



Grape Growers *of* ONTARIO

69th ANNUAL REPORT

Year Ending January 31, 2017



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.

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.

INNOVATION

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

QUALITY

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

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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Grape Growers
of ONTARIO

Year Ending January 31, 2017



2016-2017 BOARD OF DIRECTORS

Chair Matthias Oppenlaender ♦ **Vice Chair** Bill Schenck ♦ **CEO** Debbie Zimmerman
Directors Doug Funk Jr. ♦ Debra Marshall ♦ Jim Morrison ♦ Steve Pohorly ♦ Brock Puddicombe
 Kevin Watson ♦ Erwin Wiens ♦ Scott Wilkins

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
 Greater Niagara 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
 Bill George
 Jim Morrison
 Matthias Oppenlaender
 Bill Schenck
 Bill Schenck
 Erwin Wiens
 Bill Schenck
 Kevin Watson
 Kevin Watson
 Matthias Oppenlaender
 Bill Schenck
 Kevin Watson
 Steve Pohorly
 Matthias Oppenlaender
 Bill Schenck
 Jim Morrison
 Brock Puddicombe
 Matthias Oppenlaender
 Steve Pohorly



2016-2017 STAFF

Chief Executive Officer Debbie Zimmerman ♦ **Executive Assistant** Gillian Williams
Market Analyst Mary Jane Combe ♦ **Project Manager** Nick Lemieux
Grower Relations Eleanor Hawthorn

SHARED STAFF

Treasurer Maureen Connell ♦ **Office Manager/Accounts Payable** Sylvana Lagrotteria
Administrative Assistant ♦ Kelle Neufeld

2016-2017 GROWERS' COMMITTEE

Matthias Oppenlaender ♦ Bill Schenck ♦ Don Forrer ♦ Doug Funk Jr. ♦ Ed Hughes
Gerald Klose ♦ Ron Koop ♦ David Lambert ♦ Debra Marshall ♦ Jim Morrison ♦ Steve Pohorly
Brock Puddicombe ♦ Bill Schenck ♦ Martin Schuele ♦ Albrecht Seeger ♦ Chris Van de Laar
Kevin Watson ♦ Erwin Wiens ♦ Philip Wiley ♦ Scott Wilkins ♦ James Zabek

The grape growing community lost a strong advocate for the industry and for District 1 with the passing of Dave Lambert in April, 2016 after a courageous battle with cancer.





GREETINGS FROM THE HONOURABLE

JEFF LEAL

On behalf of the Government of Ontario and Ministry of Agriculture, Food and Rural Affairs, I am pleased to contribute to the Grape Growers of Ontario's Annual Report.

The Grape Growers of Ontario provides valuable support to the 500 grape growers it represents. I appreciate your commitment to a grape and wine industry that is prosperous and successful. I share your desire to support growers in their efforts to produce the highest quality grapes while also successfully navigating any challenges that arise.

I understand that 2016 presented difficulties due to the unusually dry conditions. While I know yields were a challenge, I appreciate that producers, under the leadership of the Grape Growers of Ontario, were able to produce high-quality grapes for use in Ontario's world-class wines.

Through the Wine and Grape Strategy, your sector received \$15 million in 2016 to support its growth. This strategy is supporting Ontario farmers to attract tourism and new businesses, create more jobs and build a stronger economy.

My ministry enjoys a positive working relationship with the Grape Growers of Ontario. I appreciate your work with other members of the Wine and Grape Government-Industry Steering Committee on the two-year review and input into the remaining three years of the Wine and Grape Strategy.

I have great confidence in the grape sector's future, and I extend my very best wishes for success in 2017.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Leal', written in a cursive style.

Honourable Jeff Leal
Minister of Agriculture, Food and Rural Affairs



GREETINGS FROM THE HONOURABLE

JIM BRADLEY

As the Member of the Legislative Assembly of Ontario for St. Catharines, it is my pleasure to again welcome everyone to the Annual General Meeting of the Grape Growers of Ontario. 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.

Those who established the Ontario Grape Growers Marketing Board over six decades ago are responsible for the impressive progress that has been experienced in this area and have contributed to the status of Ontario as an internationally acclaimed wine region. By producing high quality grapes, you have ensured that vintners have been able to produce excellent wines which consistently win prestigious international awards. This is a testament to the commitment, capability and knowledge of Ontario grape growers.

Although our growers have had to confront many challenges over the years, the success that has been achieved in the grape and wine industry in Ontario is evidenced by the fact that the industry has grown and prospered, and for this, we are grateful to the Grape Growers of Ontario and your many dedicated members.

With very best wishes for continued success in 2017, 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



GREETINGS FROM THE HONOURABLE

LAWRENCE MACAULAY

On behalf of the Government of Canada, I would like to extend my greetings to the Grape Growers of Ontario. This year, Canada celebrates our 150th anniversary of Confederation, and Ontario's grape industry plays an important part in that celebration.

Ontario grapes produce great-tasting wines that are the toast of wine lovers around the world. In addition to wines, the sector delivers delicious juices and other grape products to consumers. Combined, Ontario's grape and wine industry generates over \$95 million at the farm gate and over \$800 million in retail sales in the province, while creating over 14,000 jobs. Your industry's high standards for quality and taste have helped Canadian wine exports double over the past five years.

I was pleased to attend an event with World Wine Trade Group in Ottawa recently. The Government of Canada supports their work to expand global trade in wines, including our award-winning Canadian wines. Along with trade, the federal Government is supporting your industry through targeted investments in grape and wine research. To help all producers and processors compete and prosper in the global marketplace, I am working with the provinces, territories and industry to shape a new framework for agriculture to replace Growing Forward 2 in 2018. This flagship initiative will help define and drive the future of agriculture in Canada through programs and initiatives to keep the sector innovating, growing the economy and creating jobs.

I thank the Grape Growers of Ontario for your continued hard work and dedication spanning more than seven decades. Congratulations to Bill George for his years of dedicated leadership. I will continue to partner with Ontario's grape and wine industry to keep Canada's agriculture industry vibrant, profitable and growing.

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

Lawrence MacAulay, PC, MP
Minister of Agriculture and Agri-Food



2016 GRAPE KING

JAMIE QUAI

The Quai family is now in its third generation of grape growing in Elgin County, nestled on the eastern edge of the Lake Erie North Shore appellation, bordering the emerging South Coast wine region. Even though outside the traditional grape growing area, the Quai family have been tending to their vineyards since 1972, planting an assortment of vitis vinifera and hybrid grapes including Riesling, Chardonnay, Merlot and Baco Noir, among others.

In 1990 Jamie's parents Roberto and Lisa Quai opened Quai Du Vin Estate Winery. What started as one of the earliest winery licences issued in the modern Ontario wine industry, has evolved into an operation that sells 2,500 cases per year, sold exclusively via cellar door. Over the last decade Jamie has worked in almost every facet of Quai Du Vin. His current titles include Co-Proprietor, Vigneron, and Winemaker.

Jamie attended Brock University studying oenology and viticulture at the Cool Climate Oenology and Viticulture Institute. During his time as a student Jamie worked three commercial harvests in the Niagara Peninsula. His experience includes time in both craft wineries and larger scale operations. Jamie remained actively involved in CCOVI as the Instructor for OEVI 3P21: Wine Processing and Equipment from 2007-2016.

Jamie is happily married to Kim, an elementary school teacher with the London Waldorf School, and together they are raising their two sons: Gavin, age 4, and Nicklaas, born January 2016.




GRAPE KING
2016



MESSAGE FROM YOUR BOARD CHAIR

MATTHIAS OPPENLAENDER

2016 will be remembered as the year with both change and challenges. The leadership baton passed from Bill George to myself following the GGO's Annual General meeting. Bill's nine years as Board Chair will be remembered as a time of renewal for our industry, and his diplomacy coupled with his belief that partnerships build an industry will remain his legacy. In accepting the role as Chair my focus has been to continue to build on the strength of this foundation, and to grow Ontario's grape and wine industry for the benefit of all of our members.

The 2016 harvest, despite the summer drought conditions and concerns of potential vineyard damage from the previous two harsh winters, was recorded as our second highest farm gate value at \$95.3 million and a welcome yield of 70,851 tonnes. The extremely dry growing season and warm summer temperatures that carried into the fall season made for great quality grapes and we are looking forward to a stellar vintage.

