

68<sup>th</sup>  
ANNUAL REPORT  
YEAR ENDING JANUARY 31, 2016



Grape Growers  
of ONTARIO



## 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, 2016



## 2015-2016 BOARD OF DIRECTORS

**Chair** Bill George ♦ **Vice Chair** Matthias Oppenlaender ♦ **CEO** Debbie Zimmerman  
**Directors** Debra Marshall ♦ Jim Morrison ♦ Steve Pohorly ♦ Brock Puddicombe  
 ♦ Bill Schenck ♦ 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  
 Bill George  
 Bill Schenck  
 Bill Schenck  
 Matthias Oppenlaender  
 Bill Schenck  
 Kevin Watson  
 Kevin Watson  
 Bill George  
 Matthias Oppenlaender  
 Kevin Watson  
 Bill Schenck  
 Bill George  
 Matthias Oppenlaender  
 Jim Morrison  
 Brock Puddicombe  
 Matthias Oppenlaender  
 Steve Pohorly



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## 2015-2016 STAFF

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

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## SHARED STAFF

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

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## 2015-2016 GROWERS' COMMITTEE

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





GREETINGS FROM THE HONOURABLE

## JEFF LEAL

On behalf of the Ontario government and Ministry of Agriculture, Food and Rural Affairs, I am pleased to extend greetings to Ontario grape growers in this 68th Annual Report.

I want to congratulate Ontario grape growers for the success you have had with the sale of VQA wines. The two-year pilot project that allowed for the sale of Vintners Quality Alliance (VQA) wines at farmers' markets has improved consumers' access to VQA wines and resulted in sales of over \$1.4 million. I am very pleased to see these positive results.

In 2015, the Renewed Wine and Grape Strategy was launched. The VQA Wine Support Program and the Marketing and Vineyard Improvement Program helped wineries and grape growers make investments in their businesses to improve grape production and winery operations, and the marketing of VQA wine. Consumers continue to seek out VQA wine in greater numbers, and I am proud of the exceptional products being offered.

I want to thank the Grape Growers of Ontario for its commitment to its members and to working with government and industry. By working together, I am confident we can continue to support growers in their efforts to grow high-quality grapes while also addressing any challenges that arise.

I offer my congratulations for everything you achieved in 2015, and I wish you all the very best for a bountiful growing season in 2016.

Sincerely,

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

Honourable Jeff Leal  
Minister of Agriculture, Food and Rural Affairs



GREETINGS FROM THE HONOURABLE

## JIM BRADLEY

As the Member of the Legislative Assembly of Ontario for St. Catharines, it is my pleasure to again welcome everyone to the Annual General Meeting of the Grape Growers of Ontario. Those of us who reside in this province, and particularly those of us who reside in areas where our grapes are grown and our wine is produced, are very much aware of the contribution that the grape and wine industry makes to the economic prosperity of our province, both directly and indirectly.

Those who established the Ontario Grape Growers' Marketing Board over six decades ago are responsible for the impressive progress that has been experienced in this area and have contributed to the status of Ontario as an internationally acclaimed wine region. By producing high quality grapes, you have ensured that vintners have been able to produce excellent wines which consistently win prestigious international awards. This is a testament to the commitment, capability and knowledge of Ontario grape growers. Although our growers have had to confront many challenges over the years, the success that has been achieved in the grape and wine industry in Ontario is evidenced by the fact that the industry has grown and prospered, and for this, we are grateful to the Grape Growers of Ontario and your many dedicated members.

In 2016, the provincial government will expand the retail opportunities for Ontario wines and enhance the availability of our product to consumers across the province. I am confident that our grape growers will rise to the challenge of producing even more high quality grapes to meet the anticipated demand in the years ahead.

With very best wishes for continued success in 2016.

Yours sincerely,

Jim Bradley, MPP  
Chair, Ontario Wine Secretariat





GREETINGS FROM THE HONOURABLE

## LAWRENCE MACAULAY

On behalf of the government of Canada, I would like to extend my greetings to the Grape Growers of Ontario.

For almost seven decades, you have shown unwavering dedication to this dynamic sector and have been an important contributor to both the province's and Canada's economy. The Ontario grape and wine industry generates over \$60 million at the farm gate and over \$700 million in retail sales in the province, while creating over 14,000 jobs. Through your hard work, you continue to add to Ontario's reputation as an internationally acclaimed wine region.

The grape and wine sector will continue to play a key role in the success of the agriculture industry. To support you in this vital work, my priorities as Minister are focused on working together with both farmers and the industry to promote international trade, and invest in agricultural innovation and food processing.

I look forward to working with you to achieve sustainable growth and profitability in the wine and grape sector. Thank you for your commitment and best wishes for a successful year ahead.

A handwritten signature in cursive script that reads "Lawrence MacAulay".

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

# 2015 GRAPE KING

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## JAMIE SLINGERLAND

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Jamie Slingerland, Viticulture Director at Pillitteri Estates Winery, was crowned Grape King on September 16, 2015.

He grew up on a Niagara-on-the-Lake (NOTL) grape and tender fruit farm, coming from a long line of fruit farmers. In fact, the Slingerland family has farmed in NOTL since the 1780s. As a result, Jamie understands firsthand that great wine starts in the vineyard.

Jamie's marriage to Connie Pillitteri, daughter of Pillitteri Estates founders Gary and Lena Pillitteri, was a winemaking match made in heaven. Today, the 110 acres of award-winning vineyards of Pillitteri Estates managed by Slingerland are part of a true family affair. Working side-by-side with Gary and Lena are Jamie, Connie (CFO), son Richard and son-in-law Jared Goerz (both on the management team). Jamie's daughter Rachel is a lawyer. Jamie's Grape King honor is especially notable, considering that his father-in-law, Gary Pillitteri, was Grape King in 1981.

His long history of community service includes serving as inaugural chair of NOTL's Agricultural subcommittee, which established a comprehensive zoning bylaw and an irrigation system for local vineyards. He also was instrumental in transitioning the many individual winery signs that used to dot the Queen Elizabeth Way to today's consistent and recognizable "Wineries of NOTL" signage.

As Grape King, Jamie will represent Ontario's grape growers at events throughout the year.







## MESSAGE FROM YOUR BOARD CHAIR

# BILL GEORGE

The 2015 season may be remembered as the second of two challenging winters, but despite these challenges we, as growers, have produced and sustained another excellent grape crop.

Ontario's grape growers successfully managed their vineyards through the 2015 growing season to produce 53,252 tonnes of quality grapes with a farm gate value of over \$63.58 million. Included are 1,862 tonnes of juice grapes, and over 4,300 tonnes were "naturally frozen on the vine" for Ontario's premium Icewine.

Extreme cold temperatures last winter and spring frost in some areas of Ontario's grape growing regions made for another challenging growing season. There was considerable crop variability depending on location and varieties of grapes, but the warm summer temperatures that carried through into the fall harvest season produced great quality grapes for another superb vintage.

The GGO, Wine Council of Ontario (WCO) and Winery & Grower Alliance of Ontario (WGAO) continued with the two-year price agreement for the 2014 and 2015 crops, with stable price increases for both white and red hybrids, white vinifera and most red vinifera. The GGO also achieved an additional two years of Plateau Pricing, and 2015 was the second year of a two-year agreement for juice grapes.

The Premier's Advisory Council on Government Assets led by former TD Bank Chief Ed Clark is examining key government assets to generate better returns and revenues for Ontarians. Following the April 2015 *Modernizing Beer Retailing and Distribution in Ontario* which has expanded beer sales through grocery stores, the Premier's Advisory Council began reviewing the retail distribution of wine in Ontario. A series of stakeholder consultations have taken place during 2015 and the results are expected in early 2016.

In the winter of 2014 the Government of Ontario announced the renewal of the five-year, \$75 million Wine and Grape Strategy. This renewed program included funding for both marketing and vineyard improvements (MVIP). Growers received \$4 million over two years to invest in their vineyards to produce quality grapes. Growers' commitment to innovate and improve their vineyards was demonstrated by the strong demand for MVIP funding. Your Board Directors and I are active participants on the Wine and Grape Industry Government Steering Committee to ensure appropriate funding for MVIP continues.

