



Grape Growers
of ONTARIO



60th

Annual Report & Financial Statements

FOR THE YEAR ENDING JANUARY 31ST, 2008

We are the advocate of all processing grape growers in Ontario working on their behalf to ensure their grape growing needs are met.

VISION

We will see the markets for Ontario grapes and wines expand domestically and internationally, on a continuous basis – always finding new markets for our product. Ontario-grown grape products will be demanded at home and recognized internationally.

MISSION

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

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.

2007- 2008 BOARD AND DELEGATES



Back row (left to right): Marty Byl, Steve Fernick, Matthias Oppenlaender, Doug Hernder, Bart Huisman and Wes Wiens. Front row (left to right): Debbie Zimmerman, Bill George Jr. and David Wiley.

Chair

Bill George Jr.

Vice-Chair

David Wiley

Directors

Marty Byl
Steve Fernick
Doug Hernder

Bart Huisman
Matthias Oppenlaender
Wes Wiens

Delegates

CANADIAN
HORTICULTURAL
COUNCIL

Bill George Jr.

CHAMBER OF
COMMERCE ~
NIAGARA-ON-THE-LAKE

Doug Hernder

CHAMBER OF
COMMERCE ~
ST. CATHARINES

David Wiley

GRAPE INDUSTRY
ADVISORY COMMITTEE ~
JUICE

Bill George Jr.

Steve Fernick

David Wiley

Bart Huisman

GRAPE INDUSTRY
ADVISORY COMMITTEE ~
WINE

Bill George Jr.

David Wiley

Matthias Oppenlaender

Bart Huisman

NIAGARA GRAPE
AND WINE FESTIVAL

Doug Hernder

NIAGARA PENINSULA
FRUIT AND VEGETABLE
GROWERS' ASSOCIATION

Marty Byl

ONTARIO FEDERATION
OF AGRICULTURE

Steve Fernick

ONTARIO
FRUIT AND VEGETABLE
GROWERS' ASSOCIATION

Ray Duc

**Ministry of Agriculture,
Food and Rural Affairs**

**Ministère de l'Agriculture,
de l'Alimentation et
des Affaires rurales**



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A Message from the Honourable Leona Dombrowsky

On behalf of the Ontario Ministry of Agriculture, Food and Rural Affairs, I would like to extend greetings to the members of the Grape Growers of Ontario.

As the integral ingredient in Canada's highest value-added agri-food product, Ontario grapes have the potential to compete with the best in the world.

The Ontario government notes your successful celebration in 2007 of your 60th anniversary as an organization. 2007 witnessed an historic announcement about the revitalization of horticultural research activities at Vineland, including Ontario's \$12.5 million investment in the Vineland Research and Innovation Centre. I am also pleased that our government was able to announce the Ontario Juice Grape Transition Program in June, which offered \$3.8 million to help the region's juice grape growers take the first steps toward transition and renewal. We therefore appreciated the federal government's announcement on February 8, 2008, that it is investing up to \$22.3 million to help the tree fruit and grape industries adapt to industry pressures and meet consumer demands. This multi-year federal investment complements Ontario's previous commitments to the sector.

I would also like to offer a toast to Prince Edward County on becoming Ontario's newest Designated Viticultural Area. This milestone reflects the hard work and dedication of grape growers and winemakers in that region. Congratulations on this outstanding achievement!

Please accept our government's best wishes as you enter your seventh decade in 2008.

A handwritten signature in black ink that reads "Leona Dombrowsky". The signature is fluid and cursive.

Leona Dombrowsky
Minister of Agriculture, Food and Rural Affairs



Jim Bradley, M.P.P.

St. Catharines

Greetings from the Honourable Jim Bradley, MPP Minister of Transportation

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

The Government of Ontario has been pleased to act in partnership with the Grape Growers of Ontario to promote the outstanding wines which are produced from the grapes grown in Ontario's wine regions and has been most willing to invest in the grape and wine industry in our province.

Despite many and varied challenges confronting the grape and wine industry over the past few decades, those who are involved in grape growing and the production of wine have committed much time, effort and energy to producing a high quality product and in doing so, have contributed significantly to the economy of Ontario.

As one who was privileged to have been assigned the responsibility for the Ministry of Tourism in the previous term of the McGuinty Government, I am well aware of the attraction that our grape growing regions provide for visitors to these areas of the province and I am cognizant of the positive economic impact of this tourism experience.

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

With very best wishes for success in 2008, I am

Yours sincerely,

Jim Bradley, MPP
Minister of Transportation

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MESSAGE FROM YOUR BOARD CHAIR



Bill George Jr. - Board Chair

2007 marked the Grape Growers of Ontario's 60th anniversary. It is with pride that we celebrate 60 years of grape growing excellence in Ontario. Through growers' dedication and commitment to grow quality grapes, the grape growing industry in Ontario has achieved world renowned status.

The summer of 2007 was hot and dry with drought-like conditions and a warm fall extended the growing season. We were able to realize a crop of 56,315 tonnes with a farm gate value of \$74.9 million. The grape harvest of 2007 is marked with outstanding quality.

As part of the short crop Memorandum of Understanding, as it relates to the three-year wine grape pricing agreement, wine grape prices, in 2007, increased by 2% across all varieties over 2006. The last year of our three-year pricing agreement ended in 2007. Juice grape prices were set through negotiations which took place in August. Juice grape growers continue to receive low market prices for their grapes.

In June 2007, the Cadbury Schweppes Beverages St. Catharines plant closed, marking the end of an era. This closing impacted approximately 2,000 acres of Ontario's vineyards and about 105 grape growers who supplied juice grapes to Cadbury Schweppes. In responding to this closure, the Government of Ontario announced an Ontario Juice Grape Transition Program for our juice grape growers.

The Board focused some of its activities on updating our strategic plan, on moving forward grape growing initiatives with its partners through the Wine and Grape Strategy Steering Committee and the newly formed Ontario Wine Secretariat. In 2007, the Ontario Grape and Wine Research Foundation was struck.

In September 2007, Kevin Watson was crowned Grape King. Kevin carries on the tradition in his family of serving as ambassador for the grape growing community. Our thanks are extended to Matthias Oppenlaender for serving as last year's Grape King.

I thank the Board of Directors for their continued support and commitment to the grape growers of Ontario. I also extend my appreciation to the staff of the Grape Growers of Ontario for their ongoing support and efforts on behalf of our members.

*Bill George Jr., Board Chair
Grape Growers of Ontario*



Ontario Juice Grape Transition Program Announcement

MESSAGE FROM YOUR CEO



Debbie M. Zimmerman - CEO

As we celebrated our 60th anniversary we reflected on the consistent efforts and persistence of grape growers who have significantly moved the industry forward. I look forward to continuing to work with our members and stakeholders to move the industry through another 60 years of success.

We monitored our successful progress toward the achievement of goals through a review of the organization's strategic directions.

Over 2007, we continued to build relations with our members and stakeholders. To celebrate the Grape Growers of Ontario's 60th anniversary we held a successful industry party during the 2007 Niagara Grape and Wine Festival. This year staff attended the Prince Edward County Tradeshow and AGM. The Board of Directors held one of their board meetings in Southwestern Ontario and had the opportunity to meet members from the area and tour vineyards and wineries. Congratulations are extended to Prince Edward County who received their designation as a viticulture area. In addition, meetings were held with our juice grape growers to discuss the closing of the Cadbury Schweppes plant and the future of the juice grape industry.

Throughout 2007, relations continued to be strengthened with the provincial and federal levels of government in matters affecting the grape growing industry. We continued to advocate for a federal/provincial transition program for both juice and wine grape growers. On behalf of the Grape Growers of Ontario I would like to extend our appreciation to the Government of Ontario for providing a \$3.8 million Ontario Juice Grape Transition Program to help our juice grape growers. In addition, I would like to thank the Government of Canada for its recent announcement of a \$22.3 million Transition Program for our industry.