Your Board successfully negotiated a one-year pricing agreement that was reached with most varieties receiving an overall 2% price increase per tonne including juice grapes (classes 1, 2 and 3). There were also price increases for plateau red and white varieties and new classes have been established for Frontenac and Marquette, Muscat Ottonel and Viognier varieties. In addition, sugar schedules for white and red hybrids have been discontinued for the term of this agreement.

Ontario Grape and Wine Research Inc., supported by the GGO, WCO and WGAO, continues to provide industry-led research on issues affecting Ontario vineyards. OGWR, as part of the renewed Wine and Grape Strategy, is delivering the industry research portion of the Marketing and Vineyard Improvement Program (MVIP) funding.

Through MVIP, the Ontario government has also provided \$4 million of funding over two years to help growers invest in their vineyards to produce quality grapes. Your Board has worked hard to provide a continuation of the MVIP program for the final three years of the Wine and Grape Strategy. We have appreciated the support of our MPP's, Premier and Minister of Agriculture for their investment in our industry.

The GGO is working with grape growing regions in BC, Nova Scotia and Quebec, as well as the Canadian Food Inspection Agency, and has developed the Canadian Grapevine Certification Network. This domestic vine certification program will assist in addressing Red Blotch and Leafroll issues in vineyards and create an opportunity for Canada to develop a consistent supply of disease-free vines for the industry.

Finally, on behalf of all our members we recognize the passing of some of our growers in 2016 including Dave Lambert who was first elected to the Growers' Committee in 2009 and re-elected each year including 2016, Bill Vaughn Sr. who was selected Grape King in 1971, and Dr. Joseph Peller, former President and CEO of Andrés Wines.

On behalf of our Board of Directors, I extend thanks to my Vice Chair Bill Schenck as his support over the past year has been invaluable. And to our partners and government members for their support and cooperation. As we close out 2016, a special thanks to the staff of the GGO who support our efforts seamlessly throughout year.

A handwritten signature in black ink that reads "Matthias Oppenlaender". The script is cursive and fluid.

Matthias Oppenlaender
Chair, Grape Growers of Ontario



MESSAGE FROM YOUR CEO

DEBBIE ZIMMERMAN

2016 has been a year of change for the grape and wine industry and the GGO continued its commitment to promote strong relationships that are crucial to making this industry grow and thrive in a healthy marketplace.

Significant change to the wine retail market follows the final recommendations of the Premier's Advisory Council, with 67 Ontario grocery stores beginning to sell domestic and imported wine. Eventually up to 300 grocery stores will be authorized to sell wine, increasing convenience and choice for consumers. The GGO has worked to ensure recognition of the importance of the grape supply and a review of the impact of the new channel on wine sales prior to issuing future tranches of licences for the grocery channel. Other changes in the marketplace include the sale of the Canadian wine division of Constellation Brands to the Ontario Teachers' Plan.

GGO is generally supportive of the direction taken in the Coordinated Land Use Planning report released in 2015. A highlight of that report is the recognition of 'productive agriculture' versus 'protected country side' which is a critically important step to balance the interests of agriculture as a rural economic development pillar of Ontario's economy. The key will be in the implementation and the GGO is ready to help inform the critical next stages.

The GGO has met with MPs in Ottawa and MPPs in Toronto over the past year to represent our members' interests on a variety of issues including the new Agricultural Policy Framework, trade agreements and the importance of establishing a domestic rootstock program. To celebrate the 2015 harvest, the GGO hosted Minister of Agriculture Jeff Leal and media in Niagara-on-the-Lake.

The GGO continues to focus on growing our market through industry sponsorships, events, awards, and the We Grow the Wines You Love marketing campaign. Highlights include the development of seasonal videos and a consumer contest in cooperation with the LCBO. We welcome Jamie Quai of Quai du Vin Winery, St Thomas as Grape King. The 38th Annual Legislative Wine Tasting chose Hare Wine Co. 2013 Jack Rabbit Red and Angels Gate Winery 2015 Süssreserve Riesling as the official 2017 wines of the Legislative Assembly. Comedian Gerry Dee roasted the industry at the annual Celebrity Luncheon. The 2016 Cuvée Vineyard of Excellence Award was presented to Howard and Wes Lowrey of St. David's, and the Award of Merit was presented to Rob Gamble in recognition of his tenure with OMAFRA and commitment to representing all stakeholders on a wide range of issues.

I would like to extend a special thank you to Bill George for his leadership and guidance over the past eight years as Chair of the Board. Bill led the industry through challenging times and he did not waiver on his desire for fairness and stability. Finally, thank you to the Board of Directors, Growers' Committee and staff for your commitment which is vital to the strength of our industry.

A handwritten signature in black ink, appearing to read 'Debbie Zimmerman', with a large, stylized flourish at the end.

Debbie Zimmerman
CEO, Grape Growers of Ontario

YEAR IN REVIEW

The 2016 harvest produced a crop of **70,851** tonnes, comprised of **1,779** tonnes of juice grapes and **69,072** tonnes of wine grapes, valued at \$95.3 million.

Grapes “naturally frozen” on the vine produce Ontario’s premier Icewine. This year **3,835 tonnes** were left hanging for Icewine, which has the potential to produce between **580,000 and 650,000 litres**. After the unseasonable warm weather, temperatures dipped below **-8°C** in December 2016 for the Icewine harvest.

Growing into the Future

The Grape Growers of Ontario are beginning to celebrate our 70th Anniversary, and it couldn’t have come at a better time! 2017 is a big year for Ontario and Canada as we celebrate the Sesquicentennial of the Province and the Country. With so many reasons to celebrate, the Grape Growers of Ontario are excited for what lies ahead in our future.



Thank you Bill George Chair, 2007-2016

Following the Grape Growers of Ontario’s Annual General Meeting in 2016 it was announced that Bill George would not seek re-election to the Board.

Bill was first elected to the GGO Growers’ Committee and Board of Directors in 1994 and was re-elected every year since.

In 2001 Bill was recognized by his peers and named Grape King to represent Ontario’s grape growing industry to government, media and other grape growing regions. Following his term as Grape King, Bill was elected Vice Chair in 2003, and became Chair of the Board in 2007. For the past nine years Bill has led the GGO through many challenges with determination, integrity and always with a focus on achieving the best possible outcome for the Ontario grape and wine industry.

On behalf of all GGO Members we would like to extend a heartfelt thank you to Bill George for all the work he has done for the grape and wine industry.



2016 WEATHER REPORT



The 2016 season had above normal growing degree days (GDD), the highest since 2009 for Niagara and Prince Edward County, second highest to 2010 in Lake Erie North Shore and below normal seasonal rainfall. The biggest weather impact in 2016 was the drought conditions across all appellations and above normal temperatures continuing into the winter months.

The year started off warmer than the previous two years with average temperatures from January to March being between 1-3°C above normal with a few periods of extreme cold temperatures just reaching killing temperatures for primary buds from February 12-15. The bulk of the Icewine hours were accumulated in January with harvest wrapping up by the end of the month.

April saw a dip in temperatures almost 2°C below normal in all appellations, while May was slow to warm up with slightly above normal temperatures, except LENS with below normal temperatures for the month.

Temperatures between June and August started to warm up in Niagara and PEC with average monthly temperatures 2°C above normal by July. In August all appellations temperatures were substantially above normal. September, October and November continued that trend with temperatures staying 2-3°C above normal.

The cool spring temperatures caused the GDD accumulation to get off to a slow start but the continued extremely warm temperatures throughout the summer and early fall allowed for the highest GDD accumulation in the last 8 years.

In terms of rainfall, the 2016 growing season was very dry which was beneficial to grape quality. April started off the growing season below normal with the deviation increasing in May and June. Lake Erie North Shore saw a few rain showers but still remained below normal. The month of July saw a few showers at the end of the month that started to reduce the deviation. August finally brought heavier rain events putting monthly totals 10-20mm above normal.

