alliance of Ontario. A technical committee establishes research priorities and reviews research project proposals. The following projects are funded by OGWRI, representing the three research pillars of viticulture, oenology and market research which have been completed or are in progress:

- 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 seven 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.

CROP PROTECTION REPORT



Our industry lost a valued and respected member of the team with Wayne Roberts' passing in July 2013. "Wayne's comprehensive knowledge of grape pest issues and related pesticide registration was incontestable. He was our 'go to' guy for emergency pest registrations as well as provided liaison with chemical manufacturers, OMAF and AAFC researchers on grape pesticide needs. He has left an indelible mark on this industry." Bill George, Chair

Wayne Roberts was retained by the GGO to represent the grape industry at the Minor Use Priority Setting Workshop each year in Ottawa and at the Fruit Technical Working Group which is responsible for the inclusion of products in Publication 360 "Guide to Fruit Production". Dr. Wendy McFadden-Smith, Tender Fruit and Grape IPM Specialist with Ontario Ministry of Agriculture and Food (OMAF), has agreed to provide assistance with pest management issues.

In 2013, the grape industry obtained registration on a number of pesticides through the efforts of Wayne Roberts, Jim Chaput OMAF, and the Pest Management Regulatory Agency (PMRA). Mancozeb fungicides are currently being reviewed by PMRA. Neonicotinoid insecticides (Admire, Assail, Clutch) are also under fire for their potential impact on bee mortality.

Both Brown Marmorated Stink Bug and Spotted Wing Drosophila have been reported throughout Ontario and neither pest has caused documented economic losses to grapes to date. OMAF and MRA continue to monitor for the presence of these pests and collaborative research projects continue to investigate the biology, economic impact and management of these invasive species.

The GGO initiated a preliminary survey through OMAF and AAFC to determine the incidence of Grape Leafroll and associated Virus (GLRaV) and Grapevine Red Blotch associated Virus (GRBaV) in vineyard blocks of red varieties. Drs. Marc Fuchs and Greg Loeb (Cornell University), Dr. Tom Lowery (AAFC, Summerland), Dr. Lorne Stobbs (AAFC, Vineland) and Dr. Wendy McFadden-Smith, (OMAF and MRA) will collaborate to continue to investigate prevalence in other regions of Ontario; cost-effective detection; impacts of the diseases on yield, fruit quality and vine cold hardiness; and possible cultural measures to reduce the impacts.

2013 Weather Report

2013 returned to characteristic growing degree day accumulation, following three consecutive above-average years, and comprised above-normal rainfall. This growing season was noteworthy for its suitably warm but not extreme summer temperatures and seasonably warm fall.

Vines entered bud break in good shape following a characteristic winter. Closer-to-normal March and April temperatures, as compared to the previous year, resulted in a much more normal launch to the growing season. Although day-time highs were slightly higher than normal for these months, overnight lows averaged below normal.

Temperatures between May and July remained near-normal, with only one extremely hot and humid week between July 15th and 19th, where daily maximum temperatures exceeded 30°C. A few cool weeks followed, before August, September and October transitioned into above-normal daytime temperatures but cool nights: appropriate conditions for ripening grapes. The lack of daytime highs exceeding 30°C and the recurring near-normal temperatures throughout a majority of the growing season led to a steady and near-normal progression of growing degree day accumulation.