Board members have also been active throughout the year on a number of internal and external committees such as Marketing, Information Technology, Metrics, F.A.R.M.S and VQAO.

Not surprisingly, our growers continue to win numerous awards for excellence in their vineyards, Don Forrer, Cuvée Award of Excellence; Kevin Buis, 2014/15 Grape King; Lieutenant Governor Award winners; Saunders Family Farm, Environmental Stewardship Royal Bank Award; and the 2015 red and white wines selected for the Ontario Legislature.

I would like to thank the Board of Directors, Growers' Committee and staff for your ongoing commitment to the success of the Grape Growers of Ontario.

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

Bill George  
Chair, Grape Growers of Ontario



## MESSAGE FROM YOUR CEO

# DEBBIE ZIMMERMAN

*To achieve sustainable growth and profitability by creating an improved environment for Ontario-grown grape products* is our stated Mission. This means that our work reaches beyond price negotiation to actively participating in government consultations and connecting with consumers to ensure our industry's voice is heard.

The new voluntary Viticulture Sustainability self-assessment tool and information resources were launched in September, and received a Premier's Award for Agri-Food Innovation Excellence. Certification is now available for grape growers and/or wineries who wish to have an auditor verify their sustainable practices to help our industry compete with other grape and wine producing regions as consumers embrace local, environmentally friendly products.

As a member of the Advisory Panel led by former Toronto mayor David Crombie on the Coordinated Review of the Growth Plan for the Greater Golden Horseshoe, the Greenbelt Plan, the Oak Ridges Moraine Conservation Plan and the Niagara Escarpment Plan, with the support of panel members, many agricultural issues were captured in the document. The final report has included recognition of economic viability in changing the focus from "protected countryside" in the original Greenbelt Plan to "productive farmland".

Growers know that all great wines begin in the vineyard and grape growing is the first chapter in the story of wine. The GGO renewed its grower brand marketing initiative with [localgrapes.ca](http://localgrapes.ca), our consumer website with an ever-changing line-up of featured growers, wineries, blogs and consumer events. This marketing strategy is supported by online ads, Twitter and Facebook and is funded in part through *Growing Forward 2 (GF2)*, a federal-provincial-territorial initiative delivered by the Agricultural Adaptation Council, and through the Government of Ontario's Local Food Fund.

Ontario Grape and Wine Research Inc. (OGWRI) continues to provide long-term funding for industry led research with priority research into Red Blotch, MALB and Leafroll issues affecting Ontario vineyards. We are pleased to welcome Eleanor Hawthorn as Project Manager working for both OGWRI and the GGO.

The GGO continues to support many initiatives across all viticultural districts from festivals to wine events to industry education opportunities like the i4c Cool Climate Chardonnay Celebration. The highlight of the year was again the sold out 2015 Celebrity Luncheon that featured Canadian country artist, Tim Hicks.

On behalf of the GGO, thank you to the Ontario Government and our local MPs and MPPs for their continued support. I also acknowledge the research personnel of the Cool Climate Oenology and Viticulture Institute, Niagara College, the University of Guelph and the Vineland Research and Innovation Centre for their guidance to our industry. Finally, the leadership and commitment of the Board of Directors and the dedication of the Growers' Committee and staff are key to the success of our industry.

Debbie Zimmerman  
CEO, Grape Growers of Ontario

# YEAR IN REVIEW

The 2015 harvest produced a crop of **53,252 tonnes**, comprised of **1,862 tonnes** of juice grapes and **51,390 tonnes of wine grapes**, valued at **\$63.58 million**.

Grapes “naturally frozen” on the vine produce Ontario’s premier Icewine. This year **4,303 tonnes** were left hanging for Icewine, which has the potential to produce between **640,000 and 730,000 litres**. After the unseasonable warm weather, temperatures dipped below -8°C in early January 2016 for the Icewine harvest.



*The Grape Growers of Ontario received the 2015 Regional Premier's Award for Agri-Food Innovation Excellence for the Viticulture and Winery Sustainability Certification project. Vineland Estates Winery and Black Prince Winery were also honoured with the award. Vineland Estates went on to receive one of three Leaders of Innovation Awards for their grape optical sorter. Pictured are Brian Schmidt, VP and Winemaker, Vineland Estates Winery; Mary Jane Combe, Debbie Zimmerman, CEO.*

## We Grow the Wines You Love... and we want everyone to know!

The GGO is raising the public profile of our brand by sharing stories that best define you – our grape growers, and the craft that is grape growing. Localgrapes.ca is the brand home base featuring growers, wineries, blogs and consumer events and is supported through Twitter, Facebook and advertising.

The grower story, your community involvement, values, contributions to the economy and the artistic dividend (landscapes), is a compelling one and your direct link to the land defines “local”.

The grower crafts the primary resource that makes great wines possible.



This project was funded in part through Growing Forward 2 (GF2), a federal-provincial-territorial initiative. The Agricultural Adaptation Council assists in the delivery of GF2 in Ontario with support provided by the Government of Ontario's Local Food Fund.

# 2015 WEATHER REPORT



The 2015 season had above normal growing degree day accumulation, similar to 2013, and above normal seasonal rainfall. This growing season was noteworthy for its warm spring, cool summer and warm autumn.

January through March was, on average, 4°C cooler than normal with some extreme cold temperatures at the end of February, reaching killing temperatures for primary buds. April temperatures were near normal for the month, while May was above by roughly 2°C, on average. Overnight lows deviated less than daytime highs in April and May.

Temperatures between June and August were slightly below normal on average. September and October returned to above normal temperatures. The cool summer temperatures slowed Growing Degree Days (GDD) accumulation, while the warm spring and fall managed to maintain near to above normal accumulated GDD for the season.

In terms of rainfall, the 2015 growing season commenced with near normal April totals. The month of May brought below-normal rainfall for many Ontario appellations, except for the Lake Erie North Shore appellation which received double the normal amount of rainfall.

The month of June was exceptionally wet, with the Niagara and Prince Edward County appellations receiving nearly

2 times the normal and Lake Erie North Shore receiving almost 3 times the normal rainfall. July gave a chance to dry out with below normal rainfall for all appellations.

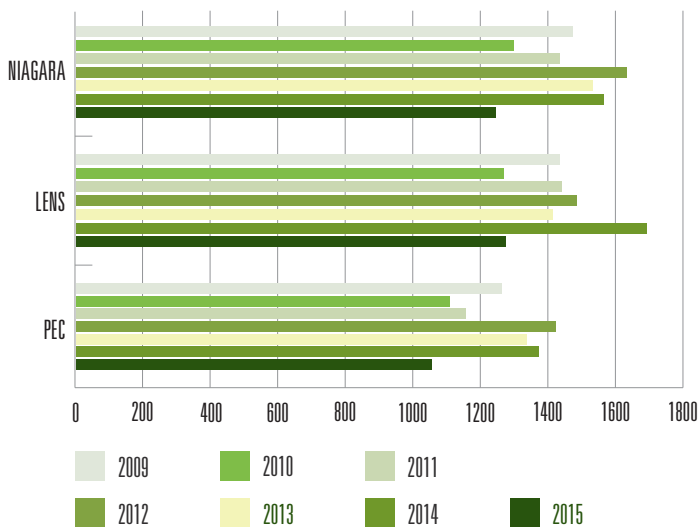
The remainder of the season finished with near normal rainfall from August to October. Niagara West however received below normal rainfall for both August and September. Overall, the appellations ended with above normal rainfall for the season, due to the month of June, with the exception of Niagara West, finishing with slightly below normal rainfall.

The year wrapped up with substantially higher than normal temperatures in both November, and even more so in December. Average November temperatures were 3°C above normal while December exceeded 6°C above normal. The number of ice wine hours suffered due to these unseasonably warm months.