The 2007 harvest marked the rollout of the new electronic weigh bill system. The system has added traceability within our vineyards, online information verification for our growers, and efficiency and accuracy in reporting. We continue to advance the system to meet the needs of our growers.

Research continues to be an important part of Grape Growers of Ontario business. In 2007, we received funding from the Agricultural Adaptation Council in order to begin research into a domestic vine certification program. This program will ensure that growers in Ontario are able to obtain locally certified plant material in the future.

At the 2007 Niagara Grape and Wine Festival, we were once again pleased to work with our partners, Friends of the Greenbelt Foundation and Scotiabank, to present a successful Scotiabank luncheon with our highly acclaimed guest speaker, Mr. Rex Murphy.

As I reflect upon 2007, I would like to extend my appreciation to the Board for their continued work and support of initiatives that move the grape growing industry forward. In addition, I would like to thank staff for their dedicated work and commitment to the grape growers in Ontario.

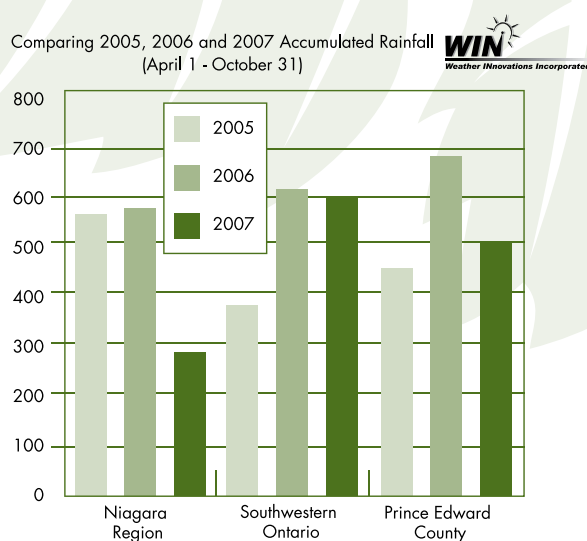
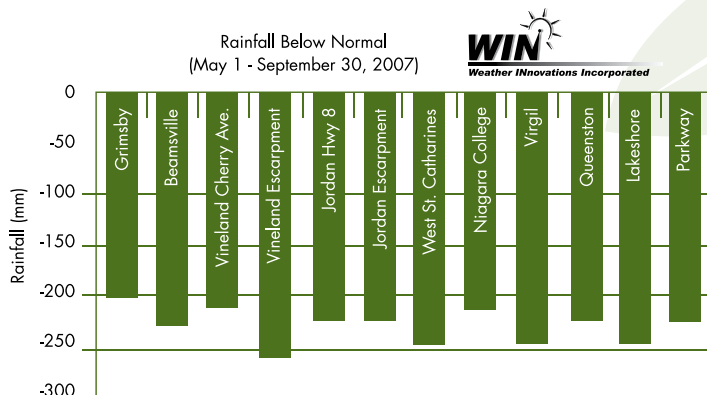
A handwritten signature in black ink, appearing to read 'Debbie Zimmerman', written over a horizontal line.

*Debbie M. Zimmerman, CEO
Grape Growers of Ontario*

2007 WEATHER SUMMARY

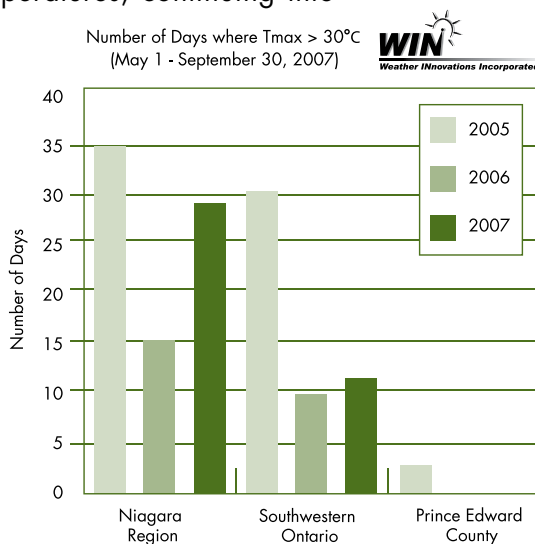
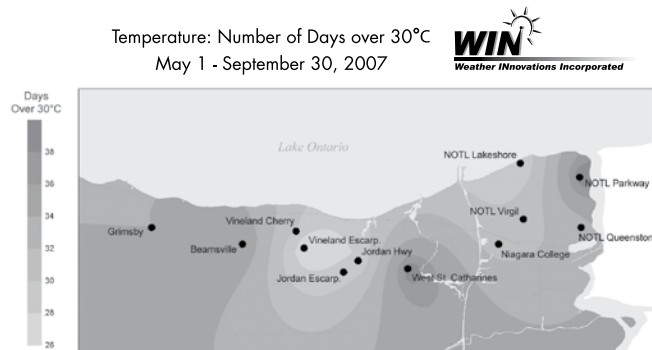
RAINFALL

In the Niagara region, growers will remember 2007 for its extreme lack of rainfall. Most of the Niagara sub-appellations received 200 mm of rainfall below normal (approximately 8 inches)! This was a drastic change from the previous two growing seasons. In contrast, Southwestern Ontario received almost the same amount of rainfall as in 2006, and more than in 2005. Prince Edward County received similar rainfall totals to the 2005 growing season, yet less than 2006.



TEMPERATURE

In the Niagara region, the year 2007 will be remembered for having above normal daily maximum temperatures. Accumulated degree days were higher than normal every month in Niagara except July. Southwestern Ontario accumulated more degree days than Niagara at the beginning and end of the growing season, but slightly less in June, July and August. The county started off with a cooler April, May and June. According to the 30-year normal for Vineland, there are 11.4 days from May – September when temperatures soar above 30°C. In 2007, there were upwards of 30 days in some locations. On the other hand, for each of the three regions, the total number of days above 30°C in 2007 did not even reach the totals from 2005! As for winter temperatures in Niagara, the 2006 year ended with unusually warmer temperatures, continuing into January 2007. However, colder temperatures developed in February and March, with days below -10°C occurring more often than normal. The year 2007 ended with near average December temperatures.



PRODUCTION

TABLE I presents the production and disposition of grapes from 2003 through 2007. Grapes purchased by licenced Ontario wineries for wine, icewine and late harvest wine equaled 52,229 tonnes. Overall production was down by 7,863 tonnes from the previous year.

Table I - Production and Distribution of Grapes (in Tonnes)

PROCESSED BY CATEGORY	2003	2004	2005	2006	2007
WINE	22,932	40,190	15,572	46,669	46,287
ICEWINE & LATE HARVEST WINE	3,307	5,514	2,590	6,294	5,942
JAMS & JUICE	10,221	10,405	7,735	10,231	3,755
HOME WINEMAKING & DISTILLING	475	678	301	984	331
TOTAL PROCESSED	36,935	56,787	26,198	64,178	56,315

PROCESSING PRICES

As part of the short crop MOU, as it relates to the three-year wine grape pricing agreement, 2007 wine grape prices increased by 2% across all varietals. Classes 1, 2 and 3 were set through negotiations on August 17, 2007.

GRAPES LEFT ON THE VINE FOR SELECT LATE HARVEST OR ICEWINE PRODUCTION

Bonus of 25% based on the price of normal harvest grapes of the same variety at the appropriate sugar level determined by samples taken at regular harvest time.

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

The minimum price established for each class of grapes sold for processing in 2007 is shown in **TABLE II** with the 2006 price listed.