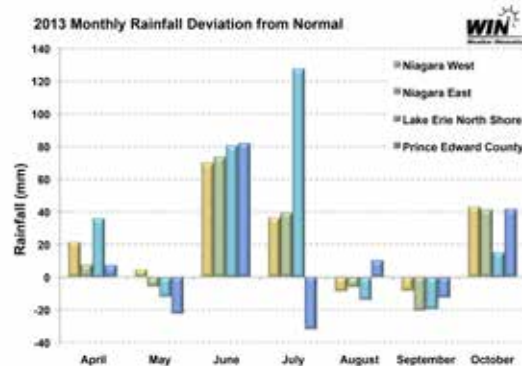
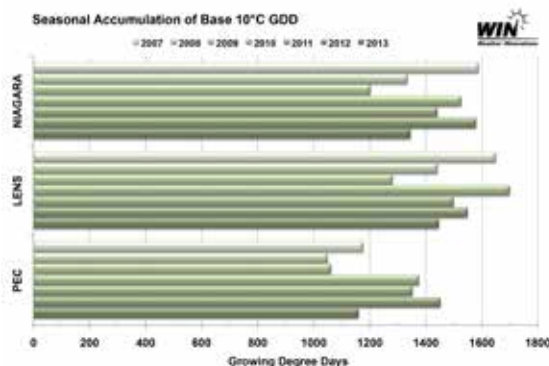
In terms of rainfall, the 2013 growing season commenced with above-normal April totals, particularly in the Lake Erie North Shore appellation. The month of May brought minimal rainfall until the end of the month. June brought similarly excessive rainfall to each appellation (approximately 200% of normal), but July brought significant differences between the appellations. Niagara experienced 144% of normal July rainfall, while Lake Erie North Shore experienced a staggering 268% of the normal amount. In contrast, Prince Edward County experienced only 51% of normal July rainfall. The high June and July rainfall totals led to excess vigour but also contributed to higher yields.

Below-normal rainfall in August was a welcome change for Niagara and Lake Erie North Shore. Infrequent rainfall followed in September; in fact, more than half of the monthly total occurred on September 20-21 alone. The month of October returned to above-normal rainfall. Consequently, the October harvest period was more challenging as compared to the favourable September harvest conditions.

2013 wrapped up with temperatures much colder than normal, a noticeable change following two consecutive years of above-normal, year-end temperatures. The accumulation of Nov-Dec 2013 ice wine hours averaged a sizable 117 hours across Niagara, 123 hours across the Lake Erie North Shore appellation and 139 hours across the Prince Edward County appellation.

This growing season produced high yields which will certainly lead to an abundance of admirable wines and ice wines from the many practiced viticulturalists and winemakers accustomed to its characteristic temperatures.

For more detailed weather data, management tools and weather reports throughout the year, visit vineinnovations.com – sponsored by the Grape Growers of Ontario.

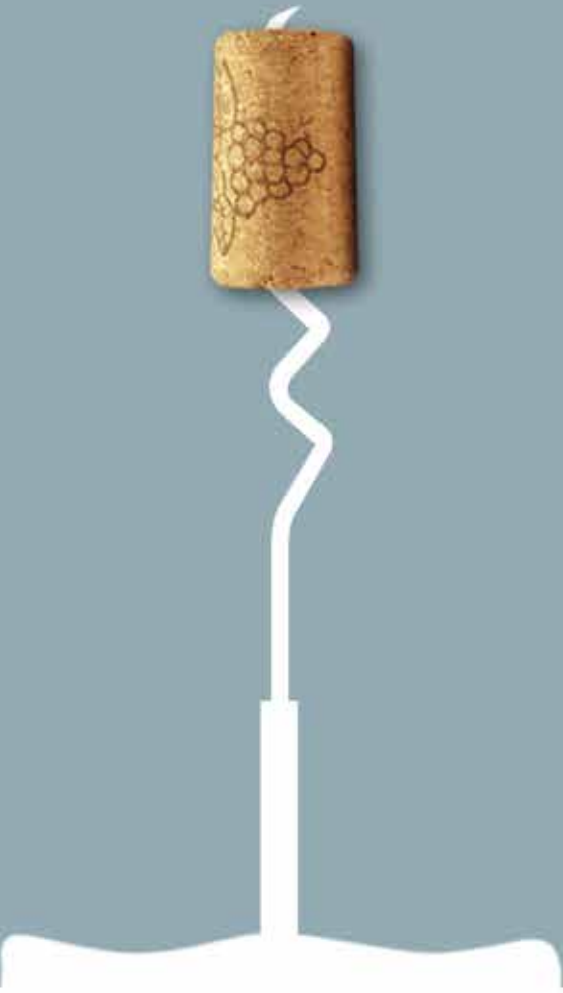


Auditor's Report

FINANCIAL STATEMENTS

GRAPE GROWERS OF ONTARIO

JANUARY 31, 2014



Independent Auditor's Report

To the Members of
Grape Growers of Ontario

We have audited the accompanying financial statements of the Grape Growers of Ontario, which comprise the statement of financial position as at January 31, 2014, and the statements of restricted net assets, operations and unrestricted net assets, and cash flows for the year ended January 31, 2014 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 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.