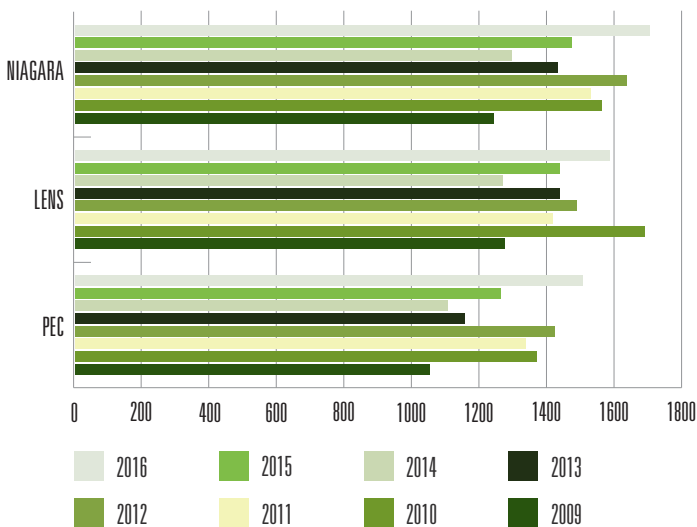
September rainfall amounts were split with LENS receiving 40 mm above normal, while Niagara received trace amounts of precipitation and was 40 mm below normal. October ended with scattered showers with Niagara West and LENS slightly below normal and Niagara East and PEC slightly above normal.

The year wrapped up with average monthly temperatures slightly higher than normal but still colder than the previous two Decembers. Icewine hours were plentiful across all Niagara locations. Stations recorded between 51 and 72 Icewine hours in December. The mid-December temperatures allowed for an earlier Icewine harvest than last season when most harvests occurred in the New Year.

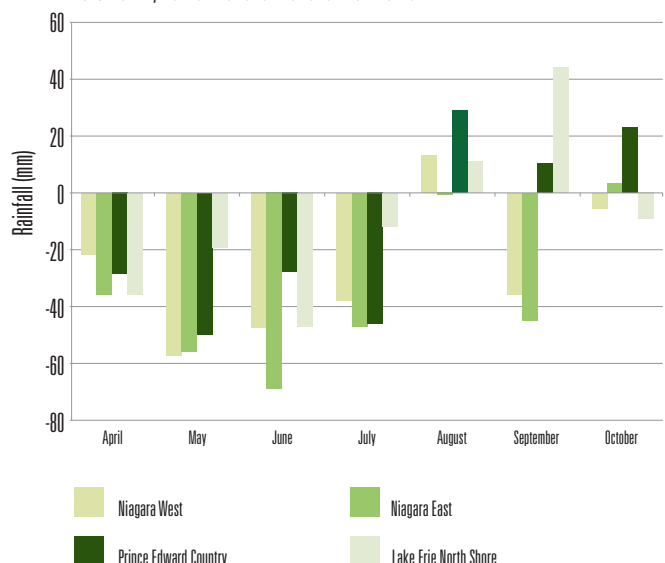
This season provided some challenges throughout the entire year, including little to no Icewine hours in January and February and an early start to harvest in December. Despite these challenges, quality yields were achieved by the many practiced viticulturalists and winemakers across the Ontario appellations.

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

Seasonal Accumulation of Base 10°C GDD



2016 Monthly Rainfall Deviation Deviation from Normal

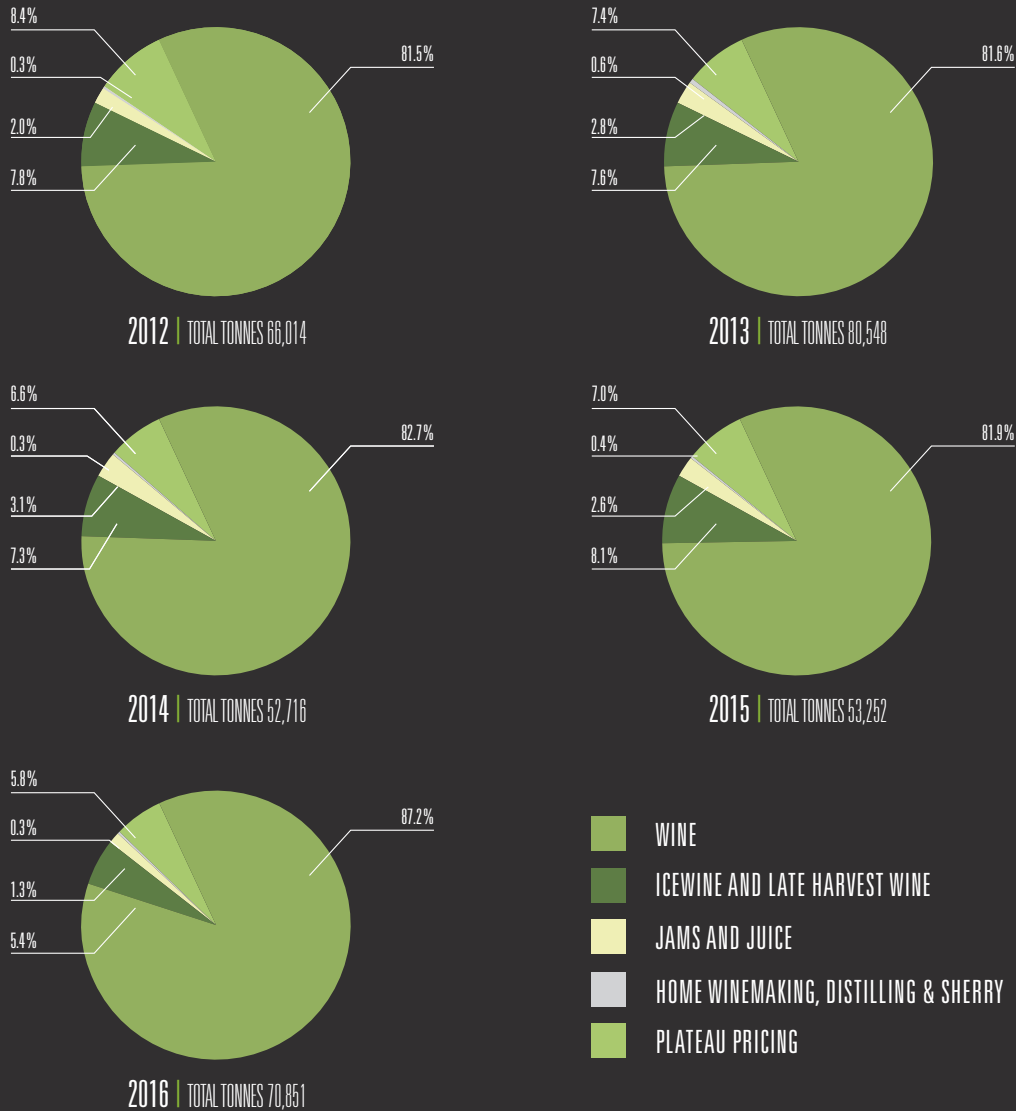


PRODUCTION

TABLE I

TABLE I presents the production and disposition of grapes from 2012 through 2016.

TABLE I – Tonnage Processed by Category



Processing Prices

A one-year pricing agreement was reached on June 20, 2016 with most varieties receiving a 2% price increase per tonne including juice grapes (classes 1, 2 and 3). There was also a price increase for plateau pricing for Frontenac and Marquette, Muscat Ottonel and Viognier varieties. Sugar schedules for white and red hybrids have been discontinued for the term of this agreement.

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 2016 compared with the 2015 prices is shown in TABLE II.