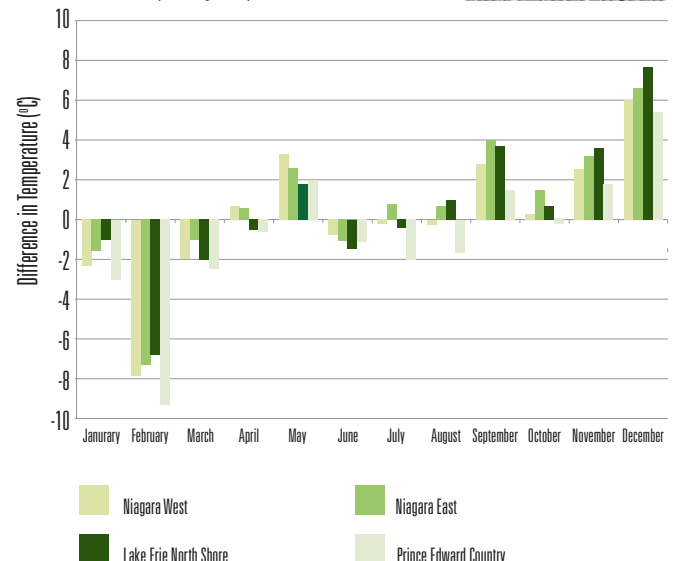
This season provided some challenges, including little to no Icewine hours, but the growing season still produced quality yields for wine from the many practiced viticulturalists and winemakers across the Ontario appellations.

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

Seasonal Accumulation of Base 10°C GDD



2015 Monthly Average Temperature Deviation from Normal

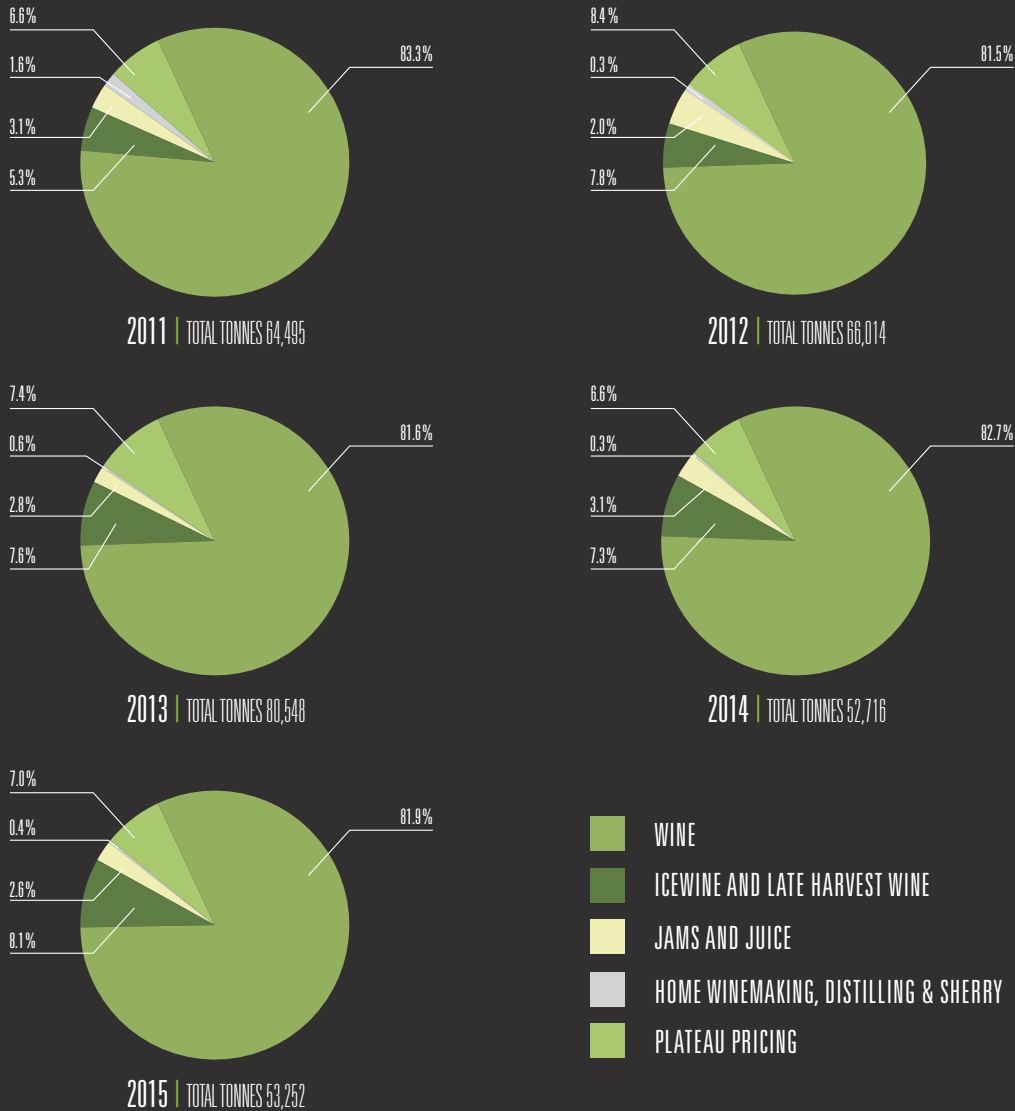


# PRODUCTION

TABLE I

TABLE I presents the production and disposition of grapes from 2011 through 2015.

TABLE I – Tonnage Processed by Category



## Processing Prices

A two-year price agreement was reached on July 2, 2014 on Classes 5 – 10f grapes for 2014 and 2015. Modest price increases were achieved for most varieties and an additional two years of plateau pricing framework were secured for Riesling, Chardonnay, Cabernet Franc and Cabernet Sauvignon. Classes 1, 2 and 3 prices were set through negotiations on August 14, 2014.

## Icewine and Late Harvest Grapes

The minimum price to be paid for all grapes left on the vine to be

used for Icewine is 125% of the price based upon normal harvest at the appropriate sugar level determined by samples taken at regular harvest time.

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

The minimum price established for each class of grapes sold for processing in 2015 compared with the 2014 prices is shown in TABLE II.