Table II - Processing Prices for Grapes (\$ per Tonne)

CLASS	VARIETY	2007	2006
1	Concord, Fredonia, Patricia, President, Suffolk Red and Van Buren	\$330	\$299
2	Niagara and Wiley White	\$315	\$305
3	Delaware, Elvira, Himrod, Sovereign Coronation, Veeblanc and Veeport	\$499	\$474
5	De Chaunac and Rosette	\$646	\$633
5a	Leon Millot and Marechal Foch	\$788	\$773
5b	Baco Noir, Castel, Chambourcin, Chancellor, GR7, Le Commandant and Villard Noir	\$851	\$834
5c	Experimental Red Hybrid, Frontenac, Landot, Lucy Kuhlman and Red Amourensis	\$630	\$618
6	New York Muscat and V64111	\$510	\$500
7	Aurore, Cayuga White, J.S. 23-416 and S.V. 23-512	\$483	\$474
7a	Seyval Blanc and Vidal	\$583	\$572
7b	Geisenheim Hybrids, GM 311, GM 318 and GM 322	\$510	\$500
7c	Experimental White Hybrid, Traminette, V65232 and White Amourensis	\$447	\$438
9	J. Riesling	\$1,471	\$1,442
9a	Auxerrois, Kerner, Scheurebe and Welsch Riesling	\$1,229	\$1,205
9b	Chardonnay Musque and Chardonnay	\$1,524	\$1,494
9c	Gewurztraminer	\$1,639	\$1,607
9d	Pinot Gris	\$1,639	\$1,607
9e	Sauvignon Blanc	\$1,639	\$1,607
9f	Aligote, Alsace Muscat, Chenin Blanc, Experimental White Vinifera, Melon de Bourgogne, Morio Muscat, Muscat Ottonel, Pinot Blanc, Riesling Traminer, Savignin, Semillon and Viognier	\$1,292	\$1,267
10	Gamay and Zweigeltrebe	\$1,381	\$1,354
10a	Pinot Noir	\$2,101	\$2,060
10b	Cabernet Sauvignon	\$2,080	\$2,039
10c	Cabernet Franc	\$1,786	\$1,751
10d	Merlot	\$2,101	\$2,060
10e	Sirah, Shiraz and Syrah	\$2,101	\$2,060
10f	Dornfelder, Experimental Red Vinifera, Limberger, Malbec, Nebbiolo, Petite Sirah, Petit Verdot, Pinot Meunier, Sangiovese and St. Laurent	\$1,366	\$1,339
	Distilling	\$125	\$125
	Sherry	\$300	\$300

2007 Crop Year by Category

	TONNES	VALUE
WINE	46,287	\$66,223,158
ICEWINE AND LATE HARVEST WINE	5,942	\$7,158,165
JAMS AND JUICES	3,755	\$1,259,466
HOME WINEMAKING AND DISTILLING	331	\$294,987
TOTAL	56,315	\$74,935,776

VALUE OF CROP PURCHASED

Table III - Farm Gate Value of Grapes Sold for Processing

	2003	2004	2005	2006	2007
GROSS FARM GATE VALUE (\$'000)	26,515	50,029	22,700	68,533	74,936

LICENCE FEES

In the aggregate, licence fees for the 2007-2008 fiscal year represent approximately 1.8% of the total farm gate value of the crop. This compares to the 2006-2007 fiscal year in which licence fees represented approximately 2.0% of the crop value.

Table IV - Licence Fees per Tonne by Class and Variety

CLASS	VARIETY	2006 TOTAL FEES	2007	
			BOARD FEES*	R&D FEE**
1	Concord, Fredonia, Patricia, President, Suffolk Red and Van Buren	\$10.50	\$10.00	
2	Niagara and Wiley White	\$10.50	\$10.00	
3	Delaware, Elvira, Himrod, Sovereign Coronation, Veeblanc and Veeport	\$10.50	\$10.00	
5	De Chaunac and Rosette	\$16.00	\$15.40	\$2.05
5a	Leon Millot and Marechal Foch	\$17.90	\$17.25	\$2.05
5b	Baco Noir, Castel, Chambourcin, Chancellor, GR7, Le Commandant and Villard Noir	\$18.75	\$18.10	\$2.05
5c	Experimental Red Hybrid, Frontenac, Landot, Lucy Kuhlman and Red Amourensis	\$15.80	\$15.20	\$2.05
6	New York Muscat and V64111	\$14.20	\$13.65	\$2.05
7	Aurore, Cayuga White, J.S. 23-416 and S.V. 23-512	\$13.85	\$13.30	\$2.05
7a	Seyval Blanc and Vidal	\$15.20	\$14.60	\$2.05
7b	Geisenheim Hybrids, GM 311, GM 318 and GM 322	\$14.20	\$13.65	\$2.05
7c	Experimental White Hybrid, Traminette, V65232 and White Amourensis	\$13.40	\$12.85	\$2.05
9	J. Riesling	\$27.05	\$26.15	\$2.05
9a	Auxerrois, Kerner, Scheurebe and Welsch Riesling	\$23.80	\$23.00	\$2.05
9b	Chardonnay Musque and Chardonnay	\$27.75	\$26.85	\$2.05
9c	Gewurztraminer	\$29.30	\$28.35	\$2.05
9d	Pinot Gris	\$29.30	\$28.35	\$2.05
9e	Sauvignon Blanc	\$29.30	\$28.35	\$2.05
9f	Aligote, Alsace Muscat, Chenin Blanc, Experimental White Vinifera, Gruner Veltiner, Italian Muscat, Melon de Bourgogne, Morio Muscat, Muscat Ottonel, Muscat Petit Le Grain, Pinot Blanc, Riesling Traminer, Savignin, Semillon and Viognier	\$24.65	\$23.80	\$2.05
10	Gamay and Zweigeltrebe	\$25.85	\$24.95	\$2.05
10a	Pinot Noir	\$35.50	\$34.35	\$2.05
10b	Cabernet Sauvignon	\$35.20	\$34.05	\$2.05
10c	Cabernet Franc	\$31.25	\$30.25	\$2.05
10d	Merlot	\$35.50	\$34.35	\$2.05
10e	Sirah, Shiraz and Syrah	\$35.50	\$34.35	\$2.05
10f	Blauburger, Dornfelder, Experimental Red Vinifera, Limberger, Malbec, Nebbiolo, Petite Sirah, Petit Verdot, Pinot Meunier, Sangiovese, St. Laurent, Tannat and Tempranillo	\$25.65	\$24.80	\$2.05
	Distilling	\$5.50	\$5.50	
	Sherry	\$7.75	\$7.75	

* In 2007, board fees were decreased by 5%. ** In 2007, the R&D licence fee of \$2.05 was added to all Hybrid and Vinifera grape tonnage.

GRAPE VINE CENSUS

TABLE V provides data collected from the 2001 provincial census, and the Board's surveys of removals and plantings for 2002, 2003, 2004, 2005 and 2006.