PROCESSING PRICES FOR GRAPES

TABLE II

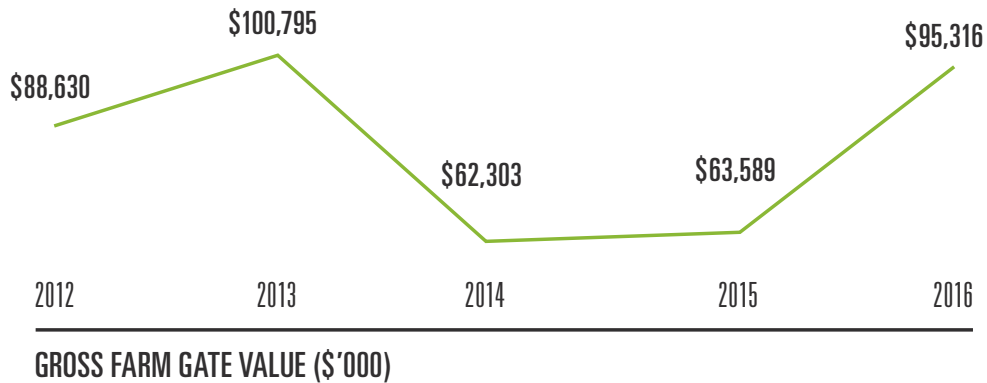
TABLE II – Processing Prices for Grapes (\$ per tonne)

CLASS	VARIETY	2015	2016	PLATEAU PRICE
1	Concord, Fredonia, Patricia, President, Suffolk Red and Van Buren	\$492	\$502	
2	Niagara and Wiley White	\$468	\$477	
3	Delaware, Elvira, Himrod, Sovereign Coronation, Veeblanc and Veeport	\$565	\$576	
5	De Chaunac and Rosette	\$697	\$711	
5a	Leon Millot and Marechal Foch	\$824	\$840	
5b	Baco Noir, Castel, Chambourcin, Chancellor, GR7, Le Commandant and Villard Noir	\$890	\$908	
5c	Frontenac, Marquette *	\$678	\$908	
5d	Experimental red hybrid, Florental, Landot, Red Amourensis, Varousset	\$678	\$692	
6	New York Muscat and V64111	\$549	\$560	
7	Aurore, Cayuga White, J.S. 23-416 and S.V. 23-512	\$526	\$537	
7a	Seyval Blanc and Vidal 256	\$640	\$653	
7b	Geisenheim hybrids, GM 311, GM 318 and GM 322	\$554	\$565	
7c	Experimental white hybrid, Traminette, V65232 and White Amourensis	\$487	\$497	
9	J. Riesling	\$1,474	\$1,503	\$1,225
9a	Auxerrois, Kerner, Scheurebe and Welsch Riesling	\$1,284	\$1,310	
9b	Chardonnay Musque and Chardonnay	\$1,503	\$1,533	\$1,225
9c	Gewurztraminer	\$1,641	\$1,674	
9d	Pinot Gris	\$1,684	\$1,718	
9e	Sauvignon Blanc	\$1,659	\$1,692	
9f	Muscat Ottonel *	\$1,308	\$1,400	
9g	Viognier *	\$1,308	\$1,400	
9h	Aligote, Alsace Muscat, Chenin Blanc, Experimental White Vinifera, French Colombard, Gruner Veltliner, Melon de Bourgogne, Morio Muscat, Ortega, Pinot Blanc, Rieslaner, Riesling Traminer, Savignin, Semillon, Sylvaner	\$1,308	\$1,334	
10	Gamay and Zweigeltrebe	\$1,296	\$1,322	
10a	Pinot Noir	\$1,962	\$2,001	
10b	Cabernet Sauvignon	\$1,894	\$1,932	\$1,320
10c	Cabernet Franc	\$1,693	\$1,727	\$1,320
10d	Merlot	\$1,913	\$1,951	
10e	Sirah, Shiraz and Syrah	\$2,196	\$2,240	
10f	Dornfelder, Experimental red vinifera, Limberger, Malbec, Nebbiolo, Petite Sirah, Petit Verdot, Pinot Meunier, Sangiovese and St. Laurent	\$1,386	\$1,414	
	Distilling	\$125	\$125	
	Sherry	\$300	\$300	

* New classes established in 2016.

VALUE OF CROP PURCHASED

TABLE III — Farm Gate Value of Grapes Purchased by Processors



GRAPE KINGS PAST AND PRESENT



2016 Grape Stomp: Matthias Oppenlaender, Chair; Joe Pillitteri; Mayor of St. Catharines Walter Sendzik



Celebrity Luncheon: 2015 Grape King Jamie Slingerland; 2016 Grape King Jamie Quai; Celebrity Guest Speaker Gerry Dee

LICENCE FEES

TABLE IV

In the aggregate, licence fees for the 2016-2017 fiscal year represent approximately 1.4% of the total farm gate value, down from 1.5% in 2015-2016.

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

CLASS	VARIETY	2015	2016
1	Concord, Fredonia, Patricia, President, Suffolk Red and Van Buren	\$7.00	\$7.00
2	Niagara and Wiley White	\$7.00	\$7.00
3	Delaware, Elvira, Himrod, Sovereign Coronation, Veeblanc and Veeport	\$7.00	\$7.00
5	De Chaunac and Rosette	\$15.30	\$15.45
5a	Leon Millot and Marechal Foch	\$16.40	\$16.65
5b	Baco Noir, Castel, Chambourcin, Chancellor, GR7, Le Commandant and Villard Noir	\$17.00	\$17.25
5c	Frontenac, Marquette*	-	\$17.25
5d	Experimental red hybrid, Frontenac, Landot, Lucy Kuhlman and Red Amourensis	\$15.10	\$15.30
6	New York Muscat and V64111	\$13.95	\$14.10
7	Aurore, Cayuga White, J.S. 23-416 and S.V. 23-512	\$13.75	\$13.90
7a	Seyval Blanc and Vidal 256	\$14.75	\$14.95
7b	Geisenheim hybrids, GM 311, GM 318 and GM 322	\$14.00	\$14.15
7c	Experimental white hybrid, Traminette, V65232 and White Amourensis	\$13.40	\$13.55
9	J. Riesling	\$22.20	\$22.60
9a	Auxerrois, Kerner, Scheurebe and Welsch Riesling	\$20.50	\$20.85
9b	Chardonnay Musque and Chardonnay	\$22.45	\$22.85
9c	Gewurztraminer	\$23.70	\$24.15
9d	Pinot Gris	\$24.10	\$24.55
9e	Sauvignon Blanc	\$23.85	\$24.30
9f	Muscat Ottonel*		\$21.65
9g	Viognier*		\$21.65
9h.	Aligote, Alsace Muscat, Chenin Blanc, Exp. White Vinifera, French Colombard, Gruner Veltliner, Melon de Bourgogne, Morio Muscat, Ortega, Pinot Blanc, Rieslaner, Riesling Traminer, Savignin, Semillon, Sylvaner,	\$20.75	\$21.10
10	Gamay and Zweigeltrebe	\$20.75	\$20.95
10a	Pinot Noir	\$26.75	\$27.10
10b	Cabernet Sauvignon	\$26.10	\$26.45
10c	Cabernet Franc	\$24.30	\$24.60
10d	Merlot	\$26.30	\$26.65
10e	Sirah, Shiraz and Syrah	\$28.85	\$29.25
10f	Blauberger, Dornfelder, Experimental red vinifera, Limberger, Malbec, Nebbiolo, Petite Sirah, Petit Verdot, Pinot Meunier, Sangiovese, St. Laurent, Tannat and Tempranillo	\$21.55	\$21.80
	Distilling	\$5.50	\$5.50
	Sherry	\$7.75	\$7.75

Note: 2016 Vertically Integrated Tonnage licence fee rebate is \$2.00 per tonne.

*New classes established in 2016.