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 about 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 organization'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 organization'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.

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, 2014, and the results of its operations and its cash flows year ended January 31, 2014 in accordance with Canadian accounting standards for not-for-profit organizations.



St. Catharines, Ontario
February 27, 2014

Chartered Professional Accountants
Licensed Public Accountants

GRAPE GROWERS OF ONTARIO
STATEMENT OF FINANCIAL POSITION

January 31	2014	2013
Assets		
Current		
Cash	\$ 766,746	\$ 743,697
Guaranteed investment certificates (Note 3)	3,543,166	3,315,953
Accounts receivable	115,279	92,832
Contributions receivable (Note 10)	325,945	231,070
Prepaid expenses	32,208	12,008
	4,783,344	4,395,560
Long-term		
Due from related parties (Note 4)	184,892	174,494
Investments (Note 5)	191,867	191,867
	376,759	366,361
	\$ 5,160,103	\$ 4,761,921
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 6)	\$ 372,947	\$ 560,837
Government remittances payable	206,714	204,374
Deferred contributions (Note 10)	41,060	82,639
	620,721	847,850
Net assets		
Unrestricted		
Invested in other entities	191,867	191,867
Available for operations	823,684	1,010,967
	1,015,551	1,202,834
Restricted		
Research and Promotion Fund	664,657	664,657
Operational reserve	2,000,000	1,348,225
Ontario Grape and Wine Research Fund		
Growers contributions	477,340	428,518
Processors contributions	381,834	269,837
	859,174	698,355
	3,523,831	2,711,237
	\$ 5,160,103	\$ 4,761,921

Approved on behalf of the Board



Director



Director

See Accompanying Notes to the Financial Statements

GRAPE GROWERS OF ONTARIO
STATEMENT OF RESTRICTED NET ASSETS

Year ended January 31	2014	2013
Research and Promotion Fund		
Revenues	\$ -	\$ -
Expenses		
Grape Growers of Ontario promotion	-	(25,100)
Deficiency of revenues over expenses	-	(25,100)
Fund Balance - Beginning of year	664,657	689,757
Fund Balance - End of year	<u>664,657</u>	<u>664,657</u>
Operational Reserve		
Fund balance - beginning of year	\$ 1,348,225	\$ 1,000,000
Transfer from unrestricted net assets	651,775	348,225
Fund balance - end of year	<u>\$ 2,000,000</u>	<u>\$ 1,348,225</u>
Ontario Grape and Wine Research Fund		
Growers Contributions		
Revenues		
Growers fees	\$ 158,998	\$ 131,918
Expenses		
Contributions to OGWRI	(110,176)	(46,100)
Excess of revenues over expenses for the year	48,822	85,818
Fund Balance - Beginning of year	428,518	342,700
Fund Balance - End of year	<u>\$ 477,340</u>	<u>\$ 428,518</u>
Processor Contributions		
Revenues		
Processor fees	165,777	\$ 138,505
Expenses		
Contributions to OGWRI	(53,780)	-
Excess of revenues over expenses	111,997	138,505
Fund balance - beginning of year	269,837	131,332
Fund balance - end of year	<u>\$ 381,834</u>	<u>\$ 269,837</u>

