

# - Growing into the Future -



th



Grape Growers  
of ONTARIO

## 70<sup>th</sup> ANNUAL REPORT

Year Ending January 31, 2018



## 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, 2018



## 2017-2018 BOARD OF DIRECTORS

**Chair** Matthias Oppenlaender ♦ **Vice Chair** Bill Schenck ♦ **CEO** Debbie Zimmerman  
**Directors** Doug Funk Jr. ♦ Jim Morrison ♦ Steve Pohorly ♦ Robert Peck ♦ 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,  
 Doug Funk Jr.  
 Matthias Oppenlaender,  
 Steve Pohorly



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## STAFF

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**Chief Executive Officer** Debbie Zimmerman ♦ **Executive Assistant** Gillian Williams  
**Market Analyst** Mary Jane Combe ♦ **Project Manager** Nick Lemieux  
**Grower Relations** Eleanor Hawthorn ♦ **Summer Student** Jessica Neal-Ellis

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## SHARED STAFF

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**Treasurer** Maureen Connell  
**Office Manager/Accounts Payable** Sylvana Lagrotteria

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## 2017-2018 GROWERS' COMMITTEE

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Matthias Oppenlaender ♦ Bill Schenck ♦ John Fedorkow ♦ Don Forrer ♦ Doug Funk Jr.  
Gerald Klose ♦ Glen Koop ♦ Dan Lambert ♦ Jim Morrison ♦ Robert Peck ♦ Steve Pohorly  
Brock Puddicombe ♦ Martin Schuele ♦ Albrecht Seeger ♦ Chris Van de Laar ♦ Kevin Watson  
Erwin Wiens ♦ Philip Wiley ♦ Tom Wiley ♦ Chris Wismer ♦ Scott Wilkins





GREETINGS FROM THE HONOURABLE

## JEFF LEAL

I am pleased to contribute to the Grape Growers of Ontario's Annual Report for 2018.

I appreciate the Grape Growers of Ontario's steadfast commitment to Ontario's grape and wine sector. You provide valuable services to the almost 500 growers who sold grapes in 2017 in support of the 17,000 acres of vineyards they cultivate.

The grape and wine sector continues to see remarkable growth. In 2017, grape production alone was worth approximately \$115 million. Additionally, the sale of VQA wines at farmers' markets and grocery stores has fueled an increase in sales and opportunities for the sector. In fact, VQA wine sales in Ontario have grown from \$196 million in 2009-10 to \$332 million in 2016-17 - an increase of 70 per cent! This includes sales through the LCBO and new grocery store sales at just over \$146 million in 2016-17, an increase of \$7.2 million from the previous year.

The 2017 growing season's results were excellent both in terms of quality and volume. Following a challenging summer, perfect fall weather arrived to complete the largest grape crop on record with 87,567 tonnes harvested. I trust the 2017 harvest will result in high-quality wines for consumers to savour.

My ministry enjoys a positive working relationship with the Grape Growers of Ontario, and I am greatly impressed by all that you have achieved in the past year. The Ontario Wine and Grape Strategy will continue to provide the support the sector's growth and prosperity in the year ahead.

Thank you for making Ontario's wine and grape sector such a great success story.

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 once 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 seven 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 2018, I am

Yours sincerely,

Jim Bradley, MPP





GREETINGS FROM THE HONOURABLE

## LAWRENCE MACAULAY

On behalf of the Government of Canada, congratulations to the Grape Growers of Ontario for another successful year growing top-quality grapes, as well as Canada's economy.

The grapes you grow become the wines consumers love, as well as healthy jams and juices. According to a recent industry report, you're helping Canada's world-class wine industry contribute \$4.4 billion to the economy. Add in over 14,000 jobs, and you have one of agriculture's most powerful engines of economic growth.

This year, our Government will help you build on this great achievement through new programs and activities under the Canadian Agricultural Partnership. Powered by \$3 billion in federal-provincial-territorial investments, the Partnership will have a strong focus on innovation, competitiveness and market development to help your businesses beat the competition around the world. It will build on the achievements of Growing Forward 2, which supported innovative projects like processing technology and cool-climate grapes.

The future of Canadian agriculture has never looked brighter. Global demand is growing for our food and beverages, and that includes the world-class wines and grape products made with great Ontario grapes. I would like to thank the Grape Growers of Ontario for your hard work and commitment to excellence in this important part of Canada's agriculture industry.

I look forward to working in partnership with you in the future to keep the sector the toast of wine-lovers here in Canada and around the world. All the best in 2018!

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





# 2017 GRAPE KING

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## DOUG WHITTY

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Doug Whitty is a third-generation grape grower in Niagara. His grandfather established Whitty Farms in 1908, and the farm was built upon a foundation of work by many family members including Doug's parents Joseph and Leith Whitty. Doug's uncle, Rodger Whitty, was crowned Grape King in 1983.

Today, Whitty Farms is a diversified agricultural operation including 55 acres of vinifera grapes and has expanded to include 13th Street Winery and 13th Street Bakery, all located on Fourth Avenue in St. Catharines.

Born and raised in Niagara, Doug graduated from Beamsville Secondary School in 1982 and went on to graduate from the University of Guelph in 1986 with a B.Sc. in Agriculture. His wife and business partner, Karen Whitty, has a degree in Biochemistry from McMaster University and worked at Agriculture Canada for 18 years. The Whittys participate extensively in farm research and host community activities such as the Grapes of Wrath Mud Run in support of Canadian Cancer Society Wheels of Hope program.

Together with their three sons Luke, Benjamin and Thomas, Doug and Karen approach their work in the vineyards with an ethic of stewardship as they strive for harmony, balance and sustainability of the land, vines, the people and the business. Every crop of grapes is produced with a clear focus on making the best wine possible.



## MESSAGE FROM YOUR BOARD CHAIR

# MATTHIAS OPPENLAENDER

As the Grape Growers of Ontario celebrated our 70th Anniversary in 2017, it gave us a chance to reflect on our history, but more importantly to look to the future as we focus on growing Ontario's grape and wine industry for the benefit of all our members.

The 2017 season was a roller coaster ride for growers. What started as an average season in the spring, became a challenge due to summer rains and cooler temperatures. Perfect fall weather was the important ingredient that was needed to complete the 2017 harvest as the largest grape crop on record at 87,567 tonnes including 2,028 tonnes of juice grapes and 5,419 tonnes left hanging for Icewine.

The Ontario Wine and Grape Strategy entered into its 3rd year in 2017. Part of the strategy funding was the establishment of metrics and targets to ensure measurable results for grape and wine sales. The industry and government agreed on a set of growth targets for VQA wine sales of \$358 million and 18 million litres and grape sales of \$129 million and 88,000 tonnes by the fiscal year 2019-2020. We are pleased to report that the industry is well on its way to meeting these targets with \$350 million and 18.8 million litres of VQA wine sales and an 87,567 tonne grape crop valued at \$115 million.

Price negotiations proved challenging this year with the initial negotiations suspended from June 27, 2017 until July 28, 2017. These negotiations resulted in final offers being exchanged and preparations made for arbitration. On September 6, 2017 the Grape Growers of Ontario, Wine Council of Ontario and Winery & Grower Alliance of Ontario successfully negotiated a grape price agreement for the 2017 harvest. The agreement recognized the various price categories within the industry, and included an important provision for both processors and producers to actively participate in developing a sustainable industry wide plan following harvest. An initial meeting was held in December with plans to continue discussions in 2018. The Grape Growers of Ontario have formed a new, national not-for-profit organization – Canadian Grapevine Certification Network (CGCN) – with our industry partners in British Columbia, Quebec and Nova Scotia. The organization's mandate is to ensure a sustainable supply of clean propagative plant material for the Canadian grape and wine industry. CGCN is actively working with CFIA and nurseries to establish a clean plant protocol. CGCN is also leading the Canadian Grape and Wine Science Cluster to support national industry driven research, the cluster has submitted an application to Agriculture and Agri-Food Canada's AgriScience program under the Canadian Agricultural Partnership. I would like to acknowledge the work of the CGCN Committee and GGO Staff, who have been instrumental in moving this project forward.

Ontario Grape & Wine Research Inc. is also providing support to the Canadian Grape and Wine Science Cluster. OGWRI is supported by the Grape Growers of Ontario, Wine Council of Ontario and Winery Grower Alliance of Ontario to provide long term funding for industry led research. The top research priorities of the organization are Red Blotch, Leafroll and Multi-Coloured Asian Lady Beetle (MALB).

We have lost many members of our grower family in 2017, in particular we also lost a pioneer in the Ontario wine industry with the passing of Dr. Karl Kaiser.

Looking back over our 70 years, the growers can take great pride in what we have accomplished, looking forward and by working together, we are well positioned to grow our industry.

In closing and on behalf of all our growers many thanks to our partners, government and researchers for their on-going support. I would like to also thank and recognize over the past year the dedication of the Board of Directors, Growers' Committee and GGO staff.

Matthias Oppenlaender  
Chair, Grape Growers of Ontario



MESSAGE FROM YOUR CEO

## DEBBIE ZIMMERMAN

"The farther back you can look, the farther forward you are likely to see." ~ Winston Churchill

In 2017 we celebrated our 70th Anniversary with a picnic attended by over 250 growers and their families at Staff Farms Ltd. Grape Growers of Ontario was established in 1947 as a united, legislated group of growers, to advocate for our members. The industry has met significant challenges, from the initial NAFTA agreement in 1987 to closure of the Cadbury Schweppes juice grape plant. Through investment, research, and most importantly working together, we have been able to grow a grape and wine industry that is the envy of the country. Building on our foundation with a focus on new trade agreements and being nimble in a changing global economy will keep our industry growing. The Grape Growers of Ontario's commitment to our 500 grower families including more than 180 wineries is a legacy that will continue as together "We grow into the future".