PRODUCTION OF PROCESSED GRAPES BY VARIETY

TABLE V

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

	2012	2013	2014	2015	2016
Classes 1-3					
Concord	1,094	1,692	1,460	1,256	1,143
Niagara	478	1,017	698	594	636
Miscellaneous 1-3	3	11	6	13	-
SUB-TOTAL (Labrusca)	1,575	2,720	2,164	1,862	1,779
Classes 5-6					
Baco Noir	2,836	4,019	2,851	3,437	3,125
Chambourcin	681	979	489	1,037	1,136
De Chaunac	325	398	312	322	259
Frontenac	142	185	88	132	126
Marechal Foch	800	1,173	828	817	888
Marquette	-	-	-	-	63
Miscellaneous 5-6	248	345	288	449	354
SUB-TOTAL (Blue/Red French hybrids)	5,033	7,099	4,857	6,193	5,952
Classes 7-7c					
S.V. 23-512	164	215	205	192	89
Seyval Blanc	553	728	590	581	474
Vidal 256	13,218	17,013	13,096	14,645	15,817
Geisenheim Hybrids and GM 322	1,104	1,504	813	939	1,013
Miscellaneous 7-7c	88	99	99	118	119
SUB-TOTAL (White French Hybrids)	15,127	19,559	14,803	16,475	17,512
SUB-TOTAL (Hybrids)	20,160	26,658	19,660	22,666	23,464
Classes 9-9f					
Auxerrois	194	256	89	101	181
Chardonnay and Chardonnay Musque	8,919	11,304	6,898	6,801	9,772
Gewurztraminer	1,802	1,781	849	691	1,982
J. Riesling	8,497	9,444	7,941	6,684	8,764
Muscat Ottonel	149	214	179	216	404
Pinot Blanc	135	157	74	66	105
Pinot Gris	1,895	2,325	1,461	1,346	3,064
Sauvignon Blanc	2,193	2,592	1,107	843	2,291
Viognier	96	110	60	72	158
Miscellaneous 9-9f	329	368	158	164	279
SUB-TOTAL (White Vinifera)	24,209	28,552	18,815	16,984	27,001

	2012	2013	2014	2015	2016
Classes 10-10f					
Cabernet Franc	5,450	6,755	3,951	4,102	5,547
Cabernet Sauvignon	4,245	4,055	3,106	2,434	3,193
Gamay	1,599	1,920	1,258	1,223	1,487
Merlot	4,734	5,468	1,438	1,989	4,071
Pinot Noir	2,559	2,850	1,749	1,303	2,957
Shiraz, Sirah, Syrah	807	853	267	313	677
Zweigeltrebe	348	347	147	163	237
Miscellaneous 10-10f	328	370	161	211	438
SUB-TOTAL (Red Vinifera)	20,070	22,618	12,077	11,738	18,607
SUB-TOTAL (Vinifera)	44,279	51,170	30,892	28,722	45,608
TOTAL HYBRID & VINIFERA	64,439	77,828	50,552	51,390	69,072
GRAND TOTAL	66,014	80,548	52,716	53,252	70,851

The Grape Growers of Ontario, together with the Honourable Dave Levac, Speaker of the Ontario Legislative Assembly, hosted the 38th Annual Legislative Wine Tasting event at Queen's Park. The two wines chosen as the official wines of Ontario's Legislative Assembly for 2017 are:
The Hare Wine Co. 2013 Jack Rabbit Red
Angels Gate Winery 2015 Süsreserve Riesling



*The Hare Wine Co: Megan Voth;
Honourable Speaker and Brant MPP,
Dave Levac; John Hare.*



*Angels Gate Winery:
Honourable Speaker and Brant MPP,
Dave Levac with
Courtland Kirkup.*

TABULATION OF GROWERS WITH PRODUCTION

TABLE VI

The number of growers with production registered with the Grape Growers of Ontario in 2016 increased by 7.5 % from 456 in 2015 to 490 in 2016.

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

		2012	2013	2014	2015	2016
District 1	Niagara-on-the-Lake and Niagara Falls	173	172	178	186	190
District 2	St. Catharines, Fort Erie, Pelham, Port Colborne, Thorold, Wainfleet and Welland	39	38	34	35	36
District 3	Town of Lincoln	154	151	141	148	147
District 4	Wellington and Hamilton, Grimsby and West Lincoln	24	21	19	18	18
District 5	Brant, Chatham-Kent, Essex, Elgin, Haldimand, Lambton, Middlesex, Norfolk and Oxford	37	36	15	23	37
District 6	Prince Edward and all other geographic areas not included in Districts 1 to 5	51	51	52	46	62
TOTAL		478	469	439	456	490



2016 Harvest Event:

Kevin Watson, Director; Paul Harber, Ravine Vineyard; Erwin Wiens, Director; Minister of Agriculture Food and Rural Affairs, Jeff Leal; Matthias Oppenlaender, Chair; Blair and Norma Jane Harber & Marty Werner, Ravine Vineyards; Bill Schenck, Vice Chair



2016 Award of Merit Recipient Rob Gamble with Matthias Oppenlaender

WINE SALES IN ONTARIO

TABLE VII

Table VII below shows the five-year history of wine sales in Ontario. Total wine sales in Ontario grew by 5.3% to 191 million litres in 2016. Ontario (VQA & NON-VQA/ICB) wine sales increased by 8.9% to 79 million litres. Imported wine sales increased by 2.7% to 111 million litres, while out-of-province wine sales in Ontario increased by 40.9% to 0.68 million litres.

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

	2012	2013	2014	2015	2016	% Change 2015 to 2016
VQA Sales in Ontario**	15,090	15,917	16,048	16,442	16,443	0.0%
Non-VQA/ICB Sales in Ontario	46,017	48,431	50,490	56,640	63,207	11.6%
Ontario VQA & Non-VQA/ICB Wine Sold in Ontario*	61,107	64,821	67,518	73,082	79,650	9.0%
Imported Wine Sold in Ontario	97,978	101,812	105,033	108,565	111,501	2.7%
Out-of-Province Sales in Ontario	467	479	400	482	679	40.9%
Total Wine Sold in Ontario	159,552	167,051	172,937	182,129	191,830	5.3%
VQA Sales Outside Ontario**	1,527	1,456	1,402	1,418	1,419	0.1%

Ontario Wine Sold in Ontario for 2013 and 2014 has been revised by LCBO
Fiscal Year April 1 to March 31 (statistical data provided by the LCBO)

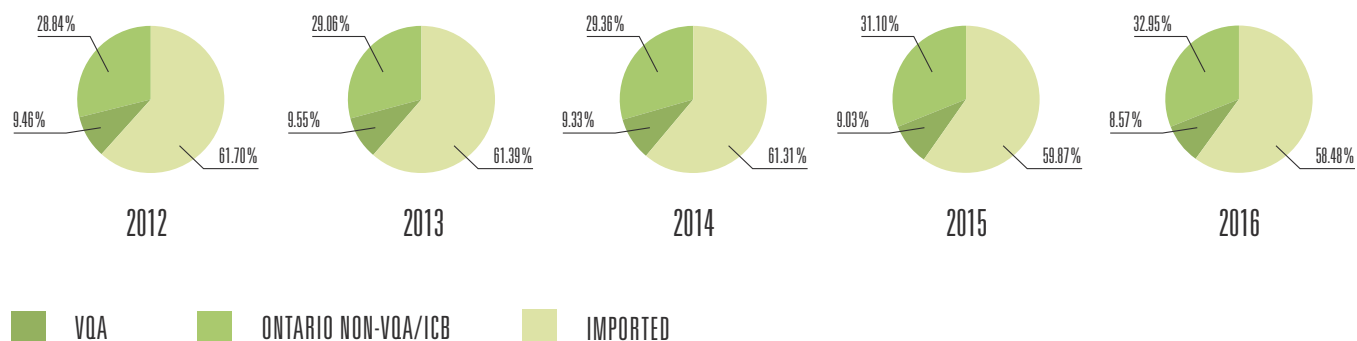
* Includes sales through LCBO, Winery Retail Stores, Direct Delivery to Licensees, embassies, airlines and industrial sales

** VQA figures from VQAO Annual Report – March 31, 2016

MARKET SHARE OF WINE SOLD IN ONTARIO

TABLE VIII

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





BLENDING MATERIALS IMPORTED INTO ONTARIO

TABLE IX

TABLE IX shows the quantity of blending grape product imported into Ontario over the last five years. The Ontario Wine Content and Labelling Act (WCLA) required a winery that uses imported grapes or grape product to use an average of 40% or more of grapes grown in Ontario up to March 31, 2014. The requirement of 25% Ontario grape content in a bottle of wine continues to be in effect. Wine imported for blending purposes increased by 11.5% from 29.7 million to 33.1 million litres.

TABLE IX – Blending Materials Imported into Ontario

	2012	2013	2014	2015	2016
Wine (litres)	22,082,863	24,188,300	21,909,911	29,701,499	33,108,056
Concentrate (equivalent tonnes @165 litres per tonne) *	8,579	6,136	3,868	52	n/a
Grape Juice (equivalent tonnes @750 litres per tonne) *	1,084	921	904	1,331	n/a

Statistical data provided by LCBO

*The volume of concentrate and grape juice imported into Ontario for blending is not available for 2016

IMPORTATION OF WINE

TABLE X

TABLE X presents the quantity of importation of wine categories from 2012-2016. The total imports of wine categories in Canada increased 1.66% from 324 million litres in 2015 to 329 million litres in 2016. The importation of sparkling wine increased by 14.4% in 2016.

