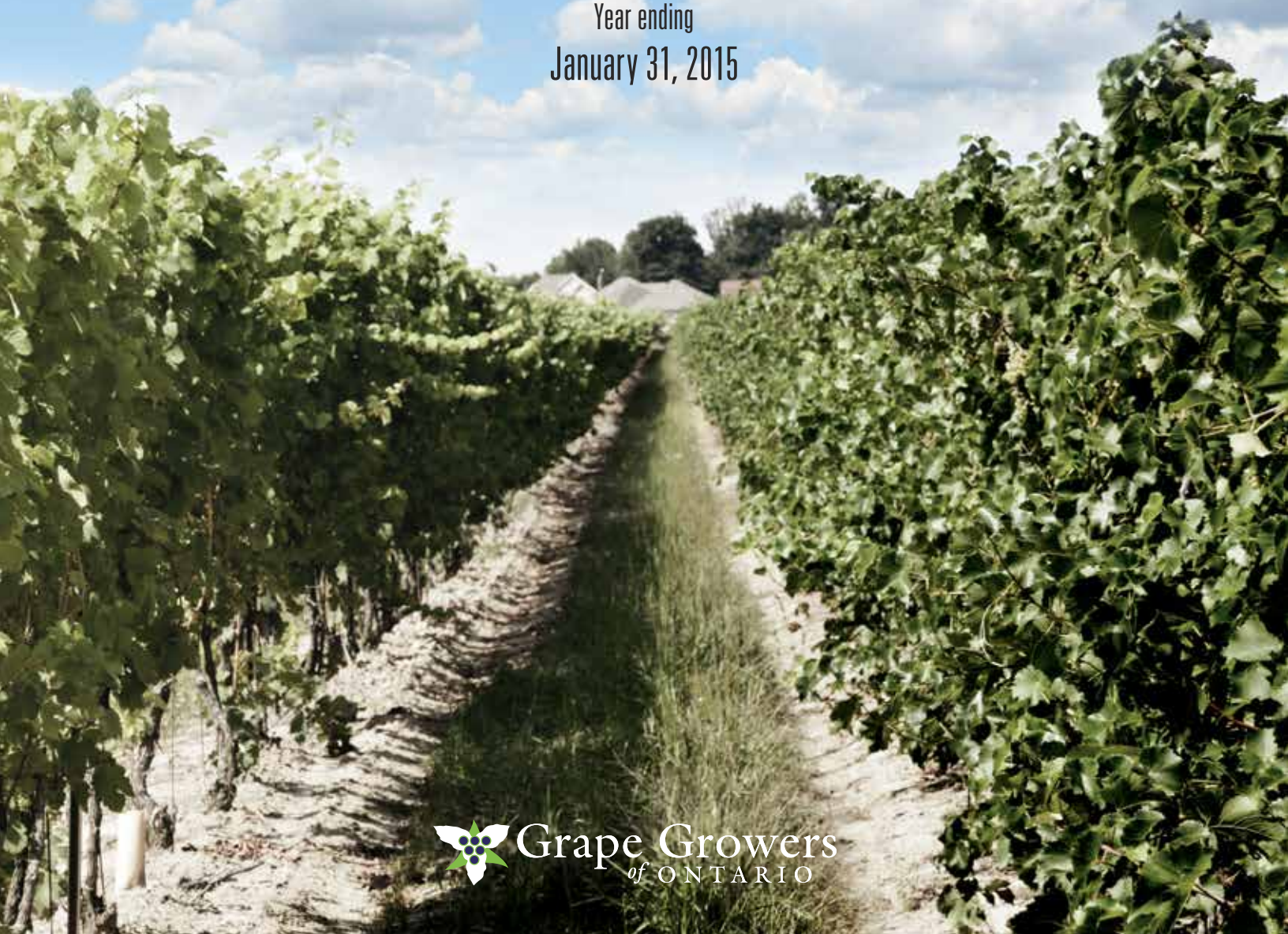


67th

ANNUAL REPORT

Year ending
January 31, 2015





OUR VISION

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

OUR MISSION

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

OUR VALUES

ACCOUNTABILITY

We are accountable to the grape growers for decisions made and for the rationale upon which these decisions are made.

INNOVATION

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

QUALITY

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

RESPECT

We understand the value of people to our organization's success. As such, we trust, respect and value the opinions of all employees and grape growers.

RESPONSIVENESS

We are responsive to the needs of the grape growers in a timely manner so that they are supported in their activities which improve their livelihood and economic health.

SERVICE

We exist to serve grape growers by providing them with current, informative and supportive services in order to maintain and grow the industry in Ontario.

We strive to make clear the true value of our business and promote strong relationships that are crucial to making this industry grow and thrive in a healthy marketplace.

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2014-2015 BOARD OF DIRECTORS

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

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



2014-2015 STAFF

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

2014 brought changes to the GGO staff. Thank you to Nick Hubbard for his hard work and dedication over the past 7 years.