Table V - Number of Grape Vines in Ontario

CLASS	2002	2003	2004	2005	2006	CHANGE 2005/06
CLASSES 1-3						
Concord	1,439,248	1,401,767	1,385,747	1,372,195	865,045	-37.0%
Elvira	45,005	9,954	6,499	5,007	10,177	103.3%
Fredonia	92,604	72,776	69,084	63,929	127,014	98.7%
Niagara	714,463	702,593	686,364	674,819	348,297	-48.4%
Sovereign Coronation	138,475	153,455	161,155	167,255	141,538	-15.4%
SUB-TOTAL	2,429,795	2,340,545	2,308,849	2,283,205	1,492,071	-34.7%
CLASSES 5-7						
Baco Noir	712,649	713,124	713,312	715,052	624,444	-12.7%
Chambourcin	141,156	140,056	141,656	141,656	93,236	-34.2%
De Chaunac	139,153	138,807	134,247	134,247	130,846	-2.5%
Geisenheim	178,474	168,314	146,084	141,835	225,790	59.2%
Marechal Foch	188,139	188,139	187,369	186,609	206,677	10.8%
New York Muscat	39,305	36,025	36,025	32,351	30,255	-6.5%
Seyval Blanc	298,592	292,652	266,062	226,119	232,324	2.7%
S.V. 23-512	181,060	169,152	161,319	148,483	122,904	-17.2%
Vidal 256	1,310,471	1,303,163	1,312,360	1,342,132	1,465,077	9.2%
Villard Noir	38,939	34,639	34,639	34,639	12,941	-62.6%
SUB-TOTAL	3,227,938	3,184,071	3,133,073	3,103,123	3,144,494	1.3%
CLASSES 9-10						
Auxerrois	91,038	71,810	54,010	46,433	49,561	6.7%
Cabernet Franc	1,306,522	1,305,156	1,318,661	1,364,347	1,721,467	26.2%
Cabernet Sauvignon	1,182,560	1,168,533	1,164,657	1,180,410	1,392,015	17.9%
Chardonnay	2,007,097	1,976,732	1,974,523	2,054,118	2,405,959	17.1%
Gamay	525,359	524,199	522,746	519,105	502,570	-3.2%
Gewurztraminer	298,832	345,043	349,699	360,495	418,769	16.2%
J. Riesling	1,084,207	1,118,494	1,189,672	1,306,619	1,799,534	37.7%
Merlot	920,827	1,006,491	1,035,558	1,047,882	1,352,621	29.1%
Pinot Gris	220,487	238,827	270,498	323,691	408,756	26.3%
Pinot Noir	772,245	804,530	850,148	877,012	1,127,345	28.5%
Sauvignon Blanc	315,615	346,270	349,340	397,680	461,428	16.0%
Zweigeltrebe	165,934	140,391	127,078	116,490	106,786	-8.3%
SUB-TOTAL	8,890,723	9,046,476	9,206,590	9,594,282	11,746,811	22.4%
Other Varieties	708,627	745,851	751,865	767,506	730,342	-4.8%
TOTAL	15,257,083	15,316,943	15,400,377	15,748,116	17,113,718	8.7%

PRODUCTION OF PROCESSED GRAPES BY VARIETY

In **TABLE VI** the 2007 crop was down from 2006 by 7,863 tonnes. Red Hybrid and White Hybrid production was down by 488 tonnes and 2,568 tonnes, respectively from the 2006 crop. White Vinifera and Red Vinifera production increased by 1,640 tonnes and 165 tonnes, respectively from the 2006 crop. Overall Red and White Vinifera varieties at 35,025 tonnes were up from the 2006 crop.

Table VI - Purchases by Processors by Variety (in Tonnes)

	CLASS	2003	2004	2005	2006	2007
CLASSES 1-3	Concord	7,643	7,009	5,292	7,882	2,965
	Elvira	56	37	59	61	53
	Niagara	2,700	3,515	2,576	3,218	1,525
	Miscellaneous 1-3	86	47	25	8	14
	SUB-TOTAL (Labrusca)	10,485	10,608	7,952	11,169	4,557
CLASSES 5-6	Baco Noir	1,973	3,065	1,628	2,753	2,596
	Chambourcin	499	660	275	584	463
	De Chaunac	360	601	252	363	298
	Marechal Foch	1,010	946	760	1,042	959
	New York Muscat	84	104	38	70	57
	Rosette	120	181	114	154	111
	Villard Noir	48	86	47	81	69
	Miscellaneous 5-6	135	185	161	208	214
SUB-TOTAL (Blue/Red French Hybrids)	4,229	5,828	3,275	5,255	4,767	
CLASSES 7-7c	S.V. 23-512	494	786	354	494	405
	Seyval Blanc	1,629	1,884	897	1,296	927
	Vidal 256	8,576	11,625	4,661	11,065	8,994
	GM 311	183	583	25	24	668
	GM 318	949	1,055	770	1,466	648
	GM 322	106	100	48	32	100
	Miscellaneous 7-7c	184	202	102	157	224
	SUB-TOTAL (White French Hybrids)	12,121	16,235	6,857	14,534	11,966
	SUB-TOTAL (Hybrids)	16,350	22,063	10,132	19,789	16,733
CLASSES 9-9f	Auxerrois	107	113	78	246	193
	Chardonnay and Chardonnay Musque	2,142	5,794	1,830	6,507	7,858
	Gewurztraminer	164	507	189	1,181	1,207
	J. Riesling	2,049	4,168	1,645	4,623	5,123
	Pinot Blanc	38	71	29	120	142
	Pinot Gris	160	401	222	953	1,101
	Sauvignon Blanc	158	516	198	1,695	1,391
	Miscellaneous 9-9f	136	242	113	522	472
	SUB-TOTAL (White Vinifera)	4,954	11,812	4,304	15,847	17,487
CLASSES 10-10f	Cabernet Franc	2,077	4,779	1,231	5,167	5,206
	Cabernet Sauvignon	1,105	2,508	853	3,413	3,527
	Gamay	920	1,698	470	1,707	1,543
	Merlot	304	1,636	391	3,785	4,097
	Pinot Noir	411	1,094	506	1,959	2,078
	Shiraz, Sirah, Syrah	43	158	60	551	564
	Zweigeltrebe	162	339	233	444	322
	Miscellaneous 10-10f	124	92	66	347	201
	SUB-TOTAL (Red Vinifera)	5,146	12,304	3,810	17,373	17,538
	SUB-TOTAL (Vinifera)	10,100	24,116	8,114	33,220	35,025
GRAND TOTAL	36,935	56,787	26,198	64,178	56,315	

WINE GRAPE SUGAR TESTING PROGRAM

The Wine Grape Sugar Testing Program was once again coordinated by Errol McKibbon of McKibbon Associates, a privately-owned company acting as third party tester. The total number of samples tested in 2007 increased to 4,174 from 3,857 in 2006. The number of wineries/processors serviced by this program was 124. Growers were provided with sugar test results at the same time as the wineries.

TABULATION OF GROWERS WITH PRODUCTION

The number of growers with production registered with the Grape Growers of Ontario in 2007 decreased from 538 in 2006 to 518 in 2007 due to the change in juice grape production.

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

		2003	2004	2005	2006	2007
DISTRICT 1	Town of Niagara-on-the-Lake	171	169	147	176	174
DISTRICT 2	City of St. Catharines	66	66	60	64	57
DISTRICT 3	Town of Lincoln	189	193	184	183	174
DISTRICT 4A	Town of Grimsby, Township of West Lincoln and City of Hamilton	62	62	58	52	41
DISTRICT 4B	Southwestern Ontario	19	22	25	30	32
DISTRICT 4C	Prince Edward County	11	18	23	33	40
TOTAL		518	530	497	538	518

WINE SALES IN ONTARIO

TABLE VIII below shows the five-year history of wine sales in Ontario. Total wine sales in Ontario grew by 5.2% to 138.7 million litres in 2007. Ontario wine sales increased by 3.6% to 54.1 million litres. Imported wine sales increased by 6.4% to 83.9 million litres, while out-of-province wine sales in Ontario decreased by 6.2% to 0.8 million litres. Market share for Ontario wines decreased from 39.6% to 39.0% in 2007.

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

	2003	2004	2005	2006	2007
ONTARIO WINE SOLD IN ONTARIO**	45,359	49,173	51,276	52,190	54,083
ANNUAL CHANGE	3.1%	8.4%	4.3%	1.8%	3.6%
IMPORTED WINE SOLD IN ONTARIO	66,732	70,315	75,386	78,856	83,888
ANNUAL CHANGE	5.4%	5.4%	7.2%	4.6%	6.4%
OUT-OF-PROVINCE SALES IN ONTARIO	1,414	1,172	936	807	757
ANNUAL CHANGE	-15.4%	-17.1%	-20.1%	-13.8%	-6.2%
TOTAL WINE SOLD IN ONTARIO	113,505	120,659	127,598	131,853	138,729
ANNUAL CHANGE	4.1%	6.3%	5.8%	3.3%	5.2%
MARKET SHARE OF ONTARIO WINES IN ONTARIO	40.0%	40.8%	40.2%	39.6%	39.0%

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

** Includes sales through LCBO, Winery Retail Stores, embassies, airlines and industrial sales

VQA VERSUS NON-VQA SALES

TABLE IX below shows VQA versus non-VQA sales in Ontario to March 31, 2007. VQA sales in Ontario decreased 7.6% from 9.9 million litres in 2006 to 9.1 million litres in 2007. Non-VQA wine sales in Ontario increased 6.4% from 42.3 million litres to 45.0 in 2007. VQA sales outside of Ontario decreased by 8.8% from 0.9 million litres in 2006 to 0.8 million in 2007.