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

	2012	2013	2014	2015	2016
Aperitif	825	825	702	730	700
Champagne	1,039	1,050	1,195	1,283	1,386
Miscellaneous wines	12,861	12,807	8,542	9,137	8,817
Port	1,764	1,764	1,623	1,546	1,530
Sherry	588	588	535	524	481
Sparkling wine (includes crackling table)	8,683	8,726	9,777	11,340	12,975
Still wine	280,295	280,369	291,219	297,183	301,243
Vermouth	2,234	2,234	2,134	2,104	2,075
TOTAL	308,289	308,363	315,727	323,847	329,207

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

IMPORTATION OF WINE

TABLE XI

TABLE XI shows the volume of still table wine by country of origin imported into Canada from 2012-2016 inclusive. In 2016, total importation of still table wine into Canada increased by 1.4% from 297 million litres in 2015 to 301 million litres in 2016. Imports from Portugal had the greatest increase for the second year in a row at 8.6%. The United States remains the largest importer into Canada.

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

	2012	2013	2014	2015	2016
Australia	42,150	42,219	40,335	40,636	40,970
Eastern Europe	615	615	452	447	461
France	51,191	51,107	49,705	48,545	48,350
Germany	4,672	4,670	4,409	4,240	4,058
Italy	56,722	56,683	56,958	57,476	57,629
Portugal	5,881	5,883	6,731	7,329	7,960
South Africa	8,012	8,016	7,953	7,843	8,365
South America	41,812	41,857	40,337	40,544	41,538
Spain	15,694	15,650	18,132	18,844	19,227
United States	45,222	45,337	55,870	59,635	60,076
Other Countries	8,324	8,332	10,337	11,644	12,608
TOTAL	280,295	280,369	291,219	297,183	301,242

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



2016 Legislative Wine Tasting:

Bill Schenck, Vice Chair; Grape King Jamie Quai; Honourable Speaker and Brant MPP, Dave Levac; Debbie Zimmerman, CEO; Matthias Oppenlaender, Chair; Jim Morrison, Director; Kevin Watson, Director



CROP INSURANCE

TABLE XII

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, 2012-2016 inclusive. The number of accounts decreased by 4% in 2016. In total 39 claims were made in 2016 which valued just over \$500,000.

TABLE XII – Crop Insurance

	No. of Accounts	No. of Claims	Total Premiums * \$'000	Total Claims \$'000**	Premiums less Claims \$'000
2012	281	61	5,538	953	4,585
2013	276	20	4,549	275	4,274
2014	276	198	5,148	10,587	-5,348
2015	279	179	4,832	7,670	-2,838
2016	267	39	5,672	503	5,169

* Total grower and government premiums

**Claims data refers to approved claims only - Data is as of January 11, 2017 and is subject to change

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 2016/2017 year include:

Membership	Amount
Agricultural Adaptation Council	150
British Columbia Grape Growers Association	150
Canadian Horticultural Council	11,903
Greater Niagara Chamber of Commerce	314
Grimsby and District Chamber of Commerce	252
Lincoln Chamber of Commerce	240
Ontario Agri-Food Education Inc.	500
Ontario Agricultural Commodity Council	1,000
Ontario Fruit & Vegetable Growers' Association	25,000
Ontario Federation of Agriculture	500
President's Council	300
St. Catharines Club	931
Total	41,240
TOTAL	

Sponsorships	Amount
Essex Pelee Island Coast Winegrowers Association	10,000
Grape King	2,500
Grape Stomp	425
Niagara Grape and Wine Festival	20,000
Niagara Peninsula Fruit and Vegetable Growers' Association	950
Official Guide To Wineries of Ontario	4,300
Tony Aspler Ontario Wine Awards	3,000
Outstanding Young Farmers' Program	1,000
Prince Edward County Winegrowers Association	8,000
Race Kit Event – Niagara Running Series	1,500
Total	51,675

PROMOTION EXPENSES

TABLE XIII

In 2016-17, the Grape Growers of Ontario continued to engage consumers and industry through social media: Facebook, Twitter, and Youtube. The GGO continued with a series of activities such as Celebrity Luncheon, Grape Stomp, Grape King Float, and Legislative Wine Tasting. Congratulations to Hare Wine and Co. and Angel's Gate Winery whose wines were chosen as the official wines to be served at the Ontario Legislature for 2017, and to Wes and Howard Lowrey, on receiving the Cuvée Vineyard of Excellence award. The GGO continues to be a proud sponsor of the Niagara Grape and Wine Festival. Funding received through the OF&VGA Research and Promotion fund produced a Celebrity Luncheon promotional video and other marketing materials.

TABLE XIII – Promotion Expenses

Promotion	2014/2015	2015/2016	2016/2017
Promotions, Sponsorship & Public Relations	179,874	430,942	148,813
Miscellaneous – Wines	15,991	2,208	6,544
SUB-TOTAL	\$195,865	433,150	155,357
Grape & Wine Festival and Grape King's Crowning	31,084	26,903	26,879
International Cool Climate Chardonnay Celebration	25,000	20,000	20,000
TOTAL	\$251,949	\$480,053	202,236

MARKETING VINEYARD IMPROVEMENT PROGRAM (MVIP)

The Marketing Vineyard Improvement Program is an application based, cost-sharing program funded by the Ontario Ministry of Agriculture, Food and Rural Affairs to support wine grape growers by providing funding for eligible vineyard improvements to adapt to ongoing emerging vineyard challenges and enable growers to produce quality grapes to meet the growing demands of Ontario wine manufacturers. Agricorp is administering the program.

Intake 1 of the MVIP-PSC program was fully subscribed to by growers and provided support for investment in vineyard innovation.

Growers are investing in a variety of improvements including:

- 6.8% Wine grape and vine removal
- 11.4% Land preparation
- 22.6% Vine trellis system
- 3.8% Consultation with viticulture expert
- 30.8% Improved viticulture practices
- 20.2% Reducing cold injury
- 0.1% Improved irrigation
- 3.0% Pest management
- 1.1% Improved weather sensing

MARKETING PROGRAMS

We Grow the Wines You Love™

GGO has continued with our grower branding initiative. Putting a face on growers establishes a dialogue with consumers to encourage them to ask for, and purchase wines made of grapes grown locally. Grape growers craft the primary resource that makes great wines possible. Our proximity, our vineyards and our shared community values give growers a unique and viable role to play in the promotion of wines made of locally grown grapes. Increased demand for Ontario grape products translates into demand for Ontario grapes.

This year, focus has been on the development of seasonal videos and featured content on localgrapes.ca that makes a connection between vineyards, growers and VQA wine. GGO also ran a month-long contest in the Fall in co-operation with the LCBO that links grape growers with the grapes they grow, VQA varietal wines and recipes developed specifically to pair with the wines.

So far, there have been over 28,600 video views and over 12,200 seasonal feature section page views. Facebook content since the promotion began in October 2014 has reached 3.9 million impressions with 10,137 followers and 1.3 million Twitter impressions with 4,316 followers.

The project has been funded in part through Growing Forward 2 (GF2), a federal-provincial-territorial initiative. The Agricultural Adaptation Council assists in the delivery of GF2 in Ontario.

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 annual research priorities and reviews research project proposals. The following new projects were approved in 2016:

- The use of methoxy pyrazine binding proteins to remove ladybug taint from juice and/or wine
- Improving cold hardiness and delaying deacclimation using long lasting abscisic acid analogs
- Screening vineyards for GRBaV

In 2016 OGWRI administered the Research and Innovation Development Initiative under the Marketing and Vineyard Improvement Program. Funding from Year 2 went towards the following projects:

- Assessment of geotextiles for use in winter injury reduction
- Spring assessment of winter injury
- VineAlert
- Weather Innovations
- Investigation into impacts of MOG on aroma compounds for red wine cultivars
- Use of proximal sensing (GreenSeeker) for the delineation of unique management zones in Ontario vineyards

All completed projects and information on current projects can be found at the Ontario Grape and Wine Research Inc.'s website: www.ontariograpeandwinereseach.com

CROP PROTECTION REPORT

In 2016, the grape industry obtained registration of a number of pesticides through the efforts of Jim Chaput, Minor Use Coordinator, OMAFRA, and Pest Management Regulatory Agency (PMRA). Dr. Wendy McFadden-Smith, OMAFRA, assisted with various pest management issues including those related to minor use registrations and represented grapes at the Minor Use Priority Setting Workshop in Gatineau to highlight priorities for grapes. Wendy also represented the grape industry at the Fruit Technical Working Group which is responsible for the inclusion of products in Publication 360 "Guide to Fruit Production".