Bill 148, the Fair Workplaces and Better Wages Act, received royal assent from the Government of Ontario, increasing the province's minimum wage to \$14.00 per hour beginning January 1, 2018 and a further increase to \$15.00 per hour on January 1, 2019. The GGO together with other farm organizations, in particular OFVGA, participated in numerous consultations with the Premier including a roundtable at Bill George's vineyards, resulting in an announcement of \$60 million over two years to the edible horticulture sector to assist with the challenges it faces.

With trade negotiations in the foreground this year, GGO contracted an international trade consultant to prepare a report which has been provided to government to address claims being made against the Canadian grape and wine industry by the United States as part of the announced re-negotiation of NAFTA. Canada and the ten remaining countries of the Trans-Pacific Partnership concluded the negotiation of the Comprehensive and Progressive Agreement in January 2018.

GGO Board Chair Matthias Oppenlaender and I spent 15 days on a trade mission to China and Vietnam with Ontario Premier Wynne and 98 business leaders, which provided opportunities to better understand the potential of new export markets and forge new partnerships with a goal of shipping more finished wine to two of the fastest growing nations of wine consumers.

The GGO continues to meet with all levels of government on a variety of issues including the new Canadian Agricultural Partnership suite of agricultural policy framework programs, CFIA modernization, and the importance of establishing a domestic rootstock program.

Growing the market for Ontario grapes and wine remains a focus of the GGO through the We Grow the Wines You Love marketing campaign with funding from GF2 and Greenbelt Local Food Literacy programs. We welcomed Doug Whitty of Whitty Farms and 13th Street Winery as Grape King. Canadian astronaut Colonel Chris Hadfield helped us celebrate Growing into the Future at the annual Celebrity Luncheon. The 2017 Cuvée Vineyard of Excellence Award was presented to Gerald Klose, and Paul Bosc Sr. received the GGO Award of Merit for his 50 years of contributions to the Ontario grape and wine industry.

2017 will be remembered as a milestone in our history with one of the largest crops both in tonnage and in value. I would like to express my appreciation to the entire Board of Directors and Growers' Committee for their leadership, and the GGO staff for their ongoing commitment to the growers.

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

Debbie Zimmerman  
CEO, Grape Growers of Ontario

# YEAR IN REVIEW

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The 2017 harvest produced a crop of **87,567** tonnes which includes **2,028** tonnes of juice grapes and **85,539** tonnes of wine grapes, valued at \$115 million.

Grapes “naturally frozen” on the vine produce Ontario’s premier Icewine. This year **5,419** tonnes were left hanging for Icewine, which has the potential to produce between **812,000** and **948,000** litres. Temperatures dipped below -8°C in December 2017 for the Icewine harvest.

## Growing into the Future

The Grape Growers of Ontario celebrated our 70th Anniversary, and it couldn’t have come at a better time. 2017 was a big year for Ontario and Canada as we celebrated the Sesquicentennial of the Province and the Country.

Over 250 guests joined together to pay tribute to over 70 years of building and growing our grape and wine industry and to celebrate ‘Growing into the Future’. Together we celebrated with a photo taken by a drone to link the past and present by re-creating a grape grower family picnic photo from several decades ago.

In addition to the 70th Anniversary picnic, Grape Growers of Ontario continued the celebration at our annual Celebrity Luncheon where we welcomed Canadian Astronaut Colonel Chris Hadfield, who delivered an inspirational message to over 450 guests.



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## WE GROW THE WINES YOU LOVE™

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GGO has continued with our We Grow the Wines You Love™ 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 gives 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.

Marketing activities have been funded in part through the Greenbelt Local Food Literacy Funding and Growing Forward 2, a federal-provincial-territorial initiative.

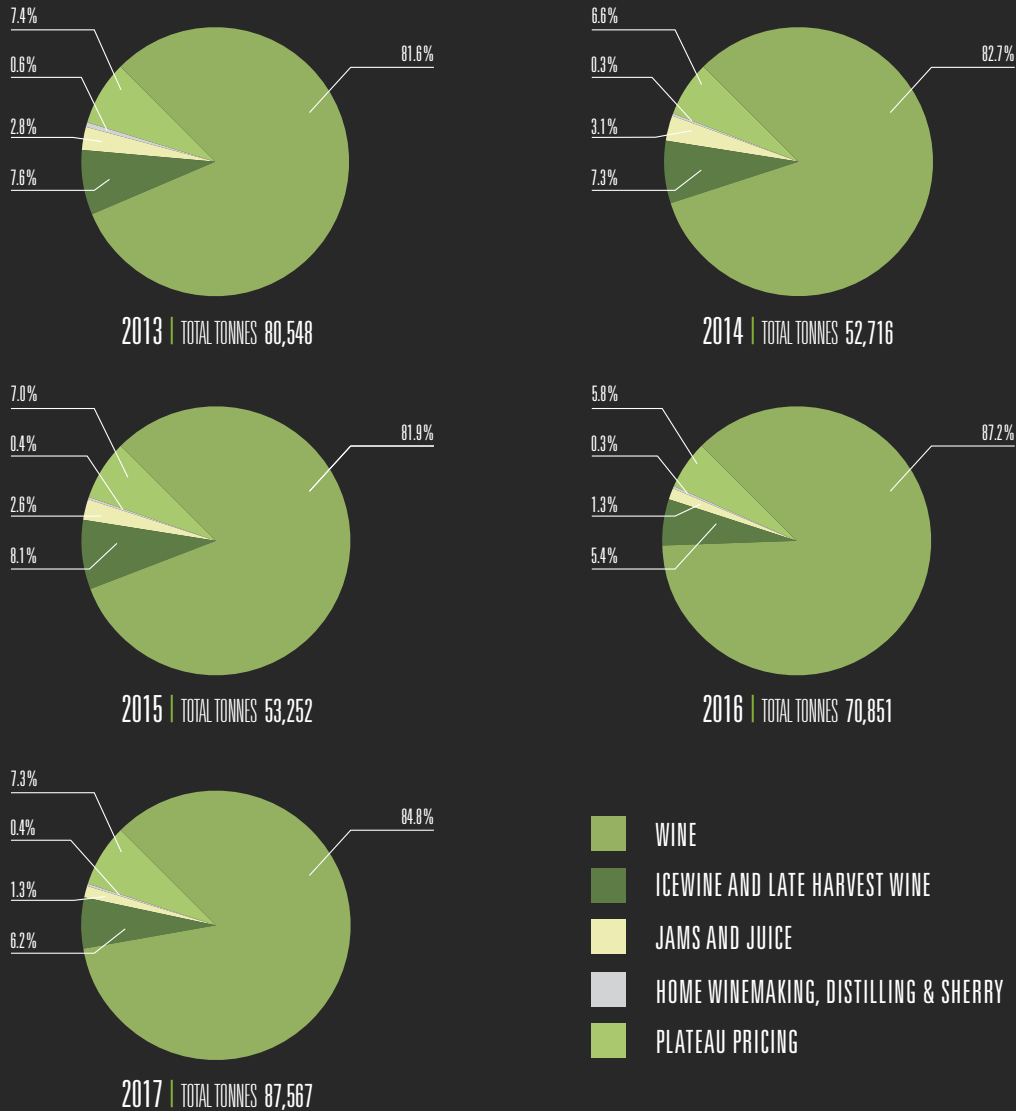


# PRODUCTION

## TABLE I

Table 1 presents the production and disposition of grapes from 2013 through 2017

### TABLE I – Tonnage Processed by Category



#### Processing Prices

A one-year pricing agreement was reached on September 6, 2017 with an average price increase of 0.29% per tonne for classes 5-10f. Prices for grape classes 1-3 were reached on August 21, 2017 and increased by 2.5%. A new class was established for Dornfelder, Petit Verdot was moved into class 10d, Pinot Blanc was moved to class 9d and Semillon was moved to 9e.

#### 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 | \$ 4.59 per litre |
| Hybrid Icewine juice at 35° Brix                  | \$ 9.08 per litre |
| Vinifera Icewine juice at 35° Brix                | \$19.03 per litre |

The minimum price established for each class of grapes sold for processing in 2017 compared with the 2016 prices is shown in TABLE II.