TABLE IX – VQA Versus Non-VQA Sales in Ontario ('000 litres)

	2003	2004	2005	2006	2007
ONTARIO WINE SOLD IN ONTARIO*	44,228	45,672	50,448	52,125	54,083
TOTAL VQA SALES IN ONTARIO**	10,109	10,432	8,174	9,874	9,127
TOTAL NON-VQA SALES IN ONTARIO	34,119	35,240	42,274	42,251	44,956
TOTAL VQA SALES OUTSIDE ONTARIO**	1,253	1,004	964	897	818
MARKET SHARE OF VQA WINES IN ONTARIO	22.9%	22.8%	16.2%	18.9%	16.9%

* Ontario share from LCBO Annual Report – March 31, 2007

** VQA figures from VQAO Annual Report – March 31, 2007

BLENDING MATERIALS IMPORTED INTO ONTARIO

TABLE X below shows the quantity of blending grape product imported into Ontario over the last five years. The Ontario Wine Content and Labelling Act, which came into effect January 1, 2001, requires that Ontario wine contain a minimum of 30% Ontario grape content. Due to the 2005 short crop, the Wine Content and Labelling Act was amended to allow the time-limited manufacture of wines in the province with up to 99% imported grape or grape product, provided that all such wine is bottled before February 1, 2007. Wine imported for blending purposes increased by 10.7% from 32.9 million litres to 36.4 million litres. Concentrate increased by 1.1% from 2,026 equivalent tonnes to 2,048 equivalent tonnes. Grape juice is down 39.0% from 3,486 equivalent tonnes to 2,127 equivalent tonnes. In total, blending material was up 6.8% from 49,356 equivalent tonnes in 2006 to 52,718 equivalent tonnes in 2007.

TABLE X – Blending Materials Imported into Ontario

	2003	2004	2005	2006	2007
WINE (litres)	12,655,164	22,455,496	25,114,702	32,882,685	36,406,730
CONCENTRATE (equivalent tonnes @ 165 litres per tonne)	5,369.78	6,176.27	7,167.43	2,026.42	2,048.42
GRAPE JUICE (equivalent tonnes @ 750 litres per tonne)	1,596.13	2,624.87	2,283.15	3,486.09	2,126.82

Statistical data provided by Alcohol and Gaming Commission of Ontario

IMPORTATION OF WINE

TABLE XI presents the quantity of importation of wine categories from 2003-2007. Total imports of all wine categories in Canada increased by 9.0% from the previous year to 257 million litres. This increase in litres was due almost entirely to the increase in still wines of 19,589 million litres.

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

	2003	2004	2005	2006	2007
SHERRY	1,007	944	895	866	830
SPARKLING WINE (Includes Crackling Table)	5,004	4,764	5,148	5,449	6,135
STILL WINE	175,699	183,570	197,361	213,343	232,932
VERMOUTH	2,681	2,622	2,705	2,666	2,677
PORT	2,787	2,388	2,522	2,456	2,342
APERITIF	1,165	1,019	1,039	1,000	964
CHAMPAGNE	806	793	845	884	975
MISCELLANEOUS WINES	6,911	7,671	9,265	9,237	10,338
TOTAL	196,060	203,771	219,780	235,901	257,193

Statistical data provided by Association of Canadian Distillers

TABLE XII shows the volume of still table wines by country of origin imported into Canada from 2003-2007 inclusive. In 2007, total importation of still table wines into Canada increased by 9.2% to 233 million litres compared to 213 million litres in 2006. Imports from South America were up significantly. France remains the largest single importer into Canada followed by Italy and Australia.

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

	2003	2004	2005	2006	2007
AUSTRALIA	24,389	34,257	38,188	40,329	42,965
EASTERN EUROPE	1,623	1,399	1,182	1,045	858
FRANCE	55,293	48,927	50,524	52,275	53,841
GERMANY	3,969	3,890	3,813	4,051	4,302
ITALY	38,774	38,625	39,869	43,178	47,175
PORTUGAL	2,674	3,003	3,297	3,553	4,115
SOUTH AFRICA	3,295	4,002	5,505	6,655	7,764
SOUTH AMERICA	17,413	20,001	21,754	24,498	30,694
SPAIN	7,396	7,159	8,205	10,122	10,752
UNITED STATES	17,506	18,778	20,777	22,999	25,803
OTHER COUNTRIES	3,367	3,529	4,247	4,638	4,663
TOTAL	175,699	183,570	197,361	213,343	232,932

Statistical data provided by Association of Canadian Distillers

CROP INSURANCE

Data included in **TABLE XIII** below was supplied by AgriCorp, the Corporation responsible for delivering Crop Insurance Programs and providing the statistical history of the Grape Crop Insurance Program, 1994-2007 inclusive. The number of accounts decreased from 336 to 316 in 2007. Claims increased from 51 in 2006 to 65 in 2007. The dollar value of the claims increased from \$1.0 million in 2006 to 1.1 million in 2007.

TABLE XIII – Crop Insurance

YEAR	NO. OF ACCOUNTS	NO. OF CLAIMS	TOTAL PREMIUMS* \$'000	TOTAL CLAIMS \$'000	DEFICIT/ SURPLUS \$'000
1994	253	116	972	1,329	-357
1995	250	37	1,872	260	1,612
1996	232	128	1,944	2,248	-304
1997	229	87	1,591	1,004	587
1998	241	53	1,968	521	1,447
1999	248	11	2,191	109	2,082
2000	254	89	2,022	1,274	748
2001	269	91	2,006	1,460	546
2002	273	127	2,136	2,071	65
2003	286	241	2,061	16,714	-14,653
2004	329	149	4,743	3,641	1,102
2005	332	283	5,188	22,308	-17,120
2006	336	51	7,205	1,046	6,159
2007	316	65	7,763	1,136	6,627

*Total grower and government premiums

SELF-DIRECTED RISK MANAGEMENT (SDRM)

TABLE XIV includes statistics pertaining to SDRM participation, total eligible net sales and average eligible net sales for grapes for the 2000-2006 stabilization years.

TABLE XIV – SDRM

YEAR	NO. OF PARTICIPANTS	TOTAL ELIGIBLE NET SALES (\$)	AVERAGE ELIGIBLE NET SALES (\$)
2000	112	5,063,486	45,210
2001	181	15,814,483	87,373
2002	191	8,994,989	47,094
2003	84	11,319,300	134,753
2004	147	15,126,985	102,905
2005	149	17,227,381	115,620
2006	142	18,686,555	131,595

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 2007/2008 year include:

MEMBERSHIPS	AMOUNT (\$)
AGRICULTURAL ADAPTATION COUNCIL	150
BRITISH COLUMBIA GRAPEGROWERS ASSOCIATION	150
CANADIAN HORTICULTURAL COUNCIL	6,936
GRIMSBY AND DISTRICT CHAMBER OF COMMERCE	219
LINCOLN CHAMBER OF COMMERCE	135
NIAGARA-ON-THE-LAKE CHAMBER OF COMMERCE	200
ONTARIO AGRI-FOOD EDUCATION INC.	500
ONTARIO AGRICULTURAL COMMODITY COUNCIL	1,000
ONTARIO FRUIT & VEGETABLE GROWERS' ASSOCIATION	20,000
ONTARIO FEDERATION OF AGRICULTURE	500
PRESIDENT'S COUNCIL	250
ST. CATHARINES - THOROLD CHAMBER OF COMMERCE	350
ST. CATHARINES CLUB	610
WINEGRAPE GROWERS OF AMERICA	220
TOTAL	31,220