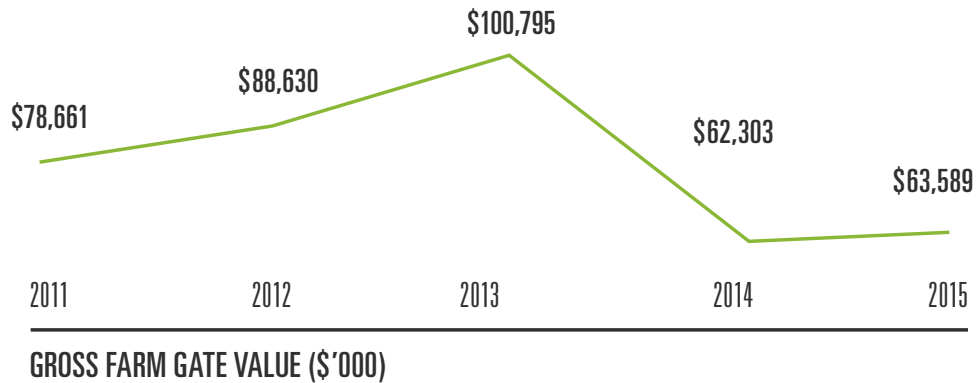
## TABLE II

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

CLASS	VARIETY	2014	2015	PLATEAU PRICE
1	Concord, Fredonia, Patricia, President, Suffolk Red and Van Buren	\$ 487	\$ 492	
2	Niagara and Wiley White	\$ 463	\$ 468	
3	Delaware, Elvira, Himrod, Sovereign Coronation, Veeblanc and Veeport	\$ 559	\$ 565	
5	De Chaunac and Rosette	\$ 690	\$ 697	
5a	Leon Millot and Marechal Foch	\$ 816	\$ 824	
5b	Baco Noir, Castel, Chambourcin, Chancellor, GR7, Le Commandant and Villard Noir	\$ 882	\$ 890	
5c	Experimental red hybrid, Frontenac, Landot, Lucy Kuhlman and Red Amourensis	\$ 671	\$ 678	
6	New York Muscat and V64111	\$ 543	\$ 549	
7	Aurore, Cayuga White, J.S. 23-416 and S.V. 23-512	\$ 521	\$ 526	
7a	Seyval Blanc and Vidal 256	\$ 633	\$ 640	
7b	Geisenheim hybrids, GM 311, GM 318 and GM 322	\$ 548	\$ 554	
7c	Experimental white hybrid, Traminette, V65232 and White Amourensis	\$ 482	\$ 487	
9	J. Riesling	\$ 1,460	\$ 1,474	\$ 1,200
9a	Auxerrois, Kerner, Scheurebe and Welsch Riesling	\$ 1,271	\$ 1,284	
9b	Chardonnay Musque and Chardonnay	\$ 1,488	\$ 1,503	\$ 1,200
9c	Gewurztraminer	\$ 1,625	\$ 1,641	
9d	Pinot Gris	\$ 1,668	\$ 1,684	
9e	Sauvignon Blanc	\$ 1,642	\$ 1,659	
9f	Aligote, Alsace Muscat, Chenin Blanc, Experimental white vinifera, Melon de Bourgogne, Morio Muscat, Muscat Ottonel, Pinot Blanc, Riesling Traminer, Savignin, Semillon and Viognier	\$ 1,295	\$ 1,308	
10	Gamay and Zweigeltrebe	\$ 1,296	\$ 1,296	
10a	Pinot Noir	\$ 1,962	\$ 1,962	
10b	Cabernet Sauvignon	\$ 1,894	\$ 1,894	\$ 1,300
10c	Cabernet Franc	\$ 1,693	\$ 1,693	\$ 1,300
10d	Merlot	\$ 1,913	\$ 1,913	
10e	Sirah, Shiraz and Syrah	\$ 2,196	\$ 2,196	
10f	Dornfelder, Experimental red vinifera, Limberger, Malbec, Nebbiolo, Petite Sirah, Petit Verdot, Pinot Meunier, Sangiovese and St. Laurent	\$ 1,386	\$ 1,386	
	Distilling	\$ 125	\$ 125	
	Sherry	\$ 300	\$ 300	

# VALUE OF CROP PURCHASED

TABLE III — Farm Gate Value of Grapes Purchased by Processors



GRAPE KINGS PAST AND PRESENT



2015 Grape King Jamie Slingerland versus 2014 Grape King Kevin Buis at St. Catharines Mayor's Grape Stomp



Celebrity Luncheon: Mayor Walter Sendzik; Tim Hicks, Celebrity Guest Speaker; Debbie Zimmerman, CEO; Bill George, Chair GGO

# LICENCE FEES

TABLE IV

In the aggregate, licence fees for the 2015-2016 fiscal year represent approximately 1.5% of the total farm gate value of the crop. This remained constant from the 2014-2015 fiscal year in which licence fees also represented approximately 1.5% of the crop value.

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

CLASS	VARIETY	2014	2015
1	Concord, Fredonia, Patricia, President, Suffolk Red and Van Buren	\$ 7.00	\$7.00
2	Niagara and Wiley White	\$ 7.00	\$7.00
3	Delaware, Elvira, Himrod, Sovereign Coronation, Veeblanc and Veeport	\$ 7.00	\$7.00
5	De Chaunac and Rosette	\$ 15.30	\$15.30
5a	Leon Millot and Marechal Foch	\$ 16.40	\$16.40
5b	Baco Noir, Castel, Chambourcin, Chancellor, GR7, Le Commandant and Villard Noir	\$ 17.00	\$17.00
5c	Experimental red hybrid, Frontenac, Landot, Lucy Kuhlman and Red Amourensis	\$ 15.10	\$15.10
6	New York Muscat and V64111	\$ 13.95	\$13.95
7	Aurore, Cayuga White, J.S. 23-416 and S.V. 23-512	\$ 13.75	\$13.75
7a	Seyval Blanc and Vidal 256	\$ 14.75	\$14.75
7b	Geisenheim hybrids, GM 311, GM 318 and GM 322	\$ 14.00	\$14.00
7c	Experimental white hybrid, Traminette, V65232 and White Amourensis	\$ 13.40	\$13.40
9	J. Riesling	\$ 22.20	\$22.20
9a	Auxerrois, Kerner, Scheurebe and Welsch Riesling	\$ 20.50	\$20.50
9b	Chardonnay Musque and Chardonnay	\$ 22.45	\$22.45
9c	Gewurztraminer	\$ 23.70	\$23.70
9d	Pinot Gris	\$ 24.10	\$24.10
9e	Sauvignon Blanc	\$ 23.85	\$23.85
9f	Aligote, Alsace Muscat, Chenin Blanc, Experimental white vinifera, Gruner Veltliner, Italian Muscat, Melon de Bourgogne, Morio Muscat, Muscat Ottonel, Muscat Petit Le Grain, Pinot Blanc, Riesling Traminer, Savignin, Semillon and Viognier	\$ 20.75	\$20.75
10	Gamay and Zweigeltrebe	\$ 20.75	\$20.75
10a	Pinot Noir	\$ 26.75	\$26.75
10b	Cabernet Sauvignon	\$ 26.10	\$26.10
10c	Cabernet Franc	\$ 24.30	\$24.30
10d	Merlot	\$ 26.30	\$26.30
10e	Sirah, Shiraz and Syrah	\$ 28.85	\$28.85
10f	Blauberger, Dornfelder, Experimental red vinifera, Limberger, Malbec, Nebbiolo, Petite Sirah, Petit Verdot, Pinot Meunier, Sangiovese, St. Laurent, Tannat and Tempranillo	\$ 21.55	\$21.55
	Distilling	\$ 5.50	\$5.50
	Sherry	\$ 7.75	\$7.75

Note: 2015 Vertically Integrated Tonnage licence fee rebate is \$2.00 per tonne.

# PRODUCTION OF PROCESSED GRAPES BY VARIETY

TABLE V

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

	2011	2012	2013	2014	2015
<b>Classes 1-3</b>					
Concord	1,524	1,094	1,692	1,460	1,256
Elvira	-	-	-	2	-
Niagara	935	478	1,017	698	593
Miscellaneous 1-3	8	3	11	4	13
SUB-TOTAL (Labrusca)	2,467	1,575	2,720	2,164	1,862
<b>Classes 5-6</b>					
Baco Noir	2,866	2,836	4,019	2,851	3,437
Chambourcin	630	681	979	489	1,037
De Chaunac	330	325	398	312	322
Marechal Foch	961	800	1,173	828	817
New York Muscat	33	28	20	18	14
Villard Noir	61	50	76	31	44
Miscellaneous 5-6	282	313	434	328	522
SUB-TOTAL (Blue/Red French hybrids)	5,163	5,033	7,099	4,857	6,193
<b>Classes 7-7c</b>					
S.V. 23-512	259	164	215	205	192
Seyval Blanc	771	553	728	590	581
Vidal 256	14,510	13,218	17,013	13,096	14,645
Geisenheim Hybrids	727	639	1,069	568	675
GM 322	453	465	435	245	264
Miscellaneous 7-7c	90	88	99	99	118
SUB-TOTAL (White French Hybrids)	16,810	15,127	19,559	14,803	16,475
SUB-TOTAL (Hybrids)	21,973	20,160	26,658	19,660	22,668
<b>Classes 9-9f</b>					
Auxerrois	176	194	256	89	101
Chardonnay and Chardonnay Musque	7,735	8,919	11,304	6,898	6,801
Gewurztraminer	1,586	1,802	1,781	849	691
J. Riesling	7,176	8,497	9,444	7,941	6,684
Pinot Blanc	144	135	157	74	66
Pinot Gris	1,714	1,895	2,325	1,461	1,346
Sauvignon Blanc	1,898	2,193	2,592	1,107	843
Miscellaneous 9-9f	602	574	693	396	452
SUB-TOTAL (White Vinifera)	21,031	24,209	28,552	18,815	16,984

	2011	2012	2013	2014	2015
<b>Classes 10-10f</b>					
Cabernet Franc	5,747	5,450	6,755	3,951	4,102
Cabernet Sauvignon	3,808	4,245	4,055	3,106	2,434
Gamay	1,549	1,599	1,920	1,258	1,223
Merlot	4,110	4,734	5,468	1,438	1,989
Pinot Noir	2,613	2,559	2,850	1,749	1,303
Shiraz, Sirah, Syrah	555	807	853	267	313
Zweigeltrebe	359	348	347	147	163
Miscellaneous 10-10f	283	328	370	161	211
SUB-TOTAL (Red Vinifera)	19,024	20,070	22,618	12,077	11,738
SUB-TOTAL (Vinifera)	40,055	44,279	51,170	30,892	28,722
TOTAL HYBRID & VINIFERA	62,028	64,439	77,828	50,552	51,390
<b>GRAND TOTAL</b>	<b>64,495</b>	<b>66,014</b>	<b>80,548</b>	<b>52,716</b>	<b>53,252</b>

The Grape Growers of Ontario, together with the Honourable Dave Levac, Speaker of the Ontario Legislative Assembly, hosted the 37th Annual Legislative Wine Tasting event at Queen's Park. The two wines chosen as the official wines of Ontario's Legislative Assembly for 2016 are:

Southbrook Vineyards: 2014 Connect Organic White

Between the Lines Winery: 2013 Pinot Noir



Southbrook Vineyards:  
Honourable Dave Levac MPP,  
with Paul DeCampo



Between the Lines Winery:  
Honourable Dave Levac MPP,  
Greg and Yannick Wertsch

# TABULATION OF GROWERS WITH PRODUCTION

TABLE VI

The number of growers with production registered with the Grape Growers of Ontario in 2015 increased by 3.9% from 439 in 2014 to 456 in 2015.