GRAPE GROWERS OF ONTARIO

STATEMENT OF OPERATIONS AND UNRESTRICTED NET ASSETS

Year ended January 31	2014	2013
Revenues		
Licence fees	\$ 1,787,946	\$ 1,579,491
Vertically integrated rebate	(38,747)	(31,221)
Appropriation for research and development	(324,775)	(270,424)
	1,424,424	1,277,846
Government and industry funding for research and other projects	1,538,926	842,058
Interest and other income	76,910	66,215
	3,040,260	2,186,119
Expenses		
Directors' fees, honoraria and benefits	72,650	68,615
Salaries and benefits (Note 7)	446,230	400,377
Travel	42,590	47,648
Meetings and conventions	15,000	24,295
Office supplies and expenses	47,758	58,218
Postage	6,058	11,238
Telephone	19,878	19,504
Dues and subscriptions	22,552	21,510
Professional fees (Note 8)	101,222	78,356
Utilities and maintenance	26,025	24,255
Building insurance and property taxes	14,046	14,854
Amortization	12,161	22,000
Festival	21,632	28,802
Assessment O.F. & V.G.A.	20,000	20,000
Research and other projects (Note 10)		
Grape Growers funded portion	38,914	56,072
Government and industry funded portion	1,505,118	804,085
Promotional projects (Note 10)		
Grape Growers funded portion	145,895	93,151
Government and industry funded portion	33,808	37,973
Professional development	141	15,311
Maintenance agreements	10,550	16,325
Labour issues co-ordinating committee	5,000	5,000
(Gain) Loss on foreign exchange	(387)	994
Bad debts	-	474
Expense recoveries from other associations	(31,073)	(31,163)
	2,575,768	1,837,894
Excess of revenues over expenses	464,492	348,225
Unrestricted net assets - beginning of year	1,202,834	1,202,834
Transfer to operational reserve	(651,775)	(348,225)
Unrestricted net assets - end of year	\$ 1,015,551	\$ 1,202,834

See Accompanying Notes to the Financial Statements

GRAPE GROWERS OF ONTARIO

STATEMENT OF CASH FLOWS

Year ended January 31	2014	2013
Increase in cash		
Operating		
Excess of revenues over expenses for the year	\$ 464,492	\$ 348,225
Research and Promotion Fund	-	(25,100)
Ontario Grape and Wine Research Fund	160,819	224,323
Adjustments for non-cash items		
Amortization	-	10,600
	625,311	558,048
Changes in non-cash working capital	(22,447)	29,027
Accounts receivable	(136,454)	20,414
Contributions receivable	(20,200)	(2,997)
Prepaid expenses	(187,890)	236,759
Accounts payable and accrued liabilities	2,340	12,039
Government remittances payable	(10,398)	(44,076)
Due to Grape and Tender Fruit (Ontario) Limited	250,262	809,214
Investing	(227,213)	(498,667)
Increase in guaranteed investment certificates	23,049	310,547
Increase in Cash	743,697	433,150
Beginning of year	\$ 766,746	\$ 743,697
End of year	766,746	743,697

See Accompanying Notes to the Financial Statements

GRAPE GROWERS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

January 31, 2014

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 financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CICA Handbook and include the following significant accounting policies:

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 processors and contributed to the 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 restricted by the Board as an operational reserve.

Financial Instruments

Measurement

The Board initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

Financial assets or liabilities obtained in related party transactions with a person or entity whose sole relationship with the Board is in the capacity of management are accounted for in accordance with financial instruments.

The Board subsequently measures all of its financial assets and financial liabilities at amortized cost.

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

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in excess of revenues over expenses for the year.

GRAPE GROWERS OF ONTARIO

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Investments

Investments in subsidiaries are accounted for using the cost method.

The cost method is a basis of accounting for investments whereby the investment is initially recorded at cost; earnings from such investments are recognized only to the extent received or receivable.

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.

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.

34 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. Guaranteed investment certificates

The Board has guaranteed investment certificates that mature between 2014 and 2015 and earn interest between 1.50% and 2.50% (2013 – 1.55% and 2.30%)

4. Related Party Transactions

The Grape Growers of Ontario exercise significant influence over Ontario Grape and Wine Research Inc. (OGWRI), an entity incorporated to perform research and development activities related to the grape and wine industries. Transactions with OGWRI, include recovery of salaries (disclosed in Note 7) and contributions to research projects (disclosed in the statement of changes in internally restricted net assets). Additionally, OGWRI contributed \$60,000 (2013 - \$60,000) towards the DIAP – Harvesting Innovation for Growth and Sustainability. These transactions are measured at the exchange amount.

The Grape Growers of Ontario is related to Grape & Tender Fruit (Ontario) Limited (GTFOL), a jointly controlled enterprise who operates the Marketing Boards' shared offices and who owns the shared land and building.