SPONSORSHIPS	AMOUNT (\$)
BACCHUS AT BROCK / UNCORKED	2,500
COMMUNITY FUTURES DEVELOPMENT CORPORATION - EASTQUEST OUTREACH PROGRAM	1,000
GRAPE KING	2,500
GRAPE STOMP	463
IN STRIDE PRODUCTIONS - NIAGARA RUNNING SERIES	1,500
LINCOLN AGRICULTURAL SOCIETY	200
NIAGARA COLLEGE - GRAPE GROWERS OF ONTARIO WINE TASTING ROOM	10,000
NIAGARA GRAPE AND WINE FESTIVAL - 2007 NIAGARA WINE FESTIVAL	20,000
NIAGARA PENINSULA FRUIT AND VEGETABLE GROWERS' ASSOCIATION	500
OFFICIAL GUIDE TO WINERIES OF ONTARIO	3,300
ONTARIO WINE AWARDS	2,500
PRINCE EDWARD COUNTY WINEGROWERS ASSOCIATION - TERROIR WINE FESTIVAL	2,000
SOUTHWESTERN ONTARIO VINTNERS ASSOCIATION - REGIONAL MAP	3,000
TOTAL	49,463

GRAPE GROWERS OF ONTARIO WEIGH BILL SYSTEM

On September 1, 2005, the Grape Growers of Ontario received funding to develop a traceability and records management system from the Agricultural Adaptation Council (AAC). This project included the automation of a records management system to implement a robust traceability and food safety program for the grape industry. The automated weigh bill was designed by the Grape Growers of Ontario with the assistance of corporate partners. The automation of weigh bills served to improve the efficiency and accuracy of the current system of reporting harvest data. Additionally, the automation of the weigh bills has created a quality assurance and traceability system to address the demands of a global economy, as well as the need to identify the sub-appellation system for VQA legislation.

On September 1, 2007, the Grape Growers of Ontario piloted the new electronic weigh bill system for the 2007 harvest. The system was a success, processing approximately 5,100 weigh bills, connecting 169 wineries and 518 growers information.

The Grape Growers of Ontario would like to thank all of the wineries and our grower members for their participation and support with the new electronic weigh bill system.



GRAPE GROWERS OF ONTARIO WEIGH BILL				
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
YEAR	GROWER NO.	VINEYARD I.D.	BLOCK I.D.	OFFICE USE
DATE				
VARIETY		PROCESSOR		
<input type="text"/>		<input type="text"/>		
VINEYARD I.D.	BLOCK I.D.	% OF LOAD TO BLOCK	ESTIMATE I.D. NO.	
<input type="text"/>	<input type="text"/>	<input type="text"/>	E <input type="text"/>	
<input type="text"/>	<input type="text"/>	<input type="text"/>	E <input type="text"/>	
<input type="text"/>	<input type="text"/>	<input type="text"/>	E <input type="text"/>	
CONTROLLED YIELD HARVEST <input type="checkbox"/>		HAND HARVEST <input type="checkbox"/>		
REGULAR BOCK MGT HARVEST <input type="checkbox"/>		MACHINE HARVEST <input type="checkbox"/>		
GROSS WGT				
TARE WGT		TIME/DATE		
NET WGT				
NO OF CONTAINERS				
BRIX (SUGAR SCALE)		REJECTION		
<input type="text"/>		VOLATILE ACIDS <input type="text"/>		
TITRABLE ACIDS (TA)		BOTRYTIS <input type="text"/>		
<input type="text"/>		POWDERY MILDEW <input type="text"/>		
ACIDITY (pH)		MULTI-COLOURED ASIAN LADY BEETLE <input type="text"/>		
<input type="text"/>		OTHER (SPECIFY) <input type="text"/>		



EDUCATION AND RESEARCH

ONTARIO GRAPE AND WINE RESEARCH FOUNDATION

Research continues to be an integral part of the Grape Growers of Ontario business. In 2007, the Ontario Grape and Wine Research Foundation was created. Matthias Oppenlaender was named Chair of the Research Foundation for 2007. The Grape Growers of Ontario has begun to establish long-term funding for the Foundation.

WIND MACHINE AND PLANT HARDINESS RESEARCH PROJECT

The Grape Growers of Ontario continues its second year as a partner in the three-year wind machine and plant hardiness research project with industry stakeholders such as Ontario Ministry of Agriculture, Food & Rural Affairs (OMAFRA), Wine Council of Ontario and our growers. The wind machine project continues to address the issue of how to reduce the risk of spring and fall frosts as well as winter injury to grape vines and the survival of cultivars.

VINE MONITORING PROGRAM

Over the course of 2007, the Grape Growers of Ontario continued to partner with Canadian Food Inspection Agency (CFIA), vine import brokers and growers to complete the second year of a three-year vine monitoring program for phytoplasmas on imported vines from France in 2006. Given the current situation with importation of vines from France, the Grape Growers of Ontario was actively involved with setting industry accepted standards on hot water treatment of vines. In 2008, we look forward to working with our partners in developing a Domestic Vine Certification Program.

OUR PARTNERS

The Grape Growers of Ontario expresses gratitude to the Agricultural Adaptation Council, the Government of Ontario, the Ontario Ministry of Agriculture, Food & Rural Affairs, Agriculture and Agri-Food Canada and industry supporters for their contributions enabling us to establish and sustain valuable projects.

PESTICIDES

Wayne Roberts is a shared employee of the Grape Growers of Ontario and the Ontario Tender Fruit Producers' Marketing Board (OTFPMB). In his role as Pest Control and IPM Coordinator, Wayne works closely with employees from the OMAFRA, Agriculture & Agri-Food Canada (AAFC), the Pest Management Regulatory Agency (PMRA) and chemical manufacturers and consultants, in order to secure access to new and/or more effective crop protection products.

In 2007, Wayne was actively involved in the 5th Annual Minor Use Priority Setting Workshop in Ottawa to lobby AAFC and PMRA to fund and approve strategic minor issue negotiations.

Wayne represents the Grape Growers of Ontario on various committees such as:

- The Multi-coloured Asian Lady Beetle (MALB) Working Group;
- The National Steering Committee on Grape Vine Imports;
- The OASCC Grape and Wine Research and Services Committee; and
- The Reduced Risk Working Groups including the Guthion Transition Study Group.

NOTE: Guthion-azinthosmethyl registration has been extended through 2012.

The next few years will be critical in the registration of new insecticides for control of problem pests including grape berry moth, grape phylloxera, Japanese beetles, MALB and yellow jackets. Many new products will be coming on line to replace the organophosphates and other older chemistries.

CELEBRATING 60 YEARS OF GRAPE GROWING EXCELLENCE

2007 marked the Grape Growers of Ontario's 60th anniversary in which we celebrated 60 years of grape growing excellence.

In 1947, we began as the Ontario Grape Growers' Marketing Board empowered to negotiate terms and conditions of grape sales for processing. For the first time, growers were assured a unified minimum price for grapes. Through our elected board, our role evolved over the years. Today, we continue to represent growers, act as the voice of the industry, and lobby the government on behalf of grape growers to ensure their issues are heard.

In 2002, we became the Grape Growers of Ontario, to better reflect our mission, mandate and membership which boasts over 600 registered growers. For the past 60 years, we persistently pioneered initiatives and innovations to move our industry forward. We have through commitment, vision and determination met challenges, embraced change and achieved success.

On September 25, 2007 the Grape Growers of Ontario celebrated their 60th anniversary. Growers, wineries, politicians and local businesses joined in the celebration which took place during the Niagara Grape and Wine Festival. Approximately 500 people joined in celebrating with us.



2007 PROMOTIONAL ACTIVITIES

In 2007, the Grape Growers of Ontario continued promoting the organization and its membership. A series of activities took place such as the annual Media Day, Wine Tasting at the Legislative Assembly of Ontario and the Annual General Meeting. Congratulations to

Black Prince Winery and Stoney Ridge Estate Winery whose wines were chosen as the official wines to be served at the Ontario Legislature for 2007-2008. The Grape Growers of Ontario was once again a proud sponsor of the Niagara Grape and Wine Festival.