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

		2011	2012	2013	2014	2015
District 1	Niagara-on-the-Lake and Niagara Falls	170	173	172	178	186
District 2	St. Catharines, Fort Erie, Pelham, Port Colborne, Thorold, Wainfleet and Welland	40	39	38	34	35
District 3	Town of Lincoln	149	154	151	141	148
District 4	Wellington and Hamilton, Grimsby and West Lincoln	28	24	21	19	18
District 5	Brant, Chatham-Kent, Essex, Elgin, Haldimand, Lambton, Middlesex, Norfolk and Oxford	36	37	36	15	23
District 6	Prince Edward and all other geographic areas not included in Districts 1 to 5	50	51	51	52	46
<b>TOTAL</b>		<b>473</b>	<b>478</b>	<b>469</b>	<b>439</b>	<b>456</b>



## 2015 Harvest Event

Matthias Oppenlaender, Vice Chair; Bill George, Chair; Jim Bradley, MPP; Kevin Watson, Bill Schenck and Grape King Jamie Slingerland



Back row: Martin Werner, Ben Minaker, Lydia Tomek, Ed Madronich, Rob Power; Ed Madronich Sr.  
Front row: Marco Piccoli, Katie Dickieson, Elizabeth Dowdeswell, Lieutenant Governor of Ontario; David Stasiuk, Emma Garner

# WINE SALES IN ONTARIO

TABLE VII

Table VII below shows the five-year history of wine sales in Ontario. Total wine sales in Ontario grew by 5.9% to 182 million litres in 2015. Ontario (VQA & NON-VQA/ICB) wine sales increased by 9.8% to 73 million litres. Imported wine sales increased by 3.3% to 109 million litres, while out-of-province wine sales in Ontario increased by 20.5% to 0.48 million litres.

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

	2011	2012	2013	2014	2015	% Change 2014 to 2015
VQA Sales in Ontario**	14,222	15,090	15,917	16,048	16,442	2.5%
Non-VQA/ICB Sales in Ontario	45,288	46,017	48,431	50,489	56,640	12.2%
<b>Ontario VQA &amp; Non-VQA/ICB Wine Sold in Ontario*</b>	<b>59,510</b>	<b>61,107</b>	<b>64,348</b>	<b>66,537</b>	<b>73,082</b>	<b>9.8%</b>
Imported Wine Sold in Ontario	95,501	97,978	101,812	105,033	108,565	3.3%
Out-of-Province Sales in Ontario	456	467	479	400	482	20.5%
Total Wine Sold in Ontario	155,467	159,552	167,051	172,937	182,129	5.9%
VQA Sales Outside Ontario**	1,345	1,527	1,456	1,402	1,418	1.1%

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

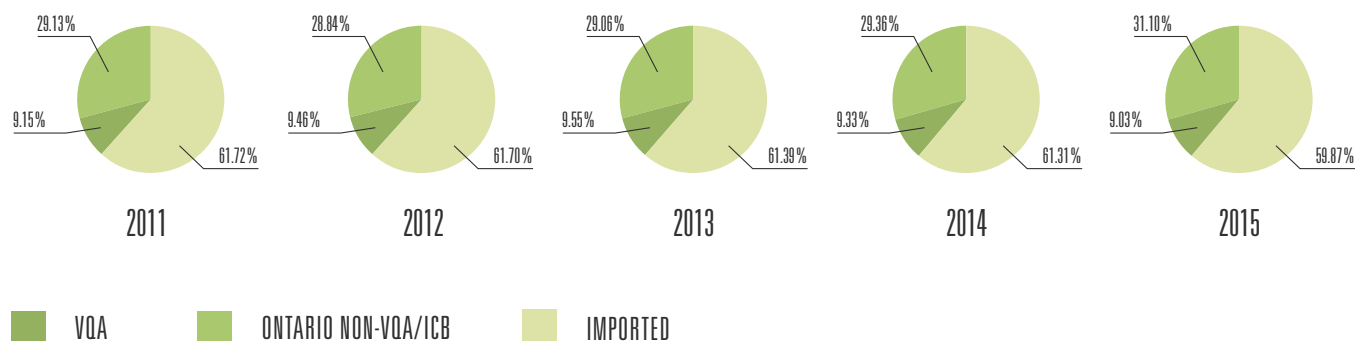
\* Includes sales through LCBO, Winery Retail Stores, Direct Delivery to Licensees, embassies, airlines and industrial sales

\*\* VQA figures from VQAO Annual Report – March 31, 2015

# MARKET SHARE OF WINE SOLD IN ONTARIO

TABLE VIII

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





Grape Growers  
of Ontario  
We Grow The Wine You Love



# BLENDING MATERIALS

TABLE IX

TABLE IX shows the quantity of blending grape product imported into Ontario over the last five years. The Ontario Wine Content and Labelling Act (WCLA) required a winery that uses imported grapes or grape product to use an average of 40% or more of grapes grown in Ontario up to March 31, 2014. The requirement of 25% Ontario grape content in a bottle of wine continues to be in effect. Wine imported for blending purposes increased by 35.6% from 21.9 million litres to 29.7 million litres. Concentrate decreased by 98% from 3,868 equivalent tonnes to 52 tonnes in 2015. Grape juice has increased 47.2% from 904 equivalent tonnes to 1,331 equivalent tonnes. In total, blending material was up 20.6% from 33,986 equivalent tonnes in 2014 to 40,985 equivalent tonnes in 2015.

TABLE IX – Blending Materials Imported into Ontario

	2011	2012	2013	2014	2015
Wine (litres)	23,930,798	22,082,863	24,188,300	21,909,911	29,701,499
Concentrate (equivalent tonnes) at 165 litres per tonne	3,615	8,579	6,136	3,868	52
Grape Juice (equivalent tonnes) at 750 litres per tonne	982	1,084	921	904	1,331

Statistical data provided by LCBO

# IMPORTATION OF WINE

TABLE X

TABLE X presents the quantity of importation of wine categories from 2011-2015. The total imports of wine categories in Canada increased 2.57% from 315 million litres in 2014 to 324 million litres in 2015. The importation of sparkling wine increased by 16% in 2015.

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

	2011	2012	2013	2014	2015
Aperitif	795	825	825	702	730
Champagne	1,017	1,039	1,050	1,195	1,283
Miscellaneous wines	11,734	12,861	12,807	8,542	9,137
Port	1,857	1,764	1,764	1,623	1,546
Sherry	619	588	588	535	524
Sparkling wine (includes crackling table)	7,897	8,683	8,726	9,777	11,340
Still wine	269,021	280,295	280,369	291,219	297,183
Vermouth	2,295	2,234	2,234	2,134	2,104
<b>TOTAL</b>	<b>295,235</b>	<b>308,289</b>	<b>308,363</b>	<b>315,727</b>	<b>323,847</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 2011-2015 inclusive. In 2015, total importation of still table wine into Canada increased by 2% from 291 million litres in 2014 to 297 million litres in 2015. Imports from Portugal had the greatest increase at 8.9%. United States has surpassed Italy as the largest importer into Canada.