SHARED STAFF

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

2014-2015 GROWERS' COMMITTEE

Bill George ♦ Matthias Oppenlaender ♦ Ryan Bosgoed ♦ Trevor Falk ♦ 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



GREETINGS FROM THE HONOURABLE

JEFF LEAL

On behalf of the Government of Ontario and the Ministry of Agriculture, Food and Rural Affairs, I am pleased to extend greetings to Ontario's grape growers.

I am proud of Ontario's grape and wine sector. It is a valuable part of Ontario's economy and has potential for growth. This potential is especially important as we consider ways to meet the Premier's Agri-Food Challenge – to double the agri-food sector's growth rate and create 120,000 jobs by 2020.

The year 2014 was a busy one for the grape industry. While it was a challenging growing season and the crop was smaller, I am pleased to know that grape quality remained high.

The programs under the government's 2009 Wine and Grape Strategy will be coming to a close this year. Over the past year, my ministry has been working closely with industry leaders to define the details of a renewed strategy. I appreciate the great collaboration that took place within the sector and with our government to build on the earlier strategy's successes. Details of the renewed strategy will be shared with you in the very near future.

Part of the renewed Wine and Grape Strategy has already been successfully put in place: the sale of Vintners Quality Alliance (VQA) wine at farmers' markets. By the end of 2014, there were 78 Ontario wineries selling their VQA wines at 139 Ontario farmers' markets. This pilot project has improved consumers' access to VQA wines, and sales of VQA wines at farmers' markets have reached over \$1 million. Our government will continue to closely monitor this pilot project as it moves into its second year.

In the meantime, grape growers continue to benefit from support provided through the final year of the Ontario Vineyard Improvement Program (OVIP).

Congratulations on your achievements in 2014. I wish you all the very best for success in 2015.

Kindest regards,

Honourable Jeff Leal
Minister of Agriculture, Food and Rural Affairs



GREETINGS FROM THE HONOURABLE

JIM BRADLEY

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

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

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

With very best wishes for continued success in 2015, I am

Yours sincerely,

Jim Bradley, MPP
Chair, Ontario Wine Secretariat



GREETINGS FROM THE HONOURABLE

GERRY RITZ

On behalf of the Government of Canada, I'd like to thank Grape Growers of Ontario for your dedication to this dynamic sector for the past 67 years.

Ontario's grape sector is an important contributor to the province's and Canada's economy, and the future continues to look bright. Your world-class wine industry generated almost \$400 million in sales in 2013. Ontario is the biggest wine volume producer in Canada. The sector provides thousands of jobs through the value chain and, in addition to wines, delivers delicious juices and other grape products to consumers.

Our Government is helping to keep the Ontario grape industry competitive through investments in innovation. Great work is happening at the PARC-Summerland Research Centre to combat grape vine trunk diseases, and develop and implement effective control strategies for Canadian growers. We've improved access to new safe and effective crop protection tools under the Minor Use Pesticides Program, which has delivered over 1,500 new uses since its inception, including many for Ontario grapes.

Thanks to our joint investments under Growing Forward 2 of \$417 million over five years, the governments of Canada and Ontario are supporting proactive initiatives from innovation, to food safety, to environment, to exports.

Once again, thank you for your commitment to Ontario's grape sector and our economy. I wish you a successful year ahead.

Gerry Ritz, PC, MP
Minister of Agriculture and Agri-food

2014 GRAPE KING

KEVIN BUIS

Kevin Buis was crowned Grape King at his family's Glenlake Vineyards in Niagara-on-the-Lake on September 17, 2014. Kevin grew up on the family farm, attended Denis Morris Secondary School and then graduated with an engineering degree from the University of Guelph in 1986.

Following university, Kevin joined his brother working on the farm which was started by their parents Peter and Margaret in 1957. His parents retired in the late 1990's and Kevin and his brother Peter are together carrying on the family business, which now consists of 400 acres of 14 varieties of wine grapes and some tender fruit.



I have learned from my family and from all of the previous men and women who have worn this chain, the importance of contributing to our community and to the agriculture industry. The growers have long known the importance of good policy and the impact on the bottom line of the farm gate.



Kevin, his wife Jacqueline and their family look forward to being ambassadors for Ontario's grape growers over the coming year.





MESSAGE FROM YOUR BOARD CHAIR

BILL GEORGE

The harvest of 2014 will be fondly remembered and described by two words: "Polar Vortex". Record cold temperatures across Ontario and all grape growing regions resulted in winter injury to some varieties. The 2014 harvest was much reduced compared to 2013 and was recorded at 52,716 tonnes, comprised of 2,164 tonnes of juice grapes and 50,552 tonnes of wine grapes. The total farm gate value of the grape crop was \$62.3 million. While it was a much smaller crop and valued significantly less than last year, the 2014 vintage produced by growers was another quality crop.

Following the completion of a successful two-year pricing agreement, the Grape Growers of Ontario (GGO), Wine Council of Ontario (WCO) and Winery and Grower Alliance of Ontario (WGAO) reached another two-year pricing arrangement in July 2014. The agreement included price increases for both White and Red Hybrids, White Vinifera and most Red Vinifera. While the increases are modest, the GGO also achieved an extension to Plateau Pricing and flexibility for processors by removing all hybrids from the sugar schedule. It was also agreed that all parties need to meet early in 2015 to begin discussions for pricing opportunities for 2016 and beyond.