# PROCESSING PRICES FOR GRAPES

TABLE II

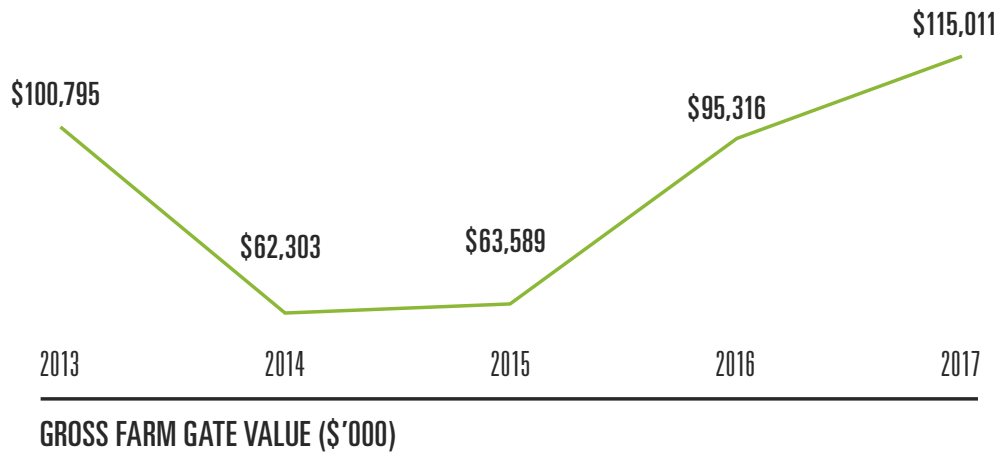
TABLE II – Processing Prices for Grapes (\$ per tonne)

| CLASS | VARIETY   | 2016    | 2017    | PLATEAU PRICE |
|-------|---|---------|---------|---------------|
| 1     | Concord, Fredonia, Patricia, President, Suffolk Red and Van Buren   | \$502   | \$515   |               |
| 2     | Niagara and Wiley White   | \$477   | \$489   |               |
| 3     | Delaware, Elvira, Himrod, Sovereign Coronation, Veeblanc and Veeport  | \$576   | \$590   |               |
| 5     | De Chaunac and Rosette  | \$711   | \$713   |               |
| 5a    | Leon Millot and Marechal Foch   | \$840   | \$843   |               |
| 5b    | Baco Noir, Castel, Chambourcin, Chancellor, GR7, Le Commandant and Villard Noir   | \$908   | \$913   |               |
| 5c    | Frontenac, Marquette  | \$908   | \$911   |               |
| 5d    | Experimental Red Hybrid, Florental, Landot, Red Amourensis, Varousset   | \$692   | \$694   |               |
| 6     | New York Muscat and V64111  | \$560   | \$562   |               |
| 7     | Aurore, Cayuga White, J.S. 23-416 and S.V. 23-512   | \$537   | \$539   |               |
| 7a    | Seyval Blanc and Vidal 256  | \$653   | \$655   |               |
| 7b    | Geisenheim Hybrids, GM 311, GM 318 and GM 322   | \$565   | \$567   |               |
| 7c    | Experimental White Hybrid, Traminette, V65232 and White Amourensis  | \$497   | \$498   |               |
| 9     | J. Riesling   | \$1,503 | \$1,505 | \$1,225       |
| 9a    | Auxerrois, Kerner, Scheurebe and Welsch Riesling  | \$1,310 | \$1,312 |               |
| 9b    | Chardonnay Musque and Chardonnay  | \$1,533 | \$1,535 | \$1,225       |
| 9c    | Gewurztraminer  | \$1,674 | \$1,677 |               |
| 9d    | Pinot Gris, Pinot Blanc *   | \$1,718 | \$1,723 |               |
| 9e    | Sauvignon Blanc, Semillon**   | \$1,692 | \$1,695 |               |
| 9f    | Muscat Ottonel  | \$1,400 | \$1,402 |               |
| 9g    | Viognier  | \$1,400 | \$1,402 |               |
| 9h    | Aligote, Alsace Muscat, Chenin Blanc, Experimental White Vinifera, French Colombard, Gruner Veltliner, Melon de Bourgogne, Morio Muscat, Ortega, Rieslaner, Riesling Traminer, Savignin, Sylvaner | \$1,334 | \$1,336 |               |
| 10    | Gamay and Zweigeltrebe  | \$1,322 | \$1,326 |               |
| 10a   | Pinot Noir  | \$2,001 | \$2,010 |               |
| 10b   | Cabernet Sauvignon  | \$1,932 | \$1,942 | \$1,327       |
| 10c   | Cabernet Franc  | \$1,727 | \$1,732 | \$1,324       |
| 10d   | Merlot, Petit Verdot ***  | \$1,951 | \$1,957 |               |
| 10e   | Sirah, Shiraz and Syrah   | \$2,240 | \$2,247 |               |
| 10f   | Dornfelder****  | \$1,414 | \$1,550 |               |
| 10g   | Blauberger, Experimental Red Vinifera, Limberger, Malbec, Nebbiolo, Petite Sirah, Pinot Meunier, Sangiovese, St. Laurent, Wildbacher Blau, Zinfandel  | \$1,414 | \$1,418 |               |
|       | Distilling  | \$125   | \$125   |               |
|       | Sherry  | \$300   | \$300   |               |

\*Pinot Blanc moved to class 9d in 2017 \*\*Semillon was moved to class 9e in 2017  
 \*\*\*Petit Verdot moved to class 10d in 2017 \*\*\*\* New class established for the 2017 harvest.

# VALUE OF CROP PURCHASED

TABLE III — Farm Gate Value of Grapes Purchased by Processors



GRAPE KINGS PAST AND PRESENT



2017 Ontario Wine Awards: Matthias Oppenlaender, Chair with Amélie Boury and Michèle Bosc of Château des Charmes, winners of the Grape Growers of Ontario Red Wine of the Year



IceDogs OHL Hockey Game – Grape and Wine Industry Night: Doug Whitty, 2017 Grape King, Gabby Grape and St. Catharines Mayor Walter Sendzik

# LICENCE FEES

TABLE IV

In the aggregate, licence fees for the 2017-2018 fiscal year represent approximately 1.3% of the total farm gate value of the crop, down from 1.4% in 2016-2017.

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

| CLASS | VARIETY   | 2016    | 2017    |
|-------|---|---------|---------|
| 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  | \$15.45 | \$14.75 |
| 5a    | Leon Millot and Marechal Foch   | \$16.65 | \$15.80 |
| 5b    | Baco Noir, Castel, Chambourcin, Chancellor, GR7, Le Commandant and Villard Noir   | \$17.25 | \$16.35 |
| 5c    | Frontenac, Marquette  | \$17.25 | \$16.35 |
| 5d    | Experimental Red Hybrid, Frontenac, Landot, Lucy Kuhlman and Red Amourensis   | \$15.30 | \$14.60 |
| 6     | New York Muscat and V64111  | \$14.10 | \$13.55 |
| 7     | Aurore, Cayuga White, J.S. 23-416 and S.V. 23-512   | \$13.90 | \$13.40 |
| 7a    | Seyval Blanc and Vidal 256  | \$14.95 | \$14.30 |
| 7b    | Geisenheim Hybrids, GM 311, GM 318 and GM 322   | \$14.15 | \$13.60 |
| 7c    | Experimental White Hybrid, Traminette, V65232 and White Amourensis  | \$13.55 | \$13.05 |
| 9     | J. Riesling   | \$22.60 | \$21.10 |
| 9a    | Auxerrois, Kerner, Scheurebe and Welsch Riesling  | \$20.85 | \$19.55 |
| 9b    | Chardonnay Musque and Chardonnay  | \$22.85 | \$21.35 |
| 9c    | Gewurztraminer  | \$24.15 | \$22.50 |
| 9d    | Pinot Gris, Pinot Blanc *   | \$24.55 | \$22.85 |
| 9e    | Sauvignon Blanc, Semillon **  | \$24.30 | \$22.65 |
| 9f    | Muscat Ottonel  | \$21.65 | \$20.30 |
| 9g    | Viognier  | \$21.65 | \$20.30 |
| 9h.   | Aligote, Alsace Muscat, Chenin Blanc, Exp. White Vinifera, French Colombard, Gruner Veltliner, Melon de Bourgogne, Morio Muscat, Ortega, Rieslaner, Riesling Traminer, Savignin, Sylvaner | \$21.10 | \$19.75 |
| 10    | Gamay and Zweigeltrebe  | \$20.95 | \$19.70 |
| 10a   | Pinot Noir  | \$27.10 | \$25.15 |
| 10b   | Cabernet Sauvignon  | \$26.45 | \$24.60 |
| 10c   | Cabernet Franc  | \$24.60 | \$22.95 |
| 10d   | Merlot, Petit Verdot***   | \$26.65 | \$24.75 |
| 10e   | Sirah, Shiraz and Syrah   | \$29.25 | \$27.05 |
| 10f   | Dornfelder****  | \$21.80 | \$21.45 |
| 10g   | Blauburger, Experimental Red Vinifera, Limberger, Malbec, Nebbiolo, Petite Sirah, Pinot Meunier, Sangiovese, St. Laurent, Wildbacher Blau, Zinfandel                                      | \$21.80 | \$20.40 |
|       | Distilling  | \$5.50  | \$5.50  |
|       | Sherry  | \$7.75  | \$7.75  |

Note: 2017 Vertically Integrated Tonnage licence fee rebate is \$2.00 per tonne. \*Pinot Blanc moved to class 9d in 2017 \*\*Semillon was moved to class 9e in 2017 \*\*\*Petit Verdot moved to class 10d in 2017 \*\*\*\* New class established for the 2017 harvest.