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

	2011	2012	2013	2014	2015
Australia	41,752	42,150	42,219	40,335	40,636
Eastern Europe	621	615	615	452	447
France	49,536	51,191	51,107	49,705	48,545
Germany	4,616	4,672	4,670	4,409	4,240
Italy	54,182	56,722	56,683	56,958	57,476
Portugal	5,416	5,881	5,883	6,731	7,329
South Africa	8,199	8,012	8,016	7,953	7,843
South America	44,133	41,812	41,857	40,337	40,544
Spain	14,090	15,694	15,650	18,132	18,844
United States	39,117	45,222	45,337	55,870	59,635
Other Countries	7,359	8,324	8,332	10,337	11,644
<b>TOTAL</b>	<b>269,021</b>	<b>280,295</b>	<b>280,369</b>	<b>291,219</b>	<b>297,183</b>

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



Legislative Wine Tasting: Bill Schenck;  
 Jim Morrison; Bill George, Chair;  
 Honourable Dave Levac, MPP;  
 Jamie Slingerland, Grape King;  
 Debbie Zimmerman, CEO; Kevin Watson



Grape Growers  
of ONTARIO

# CROP INSURANCE

TABLE XII

Data included in TABLE XII below was supplied by Agricorp, the Corporation responsible for delivering Crop Insurance Programs and providing the statistical history of the Grape Crop Insurance Program, 2011-2015 inclusive. The number of accounts increased by 1% in 2015. In total 177 claims were made in 2015 which valued \$7.6 million.

TABLE XII – CROP INSURANCE

	No. of Accounts	No. of Claims	Total Premiums * \$'000	Total Claims \$'000**	Premiums less Claims \$'000
2011	290	72	5,909	1,806	4,103
2012	281	61	5,538	953	4,585
2013	276	20	4,549	275	4,274
2014	276	197	5,149	10,587	-5,438
2015	279	177	4,827	7,610	-2,783

\* Total grower and government premiums

\*\*Claims data refers to approved claims only - Data is as of January 30, 2015 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 2015/2016 year include:

Memberships	Amount
Agricultural Adaptation Council	\$ 150
British Columbia Grape Growers Association	150
Canadian Horticultural Council	11,963
Greater Niagara Chamber of Commerce	305
Grimsby and District Chamber of Commerce	252
Lincoln Chamber of Commerce	240
Niagara-on-the-Lake Chamber of Commerce	125
Ontario Agri-Food Education Inc.	500
Ontario Agricultural Commodity Council	1,000
Ontario Fruit & Vegetable Growers' Association	25,000
Ontario Federation of Agriculture	500
President's Council	300
St. Catharines Club	354
TOTAL	40,839

Sponsorships	Amount
Essex Pelee Island Coast Winegrowers' Association	\$ 10,000
Grape King	2,500
Grape Stomp	400
Niagara Grape and Wine Festival	20,000
Niagara Peninsula Fruit and Vegetable Growers' Association	950
Ontario Wine Awards	1,500
Outstanding Young Farmers' Program	1,000
Prince Edward County Winegrowers' Association	8,000
Race Kit Event – Niagara Running Series	1,500
Wine Country Ontario Travel Guide	4,300
TOTAL	50,150

## PROMOTION EXPENSES

### TABLE XIII

In 2015-16, the Grape Growers of Ontario continued to engage consumers and industry through social media: Facebook, Twitter, Pinterest, and Youtube. Grower members from District 5 and District 6 were promoted through sponsorships to Essex Pelee Island Coast Wine Association and Prince Edward County Winegrowers' Association. The GGO continued with a series of activities such as Celebrity Luncheon, Grape Stomp, Grape King Float, and Legislative Wine Tasting. Congratulations to Southbrook Vineyard and Between the Lines Winery whose wines were chosen as the official wines to be served at the Ontario Legislature for 2016, and to Don Forrer, Forrer Farms, 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	2013/2014	2014/2015	2015/2016
Promotions, Sponsorship & Public Relations	\$ 173,265	\$ 179,874	\$ 430,942
Miscellaneous – Wines	6,438	15,991	2,208
SUB-TOTAL	\$ 179,703	\$ 195,865	\$ 433,150
Grape & Wine Festival and Grape King's Crowning	21,632	31,084	26,903
International Cool Climate Chardonnay Celebration	25,000	25,000	20,000
TOTAL	\$ 226,335	\$ 251,949	\$ 480,053

# ONTARIO VINEYARD IMPROVEMENT PROGRAM (OVIP)

## OVIP: PRODUCER SUPPORT COMPONENT

The Ontario Vineyard Improvement Program (OVIP) - Producer Support Component (PSC) was 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.

Intake 4 of the OVIP-PSC program was fully subscribed to by growers and provided support for investment in vineyard innovation. Of the applications received, 83% were from the Niagara Region, 5% from Essex County and 6% were from Prince Edward County. The remaining 6% of applications came from Lennox & Addington County, Ottawa Region, Frontenac County, Dufferin, Elgin and York Region.

### **Growers are investing in a variety of improvements including:**

- 55% for improved viticulture practices (e.g. equipment);
- 13% for vine trellis systems;
- 10% for cold injury reduction (e.g. wind machines);
- 7% for vineyard preparation including tile drainage systems/upgrades and land grading, and land preparation;
- 6.5% for pest management (e.g. bird netting);
- 5% for wine grape removal;
- 2% improved Irrigation;
- 1% viticulture expert consultation;
- 0.5% weather sensing equipment.

### **OVIP: Industry Support Component**

The OVIP Industry Support Component was a fund provided by the Ontario Ministry of Agriculture, Food and Rural Affairs and administered by the GGO through a management committee to assist the sector as a whole with access to additional technologies and capacities to help improve grape production in the vineyard.

Projects for 2014-2015 include:

- Light Deterrent Bird Scaring Research
- Winter Injury Bud Sampling
- Brown Marmorated Stink Bug Research
- Leaf Roll and Red Blotch Survey
- Third Party Testing Dispute Resolution
- Weather Information
- Cost of Production Survey
- Industry Insight Conference
- International Cool Climate Chardonnay Celebration

### **Marketing Vineyard Improvement Program**

In 2013, the Ontario government announced an investment of \$75 million over five years starting in 2015 to support industry growth as part of the renewed Wine and Grape Strategy. The renewed strategy includes a Marketing Vineyard Improvement Program (MVIP). Under MVIP, the government of Ontario provided \$4 million over two years to help growers invest in their vineyards to produce quality grapes. Agricorn is delivering the vineyard improvement component of the program.

# 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 following projects are currently approved for funding or have been completed over the previous year:

- Establishing best practices guidelines to optimize grapevine winter hardiness;
- Effects of cultural practices and other treatments on sour rot development, grape and wine quality;
- Best Management Practices for Control of Nuisance Flies Dispersing through the Ontario Grape and Wine Industry;
- Profiling Wastewater Solutions Opportunities for Ontario Wineries;
- Adapt viticulture in Ontario to climate change and drought stress;
- Development and validation of reliable, effective and affordable diagnostic technologies to enhance productivity and international competitiveness of Ontario grape and wine industries;
- The incidence of potential leafhopper vectors of Grapevine red blotch disease in Ontario viticultural regions and evaluation of their vectoring potential;
- Integrative research program to improve vine health, fruit/wine quality and sustainability of the Ontario grape and wine industry.

All completed projects and material is available at the Ontario Grape and Wine Research Inc.'s website:  
[www.ontariograpeandwinereseach.com](http://www.ontariograpeandwinereseach.com)

In 2015, OGWRI administered the Research and Innovation Development Initiative under the Marketing and Vineyard Improvement Program. Projects for Year 1 are completed on February 28th, 2016.

## CROP PROTECTION REPORT

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In 2015, 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 Ottawa 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 was caught in Niagara in the same spots as last year as well as some additional spots. Breeding populations have been identified in Windsor, London, Hamilton, St. Catharines and Newboro and it is likely that the pest is established throughout tender fruit and grape production areas in the Niagara region. Spotted Wing Drosophila continues to be reported throughout Ontario. Neither pest has caused documented economic losses to tender fruit or grapes to date. OMAFRA continues to monitor for the presence of these pests and collaborative research projects among OMAFRA, University of Guelph and Agriculture and Agri-Food Canada continue to investigate the biology, economic impact and management of these invasive species.