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The Grape Growers of Ontario proportionate share of GTFOL is as follows:

	2014	2013
Assets	\$ 355,755	\$ 368,040
Liabilities	\$ 163,908	\$ 176,193
Net Assets	\$ 191,847	\$ 191,847

Expenses include a \$156,233 (2013 – \$147,538) charge for the Board's share (50% (2013 – 50%)) of management operation costs incurred during the year by GTFOL. These amounts are recognized in the form of allocated rent payments at the exchange amount by the Board, and represent the Board's share of the revenue and expenses of the joint venture.

Amounts due from related parties:

	2014	2013
GTFOL	\$ 137,997	\$ 162,064
OGWRI	46,895	12,430
	<u>\$ 184,892</u>	<u>\$ 174,494</u>

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5. Investments

	2014	2013
Grape & Tender Fruit (Ontario) Limited		
94 common shares (47% interest)	\$ 47	\$ 47
1,918 special shares (40% interest)	191,800	191,800
Ontario Grape and Wine Research Inc.		
20 common shares (50% interest)	20	20
	<u>\$ 191,867</u>	<u>\$ 191,867</u>

6. Accounts payable and accrued liabilities

	2014	2013
Accounts payable and accrued liabilities	\$ 118,996	\$ 444,354
Grading fees payable	253,951	116,483
	<u>\$ 372,947</u>	<u>\$ 560,837</u>

GRAPE GROWERS OF ONTARIO

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January 31, 2014

7. Salaries and benefits

	2014	2013
Total salaries and benefits	\$ 604,325	\$ 605,078
Recoveries:		
Project management	(147,695)	(191,701)
Ontario Grape and Wine Research Inc.	(10,400)	(13,000)
	<u>\$ 446,230</u>	<u>\$ 400,377</u>

8. Professional fees

	2014	2013
Audit	\$ 15,325	\$ 14,688
Legal	8,173	10,488
Industry Consulting	77,724	53,180
	<u>\$ 101,222</u>	<u>\$ 78,356</u>

36 9. Financial Instruments

The Board is exposed to various risks through its financial instruments. The following analysis provides a measure of the Board's risk exposures and concentrations at January 31, 2014:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Board's main credit risks relate to its accounts receivable. The Board provides credit to its growers in the normal course of its operations.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Board is exposed to interest rate risk with respect to guaranteed investment certificates.

Changes in risk

During the year, the Board's exposure to interest rate risk increased as a result of the increase in guaranteed investment certificates.

GRAPE GROWERS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

10. Contributions for research and other activities

	(Deferred) Receivable Contributions February 1, 2013	Government/ Industry Contributions Received 2013/14	Total Expenses 2013/14	Grape Growers of Ontario Portion 2013/14	(Deferred) Receivable Contributions January 31, 2014
Research and Other Projects:					
Pesticide Initiatives	\$ (19,692)	\$ -	-	\$ -	\$ (19,692)
Traceability foundations initiative	29,138	191,536	419,363	96,804	160,161
OVIP- Vineyard Improvement Program (Admin)	6,470	70,000	74,586	-	11,056
OVIP – Vineyard Improvement Program (ISC)	(45,853)	350,000	398,446	-	2,593
Canadian Agricultural Adaptation Program	19,503	-	59,452	-	78,955
WRAMI – Evaluating Irrigation Water Use Efficiency	-	23,528	65,172	-	41,644
Grape Leafroll and Red Blotch Virus Survey	-	11,526	24,375	-	12,849
Harvesting Innovation for Growth and Sustainability	175,959	717,800	502,638	(57,890)	18,687
	<u>165,525</u>	<u>1,364,390</u>	<u>1,544,032</u>	<u>38,914</u>	<u>306,253</u>
Promotional Projects:					
Celebrity Luncheon	(17,094)	38,082	33,808	-	(21,368)
Non-Grant Funded Promotion				145,895	
				<u>145,895</u>	
	<u>\$ 148,431</u>				<u>\$ 284,885</u>
Comprised of:					
Contributions receivable	\$ 231,070				\$ 325,945
Deferred contributions	(82,639)				(41,060)
	<u>\$ 148,431</u>				<u>\$ 284,885</u>

2013 Grape King

Wes Wiens



Wes Wiens was crowned Grape King on September 18, 2013 in his family's Niagara-on-the-Lake vineyards.



Grape Growers
of ONTARIO

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