# PRODUCTION OF PROCESSED GRAPES BY VARIETY

TABLE V

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

| Classes                           | Variety   | 2013          | 2014          | 2015          | 2016          | 2017          |
|-----------------------------------|---|---------------|---------------|---------------|---------------|---------------|
| 1                                 | Concord, Fredonia, etc.   | 1,692         | 1,460         | 1,256         | 1,143         | 1,491         |
| 2                                 | Niagara and Wiley White   | 1,024         | 702           | 602           | 636           | 535           |
| 3                                 | Sovereign, Coronation, etc.                                       | 4             | 2             | 4             | -             | 2             |
| <b>SUB-TOTAL (Labrusca)</b>       |   | <b>2,720</b>  | <b>2,164</b>  | <b>1,862</b>  | <b>1,779</b>  | <b>2,028</b>  |
| 5                                 | De Chaunac and Rosette  | 398           | 312           | 322           | 259           | 240           |
| 5a                                | Leon Millot and Marechal Foch                                     | 1,220         | 872           | 853           | 923           | 819           |
| 5b                                | Baco Noir, Chambourcin, etc.                                      | 5,191         | 3,492         | 4,765         | 4,464         | 5,282         |
| 5c                                | Frontenac, Marquette  | 185           | 88            | 132           | 189           | 380           |
| 5d                                | Exp. Red Hybrid   | 85            | 75            | 107           | 104           | 85            |
| 6                                 | New York Muscat and VG4111  | 20            | 18            | 14            | 13            | 12            |
| <b>SUB-TOTAL (Red Hybrids)</b>    |   | <b>7,099</b>  | <b>4,857</b>  | <b>6,193</b>  | <b>5,952</b>  | <b>6,818</b>  |
| 7                                 | S.V. 23-512, Aurore, etc.   | 279           | 286           | 293           | 167           | 138           |
| 7a                                | Seyval Blanc and Vidal 256  | 17,741        | 13,686        | 15,226        | 16,291        | 22,686        |
| 7b                                | Geisenheim Hybrids  | 1,504         | 813           | 939           | 1,013         | 1,089         |
| 7c                                | Experimental White Hybrid   | 35            | 18            | 17            | 41            | 69            |
| <b>SUB-TOTAL (White Hybrids)</b>  |   | <b>19,559</b> | <b>14,803</b> | <b>16,475</b> | <b>17,512</b> | <b>23,982</b> |
| <b>SUB-TOTAL (Hybrids)</b>        |   | <b>26,658</b> | <b>19,660</b> | <b>22,668</b> | <b>23,464</b> | <b>30,800</b> |
| 9                                 | J. Riesling   | 9,444         | 7,941         | 6,684         | 8,764         | 11,642        |
| 9a                                | Auxerrois, Kerner, etc  | 330           | 109           | 123           | 229           | 318           |
| 9b                                | Chardonnay Musque and Chardonnay                                  | 11,304        | 6,898         | 6,801         | 9,772         | 11,406        |
| 9c                                | Gewurztraminer  | 1,781         | 849           | 691           | 1,982         | 2,222         |
| 9d                                | Pinot Gris, Pinot Blanc *   | 2,325         | 1,461         | 1,346         | 3,064         | 3,627         |
| 9e                                | Sauvignon Blanc, Semillon**                                       | 2,592         | 1,107         | 843           | 2,291         | 3,439         |
| 9f                                | Muscat Ottonel  | 214           | 179           | 216           | 404           | 507           |
| 9g                                | Viognier  | 110           | 60            | 72            | 158           | 154           |
| 9h                                | Aligote, Alsace Muscat, Chenin Blanc,<br>Exp. White Vinifera, etc | 452           | 211           | 208           | 337           | 183           |
| <b>SUB-TOTAL (White Vinifera)</b> |   | <b>28,552</b> | <b>18,815</b> | <b>16,984</b> | <b>27,001</b> | <b>33,498</b> |

|                          |   |               |               |               |               |               |
|--------------------------|---|---------------|---------------|---------------|---------------|---------------|
| 10                       | Gamay and Zweigeltrebe  | 2,267         | 1,405         | 1,386         | 1,724         | 1,889         |
| 10a                      | Pinot Noir  | 2,850         | 1,749         | 1,303         | 2,957         | 3,295         |
| 10b                      | Cabernet Sauvignon  | 4,055         | 3,106         | 2,434         | 3,193         | 3,650         |
| 10c                      | Cabernet Franc  | 6,755         | 3,951         | 4,102         | 5,547         | 5,998         |
| 10d                      | Merlot, Petit Verdot***   | 5,468         | 1,438         | 1,989         | 4,071         | 5,231         |
| 10e                      | Sirah, Shiraz and Syrah   | 853           | 267           | 313           | 677           | 791           |
| 10f                      | Dornfelder****  | 89            | 50            | 84            | 105           | 99            |
| 10g                      | Blauburger, Experimental Red Vinifera,<br>Petite Sirah, Pinot Meunier, Sangiovese | 281           | 111           | 127           | 333           | 288           |
| SUB-TOTAL (Red Vinifera) |   | 22,618        | 12,077        | 11,738        | 18,607        | 21,241        |
| SUB-TOTAL Vinifera       |   | 51,170        | 30,892        | 28,722        | 45,608        | 54,739        |
| TOTAL Hybrid & Vinifera  |   | 77,828        | 50,552        | 51,390        | 69,072        | 85,539        |
| <b>GRAND TOTAL</b>       |   | <b>80,548</b> | <b>52,716</b> | <b>53,252</b> | <b>70,851</b> | <b>87,567</b> |

\*Pinot Blanc moved to class 9d in 2017 \*\*Semillon was moved to class 9e in 2017  
 \*\*\*Petit Verdot moved to class 10d in 2017 \*\*\*\* New class established for the 2017 harvest.

The Grape Growers of Ontario, together with the Honourable Dave Levac, Speaker of the Ontario Legislative Assembly, hosted the 39th Annual Legislative Wine Tasting event at Queen's Park. The two wines chosen as the official wines of Ontario's Legislative Assembly for 2018 are:  
 Sandbanks Winery, 2016 Sleeping Giant Foch-Baco Noir  
 Reif Estate Winery, 2016 Pinot Grigio



*Sandbanks Winery: Honourable Dave Levac, MPP, with Christine Michael of Sandbanks Winery*



*Reif Estate Winery: Honourable Dave Levac, MPP, with Steve Neuhof of Reif Estate Winery*

# TABULATION OF GROWERS WITH PRODUCTION

TABLE VI

The number of growers with production registered with the Grape Growers of Ontario in 2017 decreased by 0.6% from 490 in 2016 to 487 in 2017.

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

|              |  | 2013       | 2014       | 2015       | 2016       | 2017       |
|--------------|--|------------|------------|------------|------------|------------|
| District 1   | Niagara-on-the-Lake and Niagara Falls  | 172        | 178        | 186        | 190        | 188        |
| District 2   | St. Catharines, Fort Erie, Pelham, Port Colborne, Thorold, Wainfleet and Welland     | 38         | 34         | 35         | 36         | 34         |
| District 3   | Town of Lincoln  | 151        | 141        | 148        | 147        | 145        |
| District 4   | Wellington and Hamilton, Grimsby and West Lincoln                                    | 21         | 19         | 18         | 18         | 15         |
| District 5   | Brant, Chatham-Kent, Essex, Elgin, Haldimand, Lambton, Middlesex, Norfolk and Oxford | 36         | 15         | 23         | 37         | 38         |
| District 6   | Prince Edward and all other geographic areas not included in Districts 1 to 5        | 51         | 52         | 46         | 62         | 67         |
| <b>TOTAL</b> |  | <b>469</b> | <b>439</b> | <b>456</b> | <b>490</b> | <b>487</b> |



**2017 GGO Award of Merit Recipient Paul Bosc Sr.:**  
Matthias Oppenlaender, Chair; Michèle Bosc, Paul Bosc Sr, Amélie Boury and Miguel Fongalvo



**Grape Growers of Ontario host Premier Wynne:**  
Honourable Jim Bradley, MPP; Lesliann George, Katelyn George; Will George; Bill George, Vice Chair, Ontario Fruit and Vegetable Growers' Association; Honourable Kathleen Wynne, Premier of Ontario; Matthias Oppenlaender, Chair

# 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 2.3% to 197.5 million litres in 2017. Ontario (VQA & NON-VQA/ICB) wine sales increased by 3.6% to 83.9 million litres. Imported wine sales increased by 1.3% to 113 million litres, while out-of-province wine sales in Ontario decreased by 5.3% to 0.65 million litres.