Polyram (metiram) is currently proposed for phase-out and comments are being reviewed by PMRA. Neonicotinoid insecticides (Admire, Assail, Clutch) are also under review for their potential impact on pollinators and water. The GGO has provided input to the Pest Management Centre to try to ensure that we retain both fungicides and insecticides as crucial tools for pest management.

### **The following are new product registrations, label changes and emergency registrations for 2015:**

- Fungicides: Actinovate, Aprovia, Cueva, Dithane Rainshield, Double Nickel, Fracture, Kenja, Inspire Super, Priwen, Sercadis, Serenade OPTI (replaces Serenade Max)
- Insecticides: Mako (replaces Ripcord), Imidan (SWD), Intrepid (cutworm)
- Miticides: Agri-Mek SC (replaces Agri-Mek 1.9 EC)
- Minor Use Emergency Registrations for Spotted Wing Drosophila: Delegate, Entrust, Malathion, Ripcord
- Discontinued: Vangard, Inspire



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## INDEPENDENT AUDITOR'S REPORT

### To the Members of Grape Growers of Ontario

We have audited the accompanying financial statements of the Grape Growers of Ontario, which comprise the statement of financial position as at January 31, 2016, and the statements of operations and unrestricted net assets, restricted net assets, and cash flows for the year ended January 31, 2016 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, 2016, and the results of its operations and its cash flows for the year ended January 31, 2016 in accordance with Canadian accounting standards for not-for-profit organizations.

St. Catharines, Canada  
February 24, 2016

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

Chartered Professional Accountants  
Licensed Public Accountants



# GRAPE GROWERS OF ONTARIO

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

Revenues	2016	2015
Licence fees	\$ 1,150,376	\$ 1,149,244
Vertically integrated rebate	(19,076)	(20,279)
Appropriation for research and development	(221,836)	(215,709)
	<b>909,464</b>	913,256
Government and industry funding for research projects	55,133	314,808
Government and industry funding for promotional projects	271,927	105,750
Interest and other income	90,439	86,146
	<b>1,326,963</b>	1,419,960
Expenses		
Directors' fees, honoraria and benefits	55,178	75,380
Salaries and benefits (Note 3)	504,000	415,863
Travel	47,307	44,263
Meetings and conventions	18,570	18,842
Office supplies and expenses	38,824	42,236
Postage	8,438	9,205
Telephone	15,680	15,022
Dues and subscriptions	20,622	21,603
Professional fees (Note 4)	94,202	110,108
Utilities and maintenance	23,088	22,331
Building insurance and property taxes	12,252	11,788
Amortization	14,788	11,781
Festival	21,903	31,084
Assessment O.F. & V.G.A.	25,000	25,000
Research and other projects (Note 5)		
Grape Growers funded portion	9,334	28
Government and industry funded portion	55,133	314,780
Promotional projects (Note 5)		
Grape Growers funded portion	168,193	94,465
Government and industry funded portion	264,957	101,400
Professional development	1,795	2,100
Maintenance agreements	41,694	600
Labour issues coordinating committee	5,000	5,000
Gain on foreign exchange	(1,049)	(494)
Bad debts (recovery)	(1,363)	1,663
Expense recoveries from other associations	(31,920)	(31,339)
	<b>1,411,626</b>	1,342,709
(Deficiency) excess of revenues over expenses	(84,663)	77,251
Unrestricted net assets - beginning of year	1,092,802	1,015,551
Transfer to operational reserve	84,663	-
Unrestricted net assets - end of year	\$ 1,092,802	\$ 1,092,802

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>2016</b>	<b>2015</b>
Revenues	\$ -	\$ -
Expenses		
International cool climate chardonnay celebration	(20,000)	-
VineAlert	(49,500)	-
Grape Growers promotion - Local food fund (Note 5)	(65,443)	-
Deficiency of revenues over expenses	(134,943)	-
Fund balance - beginning of year	664,657	664,657
Fund balance - end of year	\$ 529,714	\$ 664,657
<b>Operational Reserve</b>		
Fund balance - beginning of year	\$ 2,000,000	\$ 2,000,000
Transfer to unrestricted net assets	(84,663)	-
Fund balance - end of year	\$ 1,915,337	\$ 2,000,000
<b>Ontario Grape and Wine Research Fund</b>		
Growers contributions		
Revenues		
Growers fees	\$ 105,286	\$ 103,262
Expenses		
Contributions to OGWRI	(38,768)	(31,660)
Excess of revenues over expenses	66,518	71,602
Fund balance - beginning of year	548,942	477,340
Fund balance - end of year	\$ 615,460	\$ 548,942
Process contributions		
Revenues		
Processor fees	\$ 116,550	\$ 112,517
Expenses		
Contributions to OGWRI	(38,768)	(31,661)
Excess of revenues over expenses	77,782	80,856
Fund balance - beginning of year	462,690	381,834
Fund balance - end of year	\$ 540,472	\$ 462,690
Total Ontario Grape and Wine Research Fund	\$ 1,155,932	\$ 1,011,632

See accompanying notes to the financial statements

# GRAPE GROWERS OF ONTARIO

## STATEMENT OF FINANCIAL POSITION - JANUARY 31

<b>Assets</b>	<b>2016</b>	<b>2015</b>
<b>Current</b>		
Cash	\$ 1,072,978	\$ 1,308,743
Guaranteed investment certificates (Note 6)	3,573,484	3,504,145
Accounts receivable (Note 7)	44,121	70,738
Contributions receivable (Note 5)	106,820	74,621
Prepaid expenses	66,721	24,893
	<u>4,864,124</u>	<u>4,983,140</u>
<b>Long-term</b>		
Due from related parties (Note 8)	122,733	125,170
Investments (Note 9)	191,867	191,867
Property and equipment (Note 10)	4,332	-
	<u>318,932</u>	<u>317,037</u>
	<u>\$ 5,183,056</u>	<u>\$ 5,300,177</u>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 11)	\$ 340,113	\$ 347,873
Government remittances payable	115,669	150,243
Deferred contributions (Note 5)	33,489	32,970
	<u>489,271</u>	<u>531,086</u>
<b>Net assets</b>		
<b>Unrestricted</b>		
Invested in other entities	191,867	191,867
Available for operations	900,935	900,935
	<u>1,092,802</u>	<u>1,092,802</u>
<b>Restricted</b>		
Research and promotion fund (Page 32)	529,714	664,657
Operational reserve (Page 32)	1,915,337	2,000,000
Ontario Grape and Wine Research Fund (Page 32)	1,155,932	1,011,632
	<u>3,600,963</u>	<u>3,676,289</u>
	<u>\$ 5,183,056</u>	<u>\$ 5,300,177</u>

  
Director

On behalf of the board

  
Director

See accompanying notes to the financial statements

# GRAPE GROWERS OF ONTARIO

## STATEMENT OF CASH FLOWS - YEAR ENDED JANUARY 31

	2016	2015
(Decrease) increase in cash		
<b>Operating</b>		
(Deficiency) excess of revenues over expenses for the year	\$ (84,663)	\$ 77,251
Research and promotion fund deficiency of revenues over expenses	(134,943)	-
Ontario Grape and Wine Research Fund		
Grower excess of revenue over expenses	66,518	71,602
Processor excess of revenue over expenses	77,782	80,856
Amortization	2,852	-
	(72,454)	229,709
Changes in non-cash working capital		
Accounts receivable	26,617	44,541
Contributions receivable	(31,680)	243,234
Interest receivable	(49,423)	77,085
Prepaid expenses	(41,828)	7,315
Accounts payable and accrued liabilities	(7,760)	(25,074)
Government remittances payable	(34,574)	(56,471)
	(211,102)	520,339
<b>Investing</b>		
Repayments from related parties	2,437	59,722
Purchase of property and equipment	(7,184)	-
Purchase of guaranteed investment certificates	(1,015,730)	(3,495,814)
Proceeds of guaranteed investment certificates	995,814	3,457,750
	(24,663)	21,658
(Decrease) increase in cash	(235,765)	541,997
Beginning of year	1,308,743	766,746
End of year	\$ 1,072,978	\$ 1,308,743

See accompanying notes to the financial statements

# GRAPE GROWERS OF ONTARIO

## NOTES TO THE FINANCIAL STATEMENTS - JANUARY 31, 2016

### 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, property and equipment, amounts due from related parties, accounts payable and accrued liabilities, government remittances payable and deferred contributions.