While Brown Marmorated Stink Bug and Spotted Wing Drosophila have been found in Niagara, neither pest has caused confirmed economic losses to grapes to date.

PMRA is currently re-evaluating many pesticides. Polyram (metiram) is currently proposed for phase-out. There is a proposal to cancel captan (all formulations) on grapes due to extended re-entry periods making its use unfeasible in grape production. Neonicotinoid insecticides are also under review for their potential impact on pollinators and water. PMRA is proposing a 3-5 year phase-out of insecticides containing imidacloprid (Admire and Alias) and the active ingredient of Clutch is also under special review. The re-evaluation list also contains most of the synthetic pyrethroids (group 3), Ferbam and Rovral. The GGO has provided input to the Pest Management Centre to try to ensure that we retain both fungicides and insecticides as crucial tools for pest management.

The following are new product registrations for 2016:

Fungicides: Property, Torrent, Intuity, Forum (replaced Acrobat)

Insecticides: Sivanto Prime, Mako (replaced Ripcord)



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INDEPENDENT AUDITORS' 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, 2017, and the statements of operations and unrestricted net assets, restricted net assets, and cash flows for the year ended January 31, 2017 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.

Auditor's 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 from 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 auditor's 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 the Grape Growers of Ontario as at January 31, 2017, and the results of its operations and its cash flows for the year ended January 31, 2017 in accordance with Canadian accounting standards for not-for-profit organizations.

St. Catharines, Canada
March 1, 2017

A stylized, handwritten signature of "Grant Thornton LLP" in black ink.

Chartered Professional Accountants
Licensed Public Accountants

GRAPE GROWERS OF ONTARIO

STATEMENT OF OPERATIONS AND UNRESTRICTED NET ASSETS - YEAR ENDED JANUARY 31

Revenues	2017	2016
Licence fees	\$ 1,620,885	\$ 1,150,376
Vertically integrated rebate	(33,506)	(19,076)
Appropriation for research and development	(289,930)	(221,836)
	1,297,449	909,464
Government and industry funding for research projects	98,464	55,133
Government and industry funding for promotional projects	130,678	271,927
Interest and other income	97,510	91,488
	1,624,101	1,328,012
Expenses		
Director's fees, honoraria and benefits	79,840	55,178
Salaries and benefits (Note 3)	542,620	504,000
Travel	54,162	47,307
Meetings and conventions	19,795	18,570
Office supplies and expenses	42,660	38,824
Postage	7,923	8,438
Telephone	17,111	15,680
Dues and subscriptions	20,771	20,622
Professional fees (Note 4)	114,306	94,202
Utilities and maintenance	20,253	23,088
Building insurance and property taxes	12,636	12,252
Amortization	16,862	14,788
Festival	26,879	21,903
Assessment O.F. & V.G.A.	25,000	25,000
Research and other projects (Note 5)		
Grape Growers funding portion	76,464	9,334
Government and industry funded portion	98,464	55,133
Promotional projects (Note 5)		
Grape Growers funded portion	155,357	168,193
Government and industry funded portion	126,003	264,957
Professional development	-	1,795
Maintenance agreements	10,673	41,694
Labour issues coordinating committee	5,000	5,000
Bad debts (recovery)	1,588	(1,363)
Expense recoveries from other associations	(32,098)	(31,920)
	1,442,269	1,412,675
Excess (deficiency) of revenues over expenses	181,832	(84,663)
Unrestricted net assets - beginning of year	1,092,802	1,092,802
Transfer (to) from operational reserve	(84,663)	84,663
Unrestricted net assets - end of year	\$ 1,189,971	\$ 1,092,802

See accompanying notes to the financial statements

GRAPE GROWERS OF ONTARIO

STATEMENT OF RESTRICTED NET ASSETS - YEAR ENDED JANUARY 31

Research and promotion fund	2017	2016
Revenues	\$ -	\$ -
Expenses		
International cool climate chardonnay celebration	(20,000)	(20,000)
VineAlert	-	(49,500)
Grape Growers promotion - Local food fund	-	(65,443)
Deficiency of revenues over expenses	(20,000)	(134,943)
Fund balance - beginning of year	529,714	664,657
Fund balance - end of year	\$ 509,714	\$ 529,714
Operational Reserve		
Fund balance - beginning of year	\$ 1,915,337	\$ 2,000,000
Transfer from (to) unrestricted net assets	84,663	(84,663)
Fund balance - end of year	\$ 2,000,000	\$ 1,915,337
Ontario Grape and Wine Research Fund		
Growers contributions		
Revenues		
Growers fees	\$ 141,438	\$ 105,286
Expenses		
Contributions to OGWRI	(140,450)	(38,768)
Excess of revenues over expenses	988	66,518
Fund balance - beginning of year	615,460	548,942
Fund balance - end of year	\$ 616,448	\$ 615,460
Processor contributions		
Revenues		
Processors fees	\$ 148,492	\$ 116,550
Expenses		
Contributions to OGWRI	(140,450)	(38,768)
Excess of revenues over expenses	8,042	77,782
Fund balance - beginning of year	540,472	462,690
Fund balance - end of year	\$ 548,514	\$ 540,472
Total Ontario Grape and Wine Research Fund	\$ 1,164,962	\$ 1,155,932

See accompanying notes to the financial statements

GRAPE GROWERS OF ONTARIO

STATEMENT OF FINANCIAL POSITION - JANUARY 31

Assets	2017	2016
Current		
Cash	\$ 1,290,523	\$ 1,072,978
Guaranteed investment certificates (Note 6)	3,651,822	3,573,484
Accounts receivable (Note 7)	48,594	44,121
Contributions receivable (Note 5)	57,195	106,820
Prepaid expenses	80,231	66,721
	5,128,365	4,864,124
Long-term		
Due from related parties (Note 8)	122,259	122,733
Investments (Note 9)	191,867	191,867
Property and equipment (Note 10)	7,656	4,332
	321,782	318,932
	\$ 5,450,147	\$ 5,183,056
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 11)	\$ 377,372	\$ 340,113
Government remittances payable	171,513	115,669
Deferred revenues	1,200	-
Deferred contributions (Note 5)	35,415	33,489
	585,500	489,271
Net assets		
Unrestricted		
Invested in other entities	191,867	191,867
Available for operations	998,104	900,935
	1,189,971	1,092,802
Restricted		
Research and promotion fund (Page 4)	509,714	529,714
Operational reserve (Page 4)	2,000,000	1,915,337
Ontario Grape and Wine Research Fund (Page 4)	1,164,962	1,155,932
	3,674,676	3,600,983
	\$ 5,450,147	\$ 5,183,056

On behalf of the board


Director


Director

See accompanying notes to the financial statements

GRAPE GROWERS OF ONTARIO

STATEMENT OF CASH FLOWS - YEAR ENDED JANUARY 31

Increase (decrease) in cash	2017	2016
Operating		
Excess (deficiency) of revenues over expenses for the year	\$ 181,832	\$ (84,663)
Research and promotion fund deficiency of revenues over expenses	(20,000)	(134,943)
Ontario Grape and Wine Research Fund		
Growers excess of revenue over expenses	988	66,518
Processors excess of revenue over expenses	8,042	77,782
Amortization	3,859	2,852
	174,721	(72,454)
Changes in non-cash working capital		
Accounts receivable	(4,473)	26,617
Contributions receivable	51,551	(31,680)
Interest receivable	(62,808)	(49,423)
Prepaid expenses	(13,510)	(41,828)
Accounts payable and accrued liabilities	37,259	(7,760)
Government remittances payable	55,844	(34,574)
Deferred revenue	1,200	-
	239,784	(211,102)
Investing		
Repayments from related parties	474	2,437
Purchase of property and equipment	(7,184)	(7,184)
Purchase of guaranteed investment certificates	(1,031,259)	(1,015,730)
Proceeds of guaranteed investment certificates	1,015,730	995,814
	(22,239)	(24,663)
Increase (decrease) in cash	217,545	(235,765)
Beginning of year	1,072,978	1,308,743
End of year	\$ 1,290,523	\$ 1,072,978

See accompanying notes to the financial statements

GRAPE GROWERS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS - JANUARY 31, 2017

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:

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, amounts due from related parties, accounts payable and accrued liabilities, government remittances payable, deferred revenue 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.