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

|  | 2013           | 2014           | 2015           | 2016           | 2017           | % Change<br>2016 to 2017 |
|--|----------------|----------------|----------------|----------------|----------------|--------------------------|
| VQA Sales in Ontario**                                     | 15,917         | 16,048         | 16,442         | 17,929         | 17,889         | -0.2%                    |
| Non-VQA/ICB Sales in Ontario                               | 48,904         | 51,470         | 56,640         | 63,048         | 66,034         | 4.7%                     |
| <b>Ontario VQA &amp; Non-VQA/ICB Wine Sold in Ontario*</b> | <b>64,821</b>  | <b>67,518</b>  | <b>73,082</b>  | <b>80,997</b>  | <b>83,923</b>  | <b>3.6%</b>              |
| Imported Wine Sold in Ontario                              | 101,812        | 105,033        | 108,565        | 111,481        | 112,954        | 1.3%                     |
| Out-of-Province Sales in Ontario                           | 418            | 386            | 482            | 684            | 648            | -5.3%                    |
| <b>Total Wine Sold in Ontario</b>                          | <b>167,051</b> | <b>172,937</b> | <b>182,129</b> | <b>193,142</b> | <b>197,525</b> | <b>2.3%</b>              |
| VQA Sales Outside Ontario**                                | 1,456          | 1,402          | 1,418          | 1,597          | 2,407          | 50.7%                    |

Ontario Wine Sold in Ontario for 2016 has been revised by LCBO

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

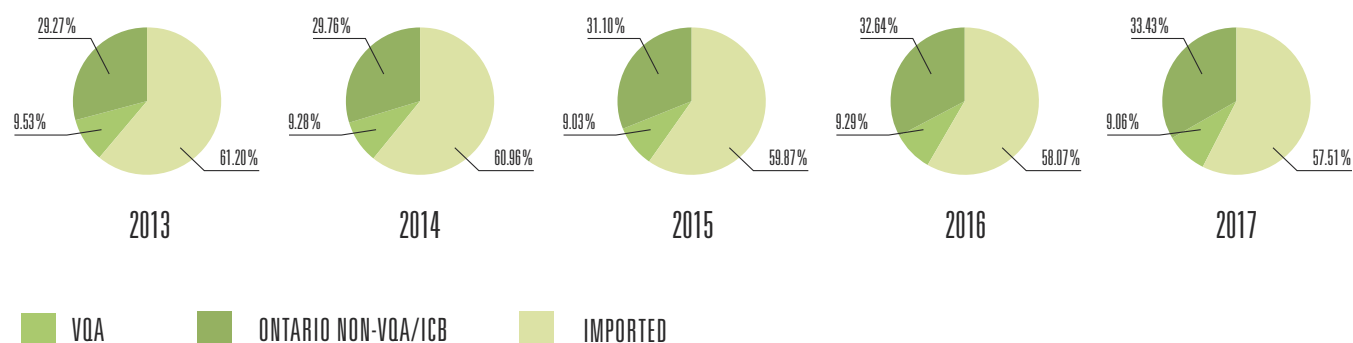
\* Includes sales through LCBO, Winery Retail Stores, Direct Delivery to Licensees, embassies, airlines and industrial sales

\*\* VQA figures from VQAO Annual Report – March 31, 2017

# 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 decreased by 9% from 33.1 million litres to 30.3 million litres.

TABLE IX – Blending Materials Imported into Ontario

|   | 2013       | 2014       | 2015       | 2016       | 2017       |
|---|------------|------------|------------|------------|------------|
| Wine (litres)   | 24,188,300 | 21,909,911 | 29,701,499 | 33,108,056 | 30,279,644 |
| Concentrate (equivalent tonnes @165 litres per tonne) * | 6,136      | 3,868      | 52         |            |            |
| Grape Juice (equivalent tonnes @750 litres per tonne) * | 922        | 905        | 1,331      |            |            |

Statistical data provided by LCBO

\*The volume of concentrate and grape juice imported into Ontario for blending is not available for 2016 or 2017

# IMPORTATION OF WINE

TABLE X

TABLE X presents the quantity of importation of wine categories from 2013-2017. The total imports of wine categories in Canada increased 1.3% from 329.2 million litres in 2016 to 333.6 million litres in 2017. The importation of sparkling wine increased by 11.5% in 2017.

TABLE X – QUANTITY OF IMPORTATION OF WINE CATEGORIES ('000 LITRES)

|   | 2013           | 2014           | 2015           | 2016           | 2017           |
|---|----------------|----------------|----------------|----------------|----------------|
| Aperitif                                  | 825            | 702            | 730            | 700            | 643            |
| Champagne                                 | 1,050          | 1,195          | 1,283          | 1,386          | 1,470          |
| Miscellaneous wines                       | 12,807         | 8,542          | 9,137          | 8,817          | 9,112          |
| Port                                      | 1,764          | 1,623          | 1,546          | 1,530          | 1,461          |
| Sherry                                    | 588            | 535            | 524            | 481            | 469            |
| Sparkling wine (includes crackling table) | 8,726          | 9,777          | 11,340         | 12,975         | 14,473         |
| Still wine                                | 280,369        | 291,219        | 297,183        | 301,243        | 303,968        |
| Vermouth                                  | 2,234          | 2,134          | 2,104          | 2,075          | 2,015          |
| <b>TOTAL</b>                              | <b>308,363</b> | <b>315,727</b> | <b>323,847</b> | <b>329,207</b> | <b>333,611</b> |

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 2013-2017 inclusive. In 2017, total importation of still table wine into Canada increased by 0.9% from 301 million litres in 2016 to 304 million litres in 2017. Italy has replaced the United States as the largest importer into Canada for 2017.

TABLE XI – IMPORTATION OF STILL TABLE WINES BY COUNTRY OF ORIGIN ('000 LITRES)

|                 | 2013           | 2014           | 2015           | 2016           | 2017           |
|-----------------|----------------|----------------|----------------|----------------|----------------|
| Australia       | 42,219         | 40,335         | 40,636         | 40,970         | 40,520         |
| Eastern Europe  | 615            | 452            | 447            | 461            | 373            |
| France          | 51,107         | 49,705         | 48,545         | 48,350         | 49,959         |
| Germany         | 4,670          | 4,409          | 4,240          | 4,057          | 3,896          |
| Italy           | 56,683         | 56,958         | 57,476         | 57,629         | 59,783         |
| Portugal        | 5,883          | 6,731          | 7,329          | 7,960          | 8,459          |
| South Africa    | 8,016          | 7,953          | 7,843          | 8,365          | 8,316          |
| South America   | 41,857         | 40,337         | 40,544         | 41,538         | 39,885         |
| Spain           | 15,650         | 18,132         | 18,844         | 19,227         | 20,305         |
| United States   | 45,337         | 55,870         | 59,635         | 60,077         | 57,717         |
| Other Countries | 8,332          | 10,337         | 11,644         | 12,608         | 14,754         |
| <b>TOTAL</b>    | <b>280,369</b> | <b>291,219</b> | <b>297,183</b> | <b>301,242</b> | <b>303,967</b> |

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



Roundtable discussion with Honourable Lawrence MacAulay, Minister of Agriculture and Agri-Food Canada, Debbie Zimmerman, CEO and fellow Ontario Agricultural Leaders



# CROP INSURANCE

TABLE XII

Data included in TABLE XII below was supplied by Agricornp, the Corporation responsible for delivering Crop Insurance Programs and providing the statistical history of the Grape Crop Insurance Program, 2013-2017 inclusive. The number of accounts decreased by 0.4% in 2017. In total 17 claims were made in 2017 which valued just under \$5 million.

TABLE XII – Crop insurance

|      | No. of Accounts | No. of Claims | Total Premiums * \$'000 | Total Claims \$'000** | Premiums less Claims \$'000 |
|------|-----------------|---------------|-------------------------|-----------------------|-----------------------------|
| 2013 | 276             | 20            | 4,549                   | 275                   | 4,274                       |
| 2014 | 276             | 198           | 5,146                   | 10,587                | -5,441                      |
| 2015 | 279             | 179           | 4,830                   | 7,670                 | -2,840                      |
| 2016 | 268             | 48            | 5,670                   | 622                   | 5,048                       |
| 2017 | 267             | 17            | 4,953                   | 135                   | 4,818                       |

*Crop Insurance data for 2016 has been adjusted*

*\* Total grower and government premiums*

*\*\*Claims data refers to approved claims only - Data is as of January 23, 2018 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 2017/2018 year include:

| Membership                                     | Amount        |
|--|---------------|
| Agricultural Adaptation Council                | 150           |
| British Columbia Grape Growers Association     | 150           |
| Canadian Horticultural Council                 | 12,326        |
| Farm & Food Care                               | 250           |
| Greater Niagara Chamber of Commerce            | 323           |
| Grimsby and District Chamber of Commerce       | 274           |
| Lincoln Chamber of Commerce                    | 270           |
| Niagara on the Lake                            | 125           |
| Ontario Agricultural Commodity Council         | 1,000         |
| Ontario Federation of Agriculture              | 500           |
| Ontario Fruit & Vegetable Growers' Association | 25,000        |
| Oregon Wine Growers                            | 691           |
| President's Council                            | 300           |
| St. Catharines Club                            | 420           |
| <b>TOTAL</b>                                   | <b>41,779</b> |

| Sponsorships   | Amount        |
|--|---------------|
| Brock University – Triggs Lecture Series                   | 1,000         |
| Essex Pelee Island Coast Winegrowers Association           | 10,000        |
| Grape King   | 2,500         |
| Grape Stomp  | 425           |
| Niagara Grape and Wine Festival                            | 22,500        |
| Niagara Peninsula Fruit and Vegetable Growers' Association | 950           |
| Official Guide to Wineries of Ontario                      | 4,950         |
| Tony Aspler Ontario Wine Awards                            | 3,000         |
| Prince Edward County Winegrowers Association               | 8,000         |
| Race Kit Event – Niagara Running Series                    | 1,500         |
| <b>TOTAL</b>   | <b>54,825</b> |

## PROMOTION EXPENSES

### TABLE XIII

In 2017-18, the Grape Growers of Ontario continued to engage consumers and industry through social media: Facebook, Twitter, Youtube and Instagram. The GGO continued with a series of activities such as Celebrity Luncheon, Grape Stomp, Grape King Parade Float, and Legislative Wine Tasting. Congratulations to Gerald Klose on receiving the Cuvée Vineyard of Excellence award. The GGO continues to be a proud sponsor of the Niagara Grape and Wine Festival.