##### Impairment

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

#### 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, 2016

### Significant accounting policies (continued)

#### Amortization

Property and equipment which are shared with other marketing boards are capitalized by Grape and Tender Fruit (Ontario) Limited. The amortization charge for property and equipment is reported according to the cost sharing arrangement by each benefiting board.

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

#### Investments

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

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

Investments in subsidiaries are accounted for using the cost method.

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

#### Property and equipment

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

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

Computer hardware	30%
Computer software	100%

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

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

#### Use of estimates

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

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

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

# GRAPE GROWERS OF ONTARIO

## NOTES TO THE FINANCIAL STATEMENTS - JANUARY 31, 2016

### 3. Salaries and benefits

	2016	2015
Total salaries and benefits	\$ 595,887	\$ 529,867
Recoveries:		
Project management	(53,987)	(103,604)
Ontario Grape and Wine Research Inc.	(37,900)	(10,400)
	<u>\$ 504,000</u>	<u>\$ 415,863</u>

### 4. Professional fees

	2016	2015
Audit	\$ 15,446	\$ 14,675
Legal	4,293	21,932
Industry consulting	74,463	73,501
	<u>\$ 94,202</u>	<u>\$ 110,108</u>

### 5. Contributions for research and other activities

	(Deferred) Receivable Contributions February 1, 2015	Government/ Industry Contributions Received (Repaid) 2015/16	Government/ Industry Expenses 2015/16	Grape Growers of Ontario Portion 2015/16	(Deferred) Receivable Contributions January 31, 2016
<b>Research and other Projects:</b>					
Pesticide initiatives	\$ (19,692)	\$ -	\$ -	\$ -	\$ (19,692)
OVIP - Vineyard Improvement Program (Admin)	18,163	25,000	6,843	6	-
OVIP - Vineyard Improvement Program (ISC)	29,748	37,500	3,240	(4,512)	-
OMAF - MVIP Vineyard Improvement Program (Admin)	-	15,180	12,650	-	(2,530)
GF2 - Effective negotiation in agri-food industry	-	-	3,960	2,640	3,960
GF2 - Enhance efficiency of grape and wine industry by cloud tech	-	-	2,000	2,000	2,000
OMAFRA - Screening cover crops for sustainable grape production	-	16,440	26,440	-	10,000
	<u>28,219</u>	<u>94,120</u>	<u>55,133</u>	134	<u>(6,262)</u>
<b>Non-Grant Funded Research</b>				9,200	
<b>Research Expenses Funded by Grape Growers of Ontario</b>				<u>\$ 9,334</u>	

# GRAPE GROWERS OF ONTARIO

## NOTES TO THE FINANCIAL STATEMENTS - JANUARY 31, 2016

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

	(Deferred) Receivable Contributions February 1, 2015	Government/ Industry Contributions Received (Repaid) 2015/16	Government/ Industry Expenses 2015/16	Grape Growers of Ontario Portion 2015/16	(Deferred) Receivable Contributions January 31, 2016
<b>Promotional projects:</b>					
100% Grown by GGO strategic marketing plan	26,710	26,710	-	-	-
Local food fund	-	46,602	85,000	85,099	<b>38,398</b>
GF2 - Ontario grape and wine sustainability certification	-	7,484	10,717	6,125	<b>3,233</b>
GF2 - Grape Growers brand project implementation	-	80,465	129,694	86,462	<b>49,229</b>
Celebrity luncheon	(13,278)	37,535	39,546	-	<b>(11,267)</b>
	13,432	198,796	264,957	177,686	<b>79,593</b>
<b>Non-grant funded promotion</b>				55,950	
<b>Promotions charged to research and promotion fund</b>				(65,443)	
<b>GGO portion of promotional activities</b>				168,193	
	\$ 41,651				<b>\$ 73,331</b>
Comprised of:					
Contributions receivable	\$ 74,621				<b>\$ 106,820</b>
Deferred contributions	(32,970)				<b>(33,489)</b>
	\$ 41,651				<b>\$ 73,331</b>

### 6. Guaranteed investment certificates

The board has guaranteed investment certificates that mature between 2016 and 2018 and earn interest between 1.25% and 2.85% (2015 - 1.40% and 2.85%).

### 7. Accounts receivable

	2016	2015
Accounts receivable	\$ 44,121	\$ 72,401
Allowance for doubtful accounts	-	(1,663)
	<b>\$ 44,121</b>	<b>\$ 70,738</b>



# GRAPE GROWERS OF ONTARIO

## NOTES TO THE FINANCIAL STATEMENTS - JANUARY 31, 2016

### 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:

	2016	2015
Assets	\$ 335,511	\$ 337,573
Liabilities	143,664	145,726
Net Assets	\$ 191,847	\$ 191,847

Expenses include a \$137,438 (2015 - \$133,234) charge for the board's share (50% (2015 - 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:

	2016	2015
GTFOL	\$ 122,733	\$ 125,770
Trade payable with OGWRI	(63,350)	-
Trade receivable with GTF	620	-

### 9. Investments

	2016	2015
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
	\$ 191,867	\$ 191,867

# GRAPE GROWERS OF ONTARIO

## NOTES TO THE FINANCIAL STATEMENTS - JANUARY 31, 2016

### 10. Property and equipment

	Cost	Accumulated Amortization	Net Book Value	
			2016	2015
Computer hardware	6,188	1,856	4,332	-
Computer software	996	996	-	-
	<u>7,184</u>	<u>2,852</u>	<u>4,332</u>	<u>-</u>

The Grape Growers of Ontario's portion of amortization for property and equipment carried on its balance sheet for 2016 was \$2,852 (2015 – nil.)

### 11. Accounts payable and accrued liabilities

	2016	2015
Accounts payable and accrued liabilities	\$ 164,182	\$ 64,322
Grading fees payable	175,930	283,550
	<u>\$ 340,112</u>	<u>\$ 347,872</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, 2016:

#### 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.

# 2015 HIGHLIGHTS



1. GGO Award of Merit recipient, Debi Pratt with Bill George, Chair and Debbie Zimmerman, CEO
2. Sustainability workshop at Pelee Island Winery, Mike Korpan, Chuck Wolters, Murray Wilson, Martin Gorski and Bruno Friesen
3. Cuvée 2015: Debbie Ingils, CCOVI Director; Laurie Macdonald, VQAO; Don Forrer; Allan Schmidt; Matthias Oppenlaender; Honourable Elizabeth Dowdeswell, Lieutenant Governor; Patrick Gedge, WGAO; Tom Green, Diamond Estates; Debbie Zimmerman, CEO; Dorothy Markiewicz; Jack Lightstone, President Brock University
4. NOTL Christmas Parade: Grape Kings Jamie Slingerland, Lou Puglisi, Peter Van de Laar, George Lepp, Kevin Buis, Donna Lailey, Mattias Oppenlaender, Kevin Watson, Peter Buis
5. Celebrity Luncheon Announcement: Robin Garrett, Friends of the Greenbelt Foundation, Greenbelt Foundation; Ken Janzen, Meridan Credit Union; Barry Katzman, Niagara Wine Festival; Bill George, Chair GGO; 2014 Grape King, Kevin Buis; Debbie Zimmerman, CEO
6. Announcement of the Grape and Wine Strategy Renewal: Allan Schmidt, WCO; Patrick Gedge, WGAO; Dan Patterson, Niagara College; Honourable Jeff Leal; Honourable Jim Bradley; Bill George, Chair GGO
7. i4C School of Cool: J L Groux and Albrecht Seeger



# 2015 GRAPE KING

JAMIE SLINGERLAND

Jamie Slingerland was crowned  
Grape King on September 16, 2015 at  
Pillitteri Estates in Niagara-on-the-Lake.

#### ADDRESS

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