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 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.

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.

GRAPE GROWERS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS - JANUARY 31, 2017

Significant accounting policies (continued)

Amortization

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.

Property and equipment which are used exclusively by The Grape Growers of Ontario are capitalized by the board. Amortization is recorded for property and equipment that it owns and carries in its financial statements.

Investments

Investments in joint ventures and significantly influenced investees are accounted for using the equity method.

The equity method is a basis of accounting for investments whereby the investment is initially recorded at cost and the carrying value, adjusted thereafter to include the investor's pro-rata share of post-acquisition earnings of the investee, computed by the consolidation method. Profit distributions received or receivable from an investee reduce the carrying value of the investment.

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 are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is provided on a declining balance basis over the estimated useful life of the asset

The amortization rates used for each class of property and equipment are:

Computer hardware	30%
Computer software	100%

The estimated useful lives of property and equipment are reviewed by management and adjusted if necessary.

The company tests for impairment whenever events of changes in circumstances indicate that its carrying amount of an item may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured at the amount by which the carrying amount of the long-lived asset exceeds its fair value.

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each statement of financial position date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based upon assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to excess of revenue over expenses as appropriate in the year they become known.

Items subject to significant management estimate include the allowances for doubtful accounts and amortization.

GRAPE GROWERS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS - JANUARY 31, 2017

3. Salaries and benefits

	2017	2016
Total salaries and benefits	\$ 631,914	\$ 595,887
Recoveries:		
Project management	(45,894)	(53,987)
Ontario Grape and Wine Research Inc.	(43,400)	(37,900)
	\$ 542,620	\$ 504,000

4. Professional fees

	2017	2016
Audit	\$ 15,346	\$ 15,446
Legal	16,474	4,293
Industry consulting	82,486	74,463
	\$ 114,306	\$ 94,202

5. Contributions for research and other activities

	(Deferred) Receivable Contributions February 1, 2016	Government/ Industry Contributions Received (Repaid) 2016/17	Government/ Industry Expenses 2016/17	Grape Growers of Ontario Portion 2016/17	(Deferred) Receivable Contributions January 31, 2017
Research and other Projects:					
Pesticide initiatives	\$ (19,692)	\$ -	\$ -	\$ -	\$ (19,692)
Grape Mealybug Research	-	6,000	1,357	-	(4,643)
OMAF – MVIP Vineyard Improvement Program (Admin)	(2,530)	-	2,530	-	-
GF2 – Effective negotiation in agri-food industry	3,960	5,617	1,657	(599)	-
GF2 – Enhance efficiency of grape & wine industry by cloud technology	2,000	54,301	77,063	77,063	24,762
OMAFRA – Screening cover crops for sustainable grape production	10,000	16,990	6,990	-	-
OMAFRA – Grape cover crops	-	-	8,867	-	8,867
	(6,262)	82,908	98,464	76,464	9,294
Research Expenses Funded by Grape Growers of Ontario				\$ 76,464	

GRAPE GROWERS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS - JANUARY 31, 2017

5. Contributions for research and other activities (continued)

	(Deferred) Receivable Contributions February 1, 2016	Government/ Industry Contributions Received (Repaid) 2016/17	Government/ Industry Expenses 2016/17	Grape Growers of Ontario Portion 2016/17	(Deferred) Receivable Contributions January 31, 2017
Promotional projects:					
GF2 – GGO marketing plan	-	-	580	580	580
Local food fund	38,398	38,398	-	-	-
GF2 - Ontario grape and wine sustainability certification	3,233	3,233	-	-	-
GF2 – Grape Growers brand project implementation	49,229	107,954	81,711	53,680	22,986
Celebrity luncheon	(11,267)	43,525	43,712	-	(11,080)
	79,593	193,110	126,003	54,260	12,486
Non-grant funded promotion				101,097	
GGO portion of promotional activities				<u>155,357</u>	
	\$ 73,331				\$ 21,780
Comprised of:					
Contributions receivable	\$ 106,820				\$ 57,195
Deferred contributions	(33,489)				(35,415)
	\$ 73,331				\$ 21,780

6. Guaranteed investment certificates

The board has guaranteed investment certificates that mature between 2016 and 2018 and earn interest between 1.25% and 2.85% (2016 - 1.25% and 2.85%).

7. Accounts receivable

	2017	2016
Accounts receivable	\$ 50,182	\$ 44,121
Allowance for doubtful accounts	(1,588)	-
	<u>\$ 48,594</u>	<u>\$ 44,121</u>

GRAPE GROWERS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS - JANUARY 31, 2017

8. 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 3) and contributions to research projects (disclosed in the statement of changes in internally restricted net assets).

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.

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

	2017	2016
Assets	\$ 342,691	\$ 335,511
Liabilities	150,844	143,664
Net assets	<u>\$191,847</u>	<u>\$ 191,847</u>

Expenses include a \$137,974 (2016 - \$137,438) charge for the board's share (50% (2016 - 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 / to related parties:

	2017	2016
GTFOL	\$ 122,259	\$ 122,733
Trade payable with OGWRI	-	63,350
Trade payable with GTFOL	3,218	-
Trade receivable with GTFOL	224	620

9. Investments

	2017	2016
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>

GRAPE GROWERS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS - JANUARY 31, 2017

10. Property and equipment

	Cost	Accumulated Amortization	Net Book Value	
			2017	2016
Computer hardware	12,794	5,138	7,656	4,332
Computer software	1,574	1,574	-	-
	14,368	6,712	7,656	4,332

The Grape Growers of Ontario's portion of amortization for property and equipment carried on its balance sheet for 2017 was \$3,860 (2016 – 2,852.)

11. Accounts payable and accrued liabilities

	2017	2016
Accounts payable and accrued liabilities	\$ 141,084	\$ 164,182
Grading fees payable	236,288	175,930
	<u>\$ 377,372</u>	<u>\$ 340,112</u>

12. Financial instruments

The board is exposed to various risks through its financial instruments. The following analysis provides a measure of the board's risk exposures and concentrations at January 31, 2017:

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.

Market risk

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The board is mainly exposed to interest rate risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The board is exposed to interest rate risk with respect to its fixed rate guaranteed investment certificates. Given the composition of financial instruments, the board is subject to a fair value risk.

2016 HIGHLIGHTS



1. Bill George Celebration: Matthias Oppenlaender, Chair; Bill George; Gerald Klose
2. 2016 Ottawa Meetings: Chris Bittle, MP St. Catharines; Bill Schenck, Vice Chair; Matthias Oppenlaender, Chair; Lawrence MacAulay, Minister of Agriculture; Debbie Zimmerman, CEO; Vance Badawey, MP Niagara Centre
3. 2016 Grande Parade: Front Row: Jamie Slingerland, Doug Hernder Back Row: David Servos, Ed Hughes, Albrecht Seeger, Kevin Watson, Roger Vail, Bill George, Kevin Buis, George Lepp
4. 2016 Grape King Celebration: Debbie Zimmerman, CEO; Jamie Quai, 2016 Grape King; Matthias Oppenlaender Chair
5. 2016 Cuvée: Matthias Oppenlaender, Chair; Wes Lowrey, Howard Lowrey, Julia Harnal, BASF
6. Canadian Horticultural Council AGM: Bill George, Leslieann George and Lawrence MacAulay, Minister of Agriculture
7. Premier's Agricultural Reception: Matthias Oppenlaender, Chair; Premier Kathleen Wynne; Don McCabe, OFA



2016 GRAPE KING

JAMIE QUAI

Jamie Quai, owner of Quai du Vin Estate Winery, was crowned Grape King on September 14, 2016 at Club Roma in St. Catharines, ON.

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