**TABLE XIII – Promotion Expenses**

| Promotion   | 2015/2016        | 2016/2017      | 2017/2018      |
|---|------------------|----------------|----------------|
| Promotions, Sponsorship & Public Relations        | 430,942          | 148,813        | 173,618        |
| Miscellaneous – Wines                             | 2,208            | 6,544          | 6,185          |
| <b>SUB-TOTAL</b>                                  | <b>433,150</b>   | <b>155,357</b> | <b>179,803</b> |
| Grape & Wine Festival and Grape King's Crowning   | 26,903           | 26,879         | 21,835         |
| International Cool Climate Chardonnay Celebration | 20,000           | 20,000         | 10,000         |
| <b>TOTAL</b>                                      | <b>\$480,053</b> | <b>202,236</b> | <b>211,638</b> |

# 2017 WEATHER REPORT



The 2017 season had near normal growing degree day (GDD), similar to 2011 in Niagara and Prince Edward County and 2013 GDD in Lake Erie North Shore. LENS received normal precipitation for

the season while Niagara and PEC accumulated well above normal seasonal rainfall. The biggest weather impact in 2017 was the wet spring conditions across all appellations and the above normal temperatures during the winter and fall months.

The year started off warmer than last year with average temperatures from January and February being between 3-5°C above normal, while March returned to more seasonal temperatures. There were fewer Icewine hours in January and February but with the frequent Icewine hours in December 2016, many had already completed Icewine harvest. The 2016/2017 three month accumulations totalled between 118 and 180 Icewine hours, compared to 2015/2016 accumulations between 151 and 198.

April saw temperatures increase to 2°C above normal in all appellations. May temperatures dipped below normal once again.

Temperatures between June and August were variable with Niagara West having above normal temperatures while Niagara East, PEC and LENS were experiencing cooler starts to the summer. By August, PEC was half a degree above normal and LENS was 2.6°C below normal. September saw temperatures turn around in 2 appellations and in all 3 appellations by October with temperatures being 2-4°C above normal. November saw the return of more variable temperatures with Niagara East, West and PEC above normal temperatures and all appellations below normal by the end of the year.

Above normal April temperatures opened the growing season with an above average GDD accumulation. The cool summer temperatures slowed down the accumulation but the late season heat in September and October provided a boost to the GDD pushing the season accumulation above normal.

The 2017 growing season saw above normal rainfall in Niagara and PEC. April started off the growing season above normal with the constant rains continuing into May. Prince Edward County rainfall in May was 150 mm above normal and June was nearly 100 mm above normal. Lake Erie North Shore saw a few rain showers in May but had normal accumulation in June. July had variable showers in Niagara and PEC.

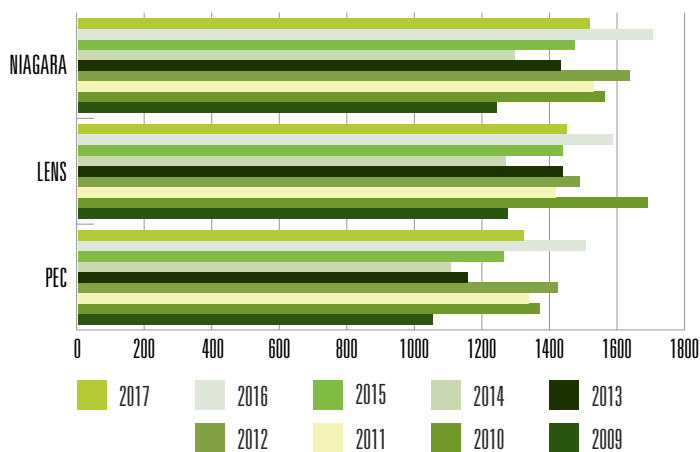
The months of August and September had below normal accumulation with September being the driest month, 40-50 mm below in Niagara and PEC. The season ended with the return of above normal precipitation in Niagara and Prince Edward County in October.

The year wrapped up with LENS December average temperatures 2.5°C below normal, while PEC and Niagara were 1.2 to 1.8°C below December average temperatures. The last week of December experienced a cold snap with day time highs only reaching -8°C to -12°C consecutively across all appellations. Icewine hours began to accumulate early in December with a range of 86 and 106 hours in Niagara East, 79 and 94 hours in Niagara West, 103 and 114 hours in PEC and 88 and 104 hours in LENS.

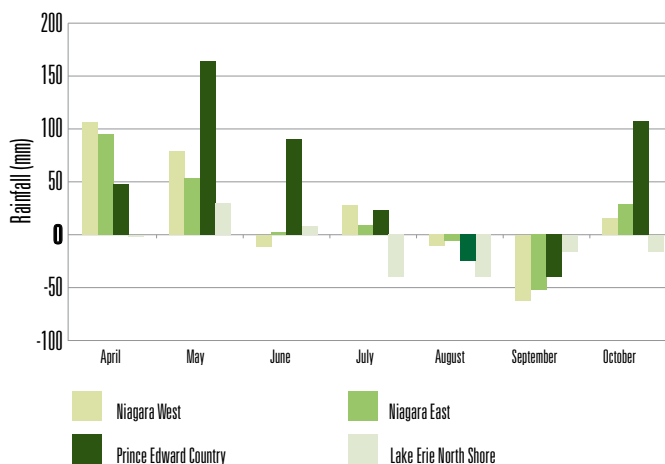
This season provided some challenges throughout the entire year, including little to no Icewine hours in January and February and a wetter than normal growing season. Despite these challenges, quality yields were achieved by the many practiced viticulturalists and winemakers across the Ontario appellations.

For more detailed weather data, management tools and weather reports throughout the year, visit [vineinnovations.com](http://vineinnovations.com) - sponsored the Grape Growers of Ontario.

Seasonal Accumulation of Base 10°C GDD



2017 Monthly Rainfall Deviation from Normal



# ONTARIO GRAPE AND WINE RESEARCH INC. (OGWRI)

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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 top research priorities for OGWRI in 2017 were: Red Blotch, Leafroll and Mutli-coloured Asian Lady Beetle (MALB).

In 2017 OGWRI administered the Research and Innovation Development Initiative under the Marketing and Vineyard Improvement Program. Funding from Year 3 went towards the following projects:

- Mitigation and infestation of multi-coloured Asian lady beetle in Ontario vineyards
- Refinement of Crop Estimation and Accuracy Using Dormant Bud Sampling
- VineAlert
- Weather Innovations
- Investigation into impacts of MOG on aroma compounds for red wine cultivars
- Insight 2018

OGWRI is also supporting the Canadian Grape and Wine Science Cluster by providing the industry contribution for Ontario led research activities proposed in the AgriScience Cluster application. A funding decision from Agriculture and Agri-Food Canada is expected in Spring 2018.

All completed projects and information on current projects can be found on the Ontario Grape and Wine Research Inc.'s website: [www.ontariograpeandwinereseach.com](http://www.ontariograpeandwinereseach.com)

## MARKETING VINEYARD IMPROVEMENT PROGRAM (MVIP)

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The Marketing Vineyard Improvement Program (MVIP) is an application based, cost-share program funded by the Ontario Ministry of Agriculture, Food and Rural Affairs to assist eligible growers to transition to higher demand grape varieties and improve grape quality in line with the industry varietal plan. Agricorp is delivering the vineyard improvement component of the program.

Intake 2 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:

- 4.5% Wine grape and vine removal
- 4.0% Land preparation
- 12.8% Vine trellis system
- 0.1% Consultation with viticulture expert
- 34.6% Improved viticulture practices
- 31.3% Reducing cold injury
- 9.6% Improved irrigation
- 1.8% Pest management
- 1.2% Improved weather sensing

# CANADIAN GRAPEVINE CERTIFICATION NETWORK

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The Canadian Grapevine Certification Network (CGCN) was formally incorporated in February 2017. The CGCN is the culmination of a collaborative effort between the Grape Growers of Ontario, British Columbia Wine Grape Council, Association des vigneronns du Québec and the Grape Growers Association of Nova Scotia. The objective of the CGCN is to advance the Canadian grape and wine industry by ensuring a sustainable supply of certified propagative grapevine material.

The CGCN, led by Chair Hans Buchler and Vice Chair Bill Schenck, has actively engaged with CFIA, researchers and nurseries across the country in order to work toward the common goal of ensuring Canadian growers and wineries have access to clean grapevine material. One of the first orders of business for the CGCN is to establish an industry Certification Committee, who will recommend certification standards to the CGCN Board in 2018.

In addition to working toward a certification program the CGCN has also led the Canadian Grape and Wine Science Cluster under the Canadian Agricultural Partnership AgriScience program which is administered by Agriculture and Agri-Food Canada.

## CROP PROTECTION REPORT

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In 2017, 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".

Brown Marmorated Stink Bug (BMSB) is an invasive insect that has been shown to cause taint in wine when present in sufficiently high numbers in other grape growing regions. BMSB was trapped in fairly high numbers in areas adjacent to vineyards in Niagara, but there was no evidence of activity in fruit collected at harvest.

Spotted wing drosophila (SWD) activity started much earlier than usual in 2017 and populations continued to increase throughout the season as development is favoured by moderate temperatures and regular rainfall. No SWD were reared from grapes that were sampled and incubated.

Diazinon and Sevin XLR are no longer registered on grapes. Polyram (metiram) is currently proposed for phase-out. There is a proposal to extend the re-entry periods of Captan which will make its use unfeasible in grape production. Publication of the results of this review is targeted for March 2018. The cancellation of all uses of Quintec is also being proposed.