TABLE XV – Promotion Expenses

	2005/2006	2006/2007	2007/2008
PROMOTIONS, SPONSORSHIP & PUBLIC RELATIONS	\$54,053	\$29,977	\$47,649
NIAGARA COLLEGE – GGO WINE TASTING ROOM	\$10,000	\$15,000	\$10,000
MISCELLANEOUS – WINES	\$2,288	\$3,699	\$8,568
SUB-TOTAL	\$66,341	\$48,676	\$66,217
GRAPE & WINE FESTIVAL & GRAPE KING'S CROWNING	\$24,297	\$16,792	\$18,875
TOTAL	\$90,638	\$65,468	\$85,092

AUDITORS' REPORT

To the Members of
Grape Growers of Ontario

We have audited the statement of financial position of the **Grape Growers of Ontario** as at January 31, 2008 and the statements of unappropriated and appropriated net assets, operations and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the **Grape Growers of Ontario** as at January 31, 2008 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

MacGillivray Partners LLP.

Chartered Accountants,
Licensed Public Accountants
St. Catharines, Ontario,
February 14, 2008.

MacGillivray Partners LLP
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GRAPE GROWERS OF ONTARIO

STATEMENT OF FINANCIAL POSITION

AS AT JANUARY 31, 2008

	2008	2007
ASSETS		
Current		
Cash and equivalents	\$ 2,714,576	\$ 2,355,452
Accounts receivable	63,371	94,508
Research grant receivable (note 11)	268,550	157,719
Prepaid expenses	30,815	10,496
Due from Grape & Tender Fruit (Ontario) Limited (note 6)	<u>4,828</u>	<u>18,181</u>
	3,082,140	2,636,356
Investments (note 4)	191,847	191,847
Property and Equipment (note 5)	<u>22,222</u>	<u>-</u>
	\$ 3,296,209	\$ 2,828,203
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 205,848	\$ 266,836
Deferred research and promotion grant revenue (note 11)	-	33,399
Deferred research and development levy	<u>106,103</u>	<u>-</u>
	311,951	300,235
Commitments (note 7)		
NET ASSETS		
Invested in Grape & Tender Fruit (Ontario) Limited	191,847	191,847
Available for operations	<u>844,075</u>	<u>656,121</u>
	1,035,922	847,968
Appropriated net assets		
Research	948,336	1,000,000
Operational reserve	<u>1,000,000</u>	<u>680,000</u>
	2,984,258	2,527,968
	\$ 3,296,209	\$ 2,828,203

Approved on behalf of the Board


Director


Director

See Accompanying Notes to the Financial Statements

GRAPE GROWERS OF ONTARIO

STATEMENT OF UNAPPROPRIATED AND APPROPRIATED NET ASSETS

FOR THE YEAR ENDED JANUARY 31, 2008

	2008	2007
UNAPPROPRIATED NET ASSETS		
Balance, beginning of year	\$ 847,968	\$ 845,185
Excess of revenues over expenses for the year	507,954	682,783
Appropriation to operational reserve	<u>(320,000)</u>	<u>(680,000)</u>
Balance, end of year	<u>\$ 1,035,922</u>	<u>\$ 847,968</u>
APPROPRIATED NET ASSETS		
Research		
Balance, beginning of year	\$ 1,000,000	\$ -
Contribution from Province of Ontario	-	1,000,000
Grapevine 'Yellows' Disease	(49,164)	-
Weather Network Contribution	<u>(2,500)</u>	<u>-</u>
Balance, end of year	<u>948,336</u>	<u>1,000,000</u>
Operational Reserve		
Balance, beginning of year	680,000	-
Appropriation from operations	<u>320,000</u>	<u>680,000</u>
Balance, end of year	<u>1,000,000</u>	<u>680,000</u>
	<u>\$ 1,948,336</u>	<u>\$ 1,680,000</u>
TOTAL NET ASSETS	<u>\$ 2,984,258</u>	<u>\$ 2,527,968</u>

See Accompanying Notes to the Financial Statements

GRAPE GROWERS OF ONTARIO

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED JANUARY 31, 2008

	2008	2007
Revenues		
Licence fees	\$ 1,438,722	\$ 1,437,383
Appropriation for research and development	<u>(106,103)</u>	<u>-</u>
	1,332,619	1,437,383
Interest and other income	<u>92,073</u>	<u>63,876</u>
	<u>1,424,692</u>	<u>1,501,259</u>
Expenses		
Directors' fees, honoraria and benefits	64,450	64,300
Salaries and benefits	424,127	350,083
Travel	41,452	36,350
Meetings and conventions	18,497	15,093
Office supplies and expenses	87,869	62,574
Postage	19,877	17,840
Telephone	20,296	21,487
Dues and subscriptions	13,618	14,468
Promotion	66,217	48,676
Professional fees (note 10)	38,205	39,925
Utilities and maintenance	26,374	23,595
Building insurance and property taxes	15,277	15,893
Amortization	28,709	10,289
Festival	18,875	16,792
Assessment O.F. & V.G.A.	20,000	14,480
Research (note 11)	49,406	53,865
Professional development and strategic planning	5,480	14,225
National replant initiative	-	19,475
IPM Pocket Guides	-	8,551
Loss on foreign exchange	1,899	3,908
Expense recoveries from other associations	<u>(28,890)</u>	<u>(31,693)</u>
	<u>931,738</u>	<u>820,176</u>
Excess of Revenues over Expenses, from Operations	492,954	681,083
Prior Year Recovery (note 8, 11)	<u>15,000</u>	<u>1,700</u>
Excess of Revenues Over Expenses for the Year	<u>\$ 507,954</u>	<u>\$ 682,783</u>

See Accompanying Notes to the Financial Statements

GRAPE GROWERS OF ONTARIO

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JANUARY 31, 2008

	2008	2007
Cash Flows from Operating Activities		
Excess of revenues over expenses for the year	\$ 507,954	\$ 682,783
Adjustments for non-cash items		
Amortization	<u>11,111</u>	<u>-</u>
	<u>519,065</u>	<u>682,783</u>
Changes in non-cash working capital		
Accounts receivable	31,137	(40,811)
Appropriate research expenses	(51,664)	-
Research grant receivable	(110,831)	(54,731)
Inventories	-	1,994
Prepaid expenses	(20,319)	3,763
Accounts payable and accrued liabilities	(60,988)	125,777
Deferred research and promotion grant revenue	(33,399)	(67,885)
Deferred research and development revenue	106,103	-
Due to Grape and Tender Fruit (Ontario) Limited	13,353	(90,075)
Contribution from the Province of Ontario	<u>-</u>	<u>1,000,000</u>
	<u>392,457</u>	<u>1,560,815</u>
Cash Flows from Investing Activities		
Purchase of property and equipment	<u>(33,333)</u>	<u>-</u>
Increase in Cash and Equivalents	359,124	1,560,815
Cash and Equivalents - Beginning of year	<u>2,355,452</u>	<u>794,637</u>
Cash and Equivalents - End of year	<u>\$ 2,714,576</u>	<u>\$ 2,355,452</u>

See Accompanying Notes to the Financial Statements

GRAPE GROWERS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JANUARY 31, 2008

1. NATURE OF OPERATIONS

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) 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.

(b) 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.

(c) 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.

(d) Investments

Investments are classified as held-for-trading and are recorded at fair market value.

3. CHANGE IN ACCOUNTING POLICY

The Board adopted the provisions of CICA Section 3855, Financial Instruments - Recognition and Measurement on February 1, 2007 which addresses the classification, recognition and measurement of financial instruments in the financial statements. There was no effect of the change in accounting policy on the opening balances of net assets.