Pest Management Regulatory Agency (PMRA) is currently re-evaluating many pesticides including Agri-Mek, Aliette, dimethomorph (Forum and Zampro), Elevate, Ferbam, Flint, Folpan, fludioxonil (part of Switch), Gavel, mancozeb (Manzate, Penncozeb, Dithane), Nexter, Rovral, Imidan, Vangard, difenoconazole (part of Inspire Super and Aprovia Top) and most of the synthetic pyrethroids (group 3). These products are at different stages of review with target dates of publication of final decisions ranging from spring of 2018 to fall 2020. The decisions could range from something as innocuous as ensuring proper personal protective equipment to cancellation of uses. Neonicotinoid insecticides are also under review for their potential impact on pollinators and aquatic organisms. 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 GGO has provided input to the PMRA to try to ensure that we retain these fungicides and insecticides as crucial tools for pest management.

### **The following are new product registrations for 2017:**

Fungicides: Actinovate, Aprovia Top, Cosavet, Property, Vegol Crop Oil

Insecticides: Kopa insecticidal soap, Entrust, Succe





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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, 2018, and the statements of operations and unrestricted net assets, restricted net assets, and cash flows for the year ended January 31, 2018 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, 2018, and the results of its operations and its cash flows for the year ended January 31, 2018 in accordance with Canadian accounting standards for not-for-profit organizations.

St Catharines, Canada  
February 28, 2018

A stylized, handwritten-style 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   | 2018                | 2017                |
|--|---------------------|---------------------|
| Licence fees   | \$ 1,880,344        | \$ 1,620,885        |
| Vertically integrated rebate                             | (40,986)            | (33,506)            |
| Appropriation for research and development               | (359,818)           | (289,930)           |
|  | <b>1,479,540</b>    | <b>1,297,449</b>    |
| Government and industry funding for research projects    | 93,148              | 98,464              |
| Government and industry funding for promotional projects | 139,328             | 130,678             |
| Interest and other income                                | 103,609             | 97,510              |
|  | <b>1,815,625</b>    | <b>1,624,101</b>    |
| Expenses   |                     |                     |
| Directors' fees and honoraria                            | 92,618              | 79,840              |
| Salaries and benefits (Note 3)                           | 558,267             | 542,620             |
| Travel   | 56,378              | 54,162              |
| Meetings and conventions                                 | 24,791              | 19,795              |
| Office supplies and expenses                             | 42,851              | 42,660              |
| Postage  | 6,961               | 7,923               |
| Telephone  | 20,986              | 17,111              |
| Dues and subscriptions                                   | 22,191              | 20,771              |
| Professional fees (Note 4)                               | 175,333             | 114,306             |
| Utilities and maintenance                                | 23,317              | 20,253              |
| Building insurance and property taxes                    | 12,837              | 12,636              |
| Amortization   | 16,158              | 16,862              |
| Assessment O.F. & V.G.A.                                 | 25,000              | 25,000              |
| Research and other projects (Note 5)                     |                     |                     |
| Grape Growers funding portion                            | 69,788              | 76,464              |
| Government and industry funded portion                   | 93,148              | 98,464              |
| Promotional projects (Note 5)                            |                     |                     |
| Grape Growers funded portion                             | 179,803             | 182,236             |
| Government and industry funded portion                   | 134,357             | 126,003             |
| Professional development                                 | 1,663               | -                   |
| Maintenance agreements                                   | 22,545              | 10,673              |
| Labour issues coordinating committee                     | 5,000               | 5,000               |
| Bad debts (recovery)                                     | (1,462)             | 1,588               |
| Expense recoveries from other associations               | (32,424)            | (32,098)            |
|  | <b>1,550,106</b>    | <b>1,442,269</b>    |
| Excess of revenues over expenses                         | 265,519             | 181,832             |
| Unrestricted net assets - beginning of year              | 1,189,971           | 1,092,802           |
| Transfer to operational reserve                          | -                   | (84,663)            |
| Unrestricted net assets - end of year                    | <b>\$ 1,455,490</b> | <b>\$ 1,189,971</b> |

See accompanying notes to the financial statements

# GRAPE GROWERS OF ONTARIO

## STATEMENT OF RESTRICTED NET ASSETS - YEAR ENDED JANUARY 31

| <b>Research and promotion fund</b>                | <b>2018</b>         | <b>2017</b>         |
|---|---------------------|---------------------|
| Revenues  | \$ -                | \$ -                |
| Expenses  |                     |                     |
| International cool climate chardonnay celebration | (10,000)            | (20,000)            |
| Grape Growers promotion trade mission             | (38,178)            | -                   |
| NAFTA modernization consulting                    | (15,000)            | -                   |
| Deficiency of revenues over expenses              | (63,178)            | (20,000)            |
| Fund balance - beginning of year                  | 509,714             | 529,714             |
| Fund balance - end of year                        | <u>\$ 446,536</u>   | <u>\$ 509,714</u>   |
| <b>Operational Reserve</b>                        |                     |                     |
| Fund balance - beginning of year                  | \$ 2,000,000        | \$ 1,915,337        |
| Transfer from unrestricted net assets             | -                   | 84,663              |
| Fund balance - end of year                        | <u>\$ 2,000,000</u> | <u>\$ 2,000,000</u> |
| <b>Ontario Grape and Wine Research Fund</b>       |                     |                     |
| Growers contributions                             |                     |                     |
| Revenues  |                     |                     |
| Growers fees                                      | \$ 175,266          | \$ 141,438          |
| Expenses  |                     |                     |
| Contributions to OGWRI                            | (214,419)           | (140,450)           |
| (Deficiency) excess revenues over expenses        | (39,153)            | 988                 |
| Fund balance - beginning of year                  | 616,448             | 615,450             |
| Fund balance - end of year                        | <u>\$ 577,295</u>   | <u>\$ 616,448</u>   |
| Processor contributions                           |                     |                     |
| Revenues  |                     |                     |
| Processors fees                                   | \$ 184,552          | \$ 148,492          |
| Expenses  |                     |                     |
| Contributions to OGWRI                            | (214,419)           | (140,450)           |
| (Deficiency) excess of revenues over expenses     | (29,867)            | 8,042               |
| Fund balance - beginning of year                  | 548,514             | 540,472             |
| Fund balance - end of year                        | <u>\$ 518,647</u>   | <u>\$ 548,514</u>   |
| Total Ontario Grape and Wine Research Fund        | <u>\$ 1,095,942</u> | <u>\$ 1,164,962</u> |

See accompanying notes to the financial statements

# GRAPE GROWERS OF ONTARIO

## STATEMENT OF FINANCIAL POSITION - JANUARY 31

| <b>Assets</b>                                      | <b>2018</b>         | <b>2017</b>         |
|--|---------------------|---------------------|
| <b>Current</b>                                     |                     |                     |
| Cash   | \$ 1,586,089        | \$ 1,290,523        |
| Guaranteed investment certificates (Note 6)        | 3,539,675           | 3,651,822           |
| Accounts receivable (Note 7)                       | 207,492             | 48,594              |
| Contributions receivable (Note 5)                  | 10,138              | 57,195              |
| Prepaid expenses                                   | 23,158              | 55,231              |
|  | <b>\$ 5,366,552</b> | <b>\$ 5,103,365</b> |
| <b>Long-term</b>                                   |                     |                     |
| Due from related parties (Note 8)                  | 112,959             | 122,259             |
| Investments (Note 9)                               | 191,867             | 191,867             |
| Property and equipment (Note 10)                   | 16,992              | 7,656               |
|  | <b>321,818</b>      | <b>321,782</b>      |
|  | <b>\$ 5,688,370</b> | <b>\$ 5,425,147</b> |
| <b>Liabilities</b>                                 |                     |                     |
| <b>Current</b>                                     |                     |                     |
| Accounts payable and accrued liabilities (Note 11) | \$ 452,248          | \$ 349,122          |
| Government remittances payable                     | 205,488             | 174,763             |
| Deferred revenues                                  | -                   | 1,200               |
| Deferred contributions (Note 5)                    | 32,666              | 35,415              |
|  | <b>\$ 690,402</b>   | <b>\$ 560,500</b>   |
| <b>Net assets</b>                                  |                     |                     |
| <b>Unrestricted</b>                                |                     |                     |
| Invested in other entities                         | 191,867             | 191,867             |
| Available for operations                           | 1,263,623           | 998,104             |
|  | <b>\$ 1,455,490</b> | <b>\$ 1,189,971</b> |
| <b>Restricted</b>                                  |                     |                     |
| Research and promotion fund (Page 4)               | 446,536             | 509,714             |
| Operational reserve (Page 4)                       | 2,000,000           | 2,000,000           |
| Ontario Grape and Wine Research Fund (Page 4)      | 1,095,942           | 1,164,962           |
|  | <b>3,542,478</b>    | <b>3,674,676</b>    |
|  | <b>\$ 5,688,370</b> | <b>\$ 5,425,147</b> |