GRAPE GROWERS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JANUARY 31, 2008

4. INVESTMENTS, at cost

	<i>2008</i>	<i>2007</i>
Grape & Tender Fruit (Ontario) Limited		
94 common shares	\$ 47	\$ 47
1,918 special shares	<u>191,800</u>	<u>191,800</u>
	<u>\$ 191,847</u>	<u>\$ 191,847</u>

The investment in Grape & Tender Fruit (Ontario) Limited represents the Board's share of the equity of Grape & Tender Fruit (Ontario) Limited whose primary purpose is to operate the Marketing Board's shared offices and whose major asset is the land and building shared by the Marketing Boards.

5. PROPERTY AND EQUIPMENT

	<i>2008</i>
Computer software cost	\$ 63,333
Deferred grant	<u>(30,000)</u>
Net cost of software	33,333
Accumulated amortization	<u>(11,111)</u>
	<u>\$ 22,222</u>

6. RELATED PARTY TRANSACTIONS

The Grape Growers of Ontario have amounts payable of \$4,828 (2007 - \$18,181) to Grape & Tender Fruit (Ontario) Limited, a related party, for its share (53%) (2007 - 55%) of management operations costs incurred during the year.

7. COMMITMENTS

The Grape Growers of Ontario have committed to future funding of the following projects and programs:

The Grape Growers of Ontario have made a commitment to sponsor the Niagara College Future Ready Campaign, in the amount of \$50,000, payable at \$10,000 per year. The remaining commitment as of January 31, 2008 is \$17,500.

The Grape Growers of Ontario have made a commitment to provide \$30,000 of the \$375,000 Wind Machine project, payable at \$10,000 per year. The remaining commitment as of January 31, 2008 is \$10,000.

The Grape Growers of Ontario have made a commitment to provide \$30,000 of the \$413,000 Grapevine Import Monitoring Program, payable at \$10,000 per year. The remaining commitment as of January 31, 2008 is \$10,000.

GRAPE GROWERS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JANUARY 31, 2008

7. COMMITMENTS Continued

The Grape Growers of Ontario have made a commitment to provide \$67,500 to the WIN weather station project, payable at \$22,500 per year. The remaining commitment as of January 31, 2008 is \$45,000.

The Grape Growers of Ontario have made a commitment to provide \$70,000 to the Preliminary Studies on Grapevine Yellow Diseases project. The remaining commitment as of January 31, 2008 is \$20,836.

The Grape Growers of Ontario have made a commitment to provide \$75,000 to the Vine Certification project, payable at \$37,500 per year. The remaining commitment as of January 31, 2008 is \$75,000.

8. PRIOR YEAR RECOVERY

Cost incurred for the national replant initiative incurred in the prior year ended January 31, 2007 in the amount of \$15,000 were recovered in the year ended January 31, 2008 by application of these costs to an Agricultural Adaptation Council Cord IV project.

9. FINANCIAL INSTRUMENTS

The Board's financial instruments consist of cash and equivalents, accounts receivable, accounts payable and accrued liabilities and an amount due from a related party. The fair values are the same as the carrying values due to their short-term nature.

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

10. PROFESSIONAL FEES

	<i>2008</i>	<i>2007</i>
Audit	\$ 18,726	\$ 16,016
Legal	2,798	16,029
Other	<u>16,681</u>	<u>7,880</u>
	<u>\$ 38,205</u>	<u>\$ 39,925</u>

GRAPE GROWERS OF ONTARIO
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JANUARY 31, 2008

11. DEFERRED GRANT REVENUE, RESEARCH AND PROMOTION ACTIVITIES

	<u>Deferred (Receivable) Grant Revenue February 1, 2007</u>	<u>Government/ Industry Grant Received 2007/08</u>	<u>Grant Expenses 2007/08</u>	<u>Prior Year Grant Expense Recovery</u>	<u>Grape Growers of Ontario Portion 2007/08</u>	<u>Deferred (Receivable) Grant Revenue January 31, 2008</u>
Grant Funded Research						
<u>Grant Funded Research Projects:</u>						
Best Management Practices, Labrusca	\$ (6,449)	\$ -	\$ -	\$ -	\$ -	\$ (6,449)
Geographical Information System	(59,313)	43,695	(15,618)	-	-	-
Wind Machine Project	6,892	78,731	61,691	-	14,000	37,932
Automated Management for Weigh Bills	(55,532)	-	101,571	-	2,390	(154,713)
Grapevine Import Monitoring Program	(43,317)	60,999	97,609	-	13,334	(66,593)
Greenbelt Funding	-	50,000	23,667	-	-	26,333
Grower Computer Training	-	14,497	61,330	-	3,553	(43,280)
	<u>(157,719)</u>	<u>247,922</u>	<u>330,250</u>	<u>-</u>	<u>33,277</u>	<u>(206,770)</u>
<u>Cord IV Projects:</u>						
Multicoloured Asian Lady Beetle	2,900	-	20,000	-	-	(17,100)
Ontario Pest Alert	3,420	-	11,000	-	-	(7,580)
Ontario Weather Network	600	12,000	22,500	-	-	(9,900)
GGO Business and Research Analyst	9,753	91,352	86,105	15,000	-	-
Research Coordinator	11,605	-	38,805	-	-	(27,200)
GGO Marketing Program	1,629	12,600	14,229	-	-	-
Knowledge Transfer and Dissemination	3,492	2,800	6,292	-	-	-
	<u>33,399</u>	<u>118,752</u>	<u>198,931</u>	<u>15,000</u>	<u>-</u>	<u>(61,780)</u>
Total Grants	<u>\$ (124,320)</u>	<u>\$ 366,674</u>	<u>\$ 529,181</u>	<u>\$ 15,000</u>	<u>33,277</u>	<u>\$ (268,550)</u>
Non-Grant Funded Research						
Research Coordinator					8,161	
Technical Support - Pesticide Research					3,000	
Aerocoustics Engineering - Wind Machine Noise Impact Testing Protocol					1,774	
Ontario Soil & Crop Improvement Association - Viticulture Pilot Addendum for EFP Workbook					<u>3,194</u>	
Research Expense Funded by Grape Growers of Ontario					<u>\$ 49,406</u>	

YEAR IN REVIEW



Scotiabank Celebrity Luncheon – Rex Murphy



Grape Growers of Ontario 60th Anniversary Industry Party



Prince Edward County: New Designated Viticulture Area



Minister McMeekin Tours Niagara Vineyards



A Tribute to Grape Growers of Ontario Past Chair Ray Duc



2007 Legislative Assembly of Ontario Wine Tasting



2007-2008 STAFF



From left to right: Larissa Osborne, Morag Tait, Julie Dixon, Debbie Zimmerman, Sylvana Lagrotteria, Kathy Sirotnik, Nathalie Dreifelds and Nick Hubbard. Absent from the picture: Wayne Roberts.

CEO

Debbie Zimmerman

Executive Assistant

Kathy Sirotnik

Director of Marketing

Nathalie Dreifelds

Special Projects Analyst

Julie Dixon

Grower Relations Training Representative

Nick Hubbard

Pesticide Issues

Wayne Roberts

Treasurer

Larissa Osborne

Accounts Payable

Sylvana Lagrotteria

Receptionist

Morag Tait

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MAIL

P.O. Box 100

Vineland Station, Ontario L0R 2E0



2007 GRAPE KING



Kevin John Watson, K.J. WATSON FARMS LIMITED

This year's Grape King, Kevin Watson, is the second Grape King in the Watson family. His late father, John Watson, was Grape King in 1989. The art of grape growing began in the Watson family in 1978 when John Watson planted his first grapes. Since that time, the vineyard acreage has increased to 80 acres. Kevin grew up with a farming family and graduated from Niagara Parks Commission School of Horticulture in 1990. In 1995, Kevin returned to the vineyard when his father became ill. Kevin Watson currently grows 12 different varieties for Vincor (Jackson Triggs and Inniskillin) with main varieties such as Sauvignon Blanc, Gewurztraminer, Chardonnay, Pinot Gris, Merlot, Cabernet Sauvignon and Shiraz.