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                                      | 2018                | 2017                |
|--|---------------------|---------------------|
| <b>Operating</b>   |                     |                     |
| Excess of revenues over expenses for the year                    | \$ 265,519          | \$ 181,832          |
| Research and promotion fund deficiency of revenues over expenses | (63,178)            | (20,000)            |
| Ontario Grape and Wine Research Fund                             |                     |                     |
| Growers (deficiency) excess of revenues over expenses            | (39,153)            | 988                 |
| Processors (deficiency) excess of revenues over expenses         | (29,867)            | 8,042               |
| Amortization   | 6,418               | 3,859               |
|  | <b>139,739</b>      | <b>174,721</b>      |
| Changes in non-cash working capital                              |                     |                     |
| Accounts receivable  | (158,898)           | (4,473)             |
| Contributions receivable   | 44,308              | 51,551              |
| Interest receivable  | (79,666)            | (62,808)            |
| Prepaid expenses   | 32,073              | 11,490              |
| Accounts payable and accrued liabilities                         | 103,126             | 9,009               |
| Government remittances payable                                   | 30,725              | 59,094              |
| Deferred revenue   | (1,200)             | 1,200               |
|  | <b>110,207</b>      | <b>239,784</b>      |
| <b>Investing</b>   |                     |                     |
| Repayments from related parties                                  | 9,300               | 474                 |
| Purchase of property and equipment                               | (15,754)            | (7,184)             |
| Purchase of guaranteed investment certificates                   | (2,673,550)         | (1,031,259)         |
| Proceeds of guaranteed investment certificates                   | 2,865,363           | 1,015,730           |
|  | <b>185,359</b>      | <b>(22,239)</b>     |
| Increase (decrease) in cash                                      | <b>295,566</b>      | <b>217,545</b>      |
| Beginning of year  | <b>1,290,523</b>    | <b>1,072,978</b>    |
| End of year  | <b>\$ 1,586,089</b> | <b>\$ 1,290,523</b> |

See accompanying notes to the financial statements

# GRAPE GROWERS OF ONTARIO

## NOTES TO THE FINANCIAL STATEMENTS - JANUARY 31, 2018

### 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, 2018

### 2. 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 the 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 over the estimated useful life of the asset using the following methods and rates:

|                         |                        |
|-------------------------|------------------------|
| Computer hardware       | 30% Declining balance  |
| Computer software       | 100% Declining balance |
| Furniture and equipment | 20% Straight-line      |

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

The company tests for impairment whenever events or 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 on 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 allowance for doubtful accounts and amortization.

# GRAPE GROWERS OF ONTARIO

## NOTES TO THE FINANCIAL STATEMENTS - JANUARY 31, 2018

### 3. Salaries and benefits

|                                      | 2018              | 2017              |
|--------------------------------------|-------------------|-------------------|
| Total salaries and benefits          | \$ 642,588        | \$ 631,914        |
| Recoveries:                          |                   |                   |
| Project management                   | (40,921)          | (45,894)          |
| Ontario Grape and Wine Research Inc. | (43,400)          | (43,400)          |
|                                      | <u>\$ 558,267</u> | <u>\$ 542,620</u> |

### 4. Professional fees

|                     | 2018              | 2017              |
|---------------------|-------------------|-------------------|
| Audit               | \$ 15,553         | \$ 15,346         |
| Legal               | 60,517            | 16,474            |
| Industry consulting | 99,263            | 82,486            |
|                     | <u>\$ 175,333</u> | <u>\$ 114,306</u> |

### 5. Contributions for research and other activities

|  | (Deferred)<br>Receivable<br>Contributions<br>February 1, 2017 | Government/<br>Industry<br>Contributions<br>Received<br>(Repaid) 2017/18 | Government/<br>Industry<br>Expenses<br>2017/18 | Grape Growers<br>of Ontario<br>Portion<br>2017/18 | (Deferred)<br>Receivable<br>Contributions<br>January<br>31, 2018 |
|--|---|--|--|---|--|
| <b>Research and other Projects:</b>                                    |   |  |  |   |  |
| Pesticide initiatives  | \$ (19,692)   | \$ -   | \$ -   | \$ -  | \$ (19,692)  |
| Grape Mealybug Research  | (4,643)   | -  | -  | -   | (4,643)  |
| GF2 Enhance efficiency of grape & wine industry by<br>cloud technology | 24,762  | 74,200   | 49,438   | 49,437  | -  |
| OMAFRA – Grape cover crops   | 8,867   | 11,164   | 8,597  | -   | 6,300  |
| GF2 – Strategic Planning – State of the Industry                       | -   | 11,953   | 11,953   | 12,128  | -  |
| GF2 – Mapping Niagara Region vineyards using drone<br>GPS technology   | -   | 23,160   | 23,160   | 7,723   | -  |
|  | <u>9,294</u>  | <u>120,477</u>   | <u>93,148</u>                                  | 69,288  | <u>(18,035)</u>  |
| <b>Non-grant funded research</b>                                       |   |  |  | 500   |  |
| <b>GGO portion of research activities</b>                              |   |  |  | <u>\$ 69,788</u>                                  |  |



# GRAPE GROWERS OF ONTARIO

## NOTES TO THE FINANCIAL STATEMENTS - JANUARY 31, 2018

### 5. Contributions for research and other activities (continued)

|  | (Deferred)<br>Receivable<br>Contributions<br>February 1, 2017 | Government/<br>Industry<br>Contributions<br>Received<br>(Repaid) 2017/18 | Government/<br>Industry<br>Expenses<br>2017/18 | Grape Growers<br>of Ontario<br>Portion<br>2017/18 | (Deferred)<br>Receivable<br>Contributions<br>January<br>31, 2018 |
|--|---|--|--|---|--|
| <b>Promotional projects:</b>                     |   |  |  |   |  |
| Greenbelt Food Literacy Program                  | -   | 8,781  | 12,619   | 12,618  | <b>3,838</b>   |
| GF2 – GGO marketing plan                         | 580   | 3,425  | 2,845  | 2,845   | -  |
| GF2 – Grape Growers 70th anniversary             | -   | 41,050   | 41,050   | 41,050  | -  |
| GF2 – Grape Growers brand project implementation | 22,986  | 27,581   | 4,595  | 4,905   | -  |
| Celebrity Luncheon                               | (11,080)  | 70,499   | 73,248   | -   | <b>(8,331)</b>   |
|  | <u>12,486</u>   | <u>151,336</u>   | <u>134,357</u>                                 | 61,418  | <u><b>(4,493)</b></u>  |
| <b>Non-grant funded promotion</b>                |   |  |  | 118,385   |  |
| <b>GGO portion of promotional activities</b>     |   |  |  | <u>179,803</u>                                    |  |
|  | <u>\$ 21,780</u>  |  |  |   | <u>\$ (22,528)</u>   |
| Comprised of:                                    |   |  |  |   |  |
| Contributions receivable                         | \$ 57,195   |  |  |   | \$ 10,138  |
| Deferred contributions                           | (35,415)  |  |  |   | (32,666)   |
|  | <u>\$ 21,780</u>  |  |  |   | <u>\$ (22,528)</u>   |

### 6. Guaranteed investment certificates

The board has guaranteed investment certificates that mature in 2018 and earn interest between 1.83% and 2.00% (2017 - 1.25% and 2.85%).

### 7. Accounts receivable

|                                 | 2018              | 2017             |
|---------------------------------|-------------------|------------------|
| Accounts receivable             | \$ 220,928        | \$ 50,182        |
| Allowance for doubtful accounts | (13,436)          | (1,588)          |
|                                 | <u>\$ 207,492</u> | <u>\$ 48,594</u> |

# GRAPE GROWERS OF ONTARIO

## NOTES TO THE FINANCIAL STATEMENTS - JANUARY 31, 2018

### 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:

|             | 2018              | 2017              |
|-------------|-------------------|-------------------|
| Assets      | \$ 330,263        | \$ 342,691        |
| Liabilities | 138,416           | 150,844           |
| Net assets  | <u>\$ 191,847</u> | <u>\$ 191,847</u> |

Expenses include a \$121,801 (2017 - \$137,974) charge for the board's share (50% (2017 - 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:

|                             | 2018    | 2017       |
|-----------------------------|---------|------------|
| GTFOL                       | 112,959 | \$ 122,259 |
| Trade payable with GTFOL    | 3,018   | 3,218      |
| Trade receivable with GTFOL | -       | 224        |

### 9. Investments

|  | 2018              | 2017              |
|--|-------------------|-------------------|
| 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, 2018

### 10. Property and equipment

|                         | Cost   | Accumulated<br>Amortization | Net Book Value |       |
|-------------------------|--------|-----------------------------|----------------|-------|
|                         |        |                             | 2018           | 2017  |
| Furniture and Equipment | 12,568 | 2,514                       | 10,054         | -     |
| Computer hardware       | 15,049 | 8,111                       | 6,938          | 7,656 |
| Computer software       | 2,505  | 2,505                       | -              | -     |
|                         | 30,122 | 13,130                      | 16,992         | 7,656 |

The Grape Growers of Ontario's portion of amortization for property and equipment carried on its balance sheet for 2018 was \$6,418 (2017 - 3,860.)

### 11. Accounts payable and accrued liabilities

|  | 2018              | 2017              |
|--|-------------------|-------------------|
| Accounts payable and accrued liabilities | \$ 118,022        | \$ 112,834        |
| Grading fees payable                     | 334,226           | 236,288           |
|  | <u>\$ 452,248</u> | <u>\$ 349,122</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, 2018:

#### 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.

### 13. Comparative figures

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2018 financial statements.






# 2017 GRAPE KING

DOUG WHITTY

Doug Whitty was crowned Grape King on September 13th, 2017 at 13th Street Winery in St. Catharines, ON.

#### ADDRESS

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Grape Growers  
of ONTARIO