Juice Grape pricing negotiations with the WGAO were completed on August 14, 2014 and also resulted in a two-year agreement with a 1.5% increase in 2014, and a 1% increase to all juice grapes in 2015.

2014 was the final year of the Ontario Vineyard Improvement Program (OVIP) which has been a true success story for grape growers, processors, and the Government of Ontario. To date, both the Government of Ontario and grape growers have invested \$31,068,981 million into the grape industry.

The Government of Ontario also announced late last year the renewal of the five-year \$75 million Wine and Grape Strategy. Throughout 2014, working with the Wine Council of Ontario, Winery and Grower Alliance, Grape Growers of Ontario, and government staff, the industry has collaborated on setting measurable targets for the programs over the next five years. In addition to government program review meetings, the Grape Growers of Ontario provided input and presented our views to Premier Wynne's Advisory Council on Government Assets. The objective of this panel is to "make Ontario's assets work better for taxpayers and consumers." Our presentation to the panel emphasized the need to maintain and grow access for Ontario-grown product at the LCBO, and to ensure any recommendations contemplated by the panel would ensure our industry remains competitive with a focus on growth targets.

Your Board's work reaches far beyond negotiating prices and each Director participates actively on many committees from governance, marketing, VQAO, and Information Technology (IT).

2014 will also be noted as a year of great loss in the grape growing community. In particular, we were saddened by the sudden passing of industry giant, Howard Staff. Howard was a leader in the grape and wine industry, and left an indelible mark on our industry. Tom Greensides, former GGO Board Chair, and Jack Forrer, former Board Director, who were pioneers in the grape growing industry also passed away this year.

Our success as an organization is reflected through the ongoing dedication of the Board of Directors, Grower Committee members and staff. I thank you for your commitment to the Grape Growers of Ontario.

Bill George
Chair, Grape Growers of Ontario



MESSAGE FROM YOUR CEO

DEBBIE ZIMMERMAN

"Killer cold" weather will be how 2014 will be recorded in the grape growing history annals. On average, the winter of 2014 was 3 degrees colder than normal with extreme cold affecting many vineyards across Ontario. Despite the challenges of weather, grape growers produced a 52,716 tonne crop that included 2,164 tonnes of juice grapes. Incredible odds were against growers this year; however, a superb vintage will be available for consumers in the coming months.

Growing the Ontario market for Ontario wine continues to be our focus. The renewed Grape and Wine Strategy announced by the Premier of Ontario in December 2013 included a directive to industry to work towards establishing measurable goals as part of the new program framework. The work of many sub-committees, from marketing to program development, will ensure the effective use of the \$75 million, five-year funding program. We thank the Government of Ontario and the Ministry of Agriculture, Food and Rural Affairs for their ongoing commitment to grape growers across the province.

Government policies play an important role with a direct impact on the success of the grape and wine industry. The GGO was invited to participate in a number of government policy reviews including the Alcohol and Gaming Commission of Ontario (AGCO) "Regulatory Modernization in Ontario's Beverage Alcohol Industry". In September, the AGCO announced a number of reforms affecting the wine industry that included a provision for post '93 wineries to be able to blend wine for sale through the LCBO or Direct Delivery to Licensees.

In May, the province of Ontario launched a new program for the sale of VQA Wines at Farmers' Markets across the province. This two-year pilot program was developed to allow more access for consumers to Ontario VQA wines. Over 100 Farmers' Markets participated in the program and 67 local wineries.

The kick off to the Grape and Wine Festival each year is the Grape Growers of Ontario Celebrity Luncheon. This year, celebrated Canadian athlete Rick Hansen provided an inspiring talk to over 400 guests. We continued to focus on building the grower story by sponsoring a number of industry events: International Cool Climate Chardonnay Celebration (i4c), Insight Summit, Cuvée Awards, Grape and Wine Festival, media events and the Ontario Wine Awards. Social media continued to be a focus of the GGO's marketing plan and, in September, Gabby Grape, the new Grape Mascot, launched her YouTube video. The industry bade a fond farewell to Mr. Grape who participated in 38 Grape and Wine Festival parades.

eGrape, after two years of development, went live for the harvest of 2014. This next generation of Vitis and Setgo systems was seamlessly introduced and welcomed by growers and processors. In addition to real time accurate data for users, the internal functionality has created a more efficient system for staff. Data collection will continue to be the cornerstone of the GGO's strategic focus.

As we review our accomplishments over the past year, the overall success of the organization is without a doubt a reflection of the collective effort of Board leadership, Growers' Committee participation and a dedicated staff.

Debbie Zimmerman
CEO, Grape Growers of Ontario

YEAR IN REVIEW

The 2014 harvest produced a crop of 52,716 tonnes, comprised of 2,164 tonnes of juice grapes and 50,552 tonnes of wine grapes, valued at \$62.3 million.

Grapes "naturally frozen" on the vine produce Ontario's premier Icewine. This year 3,751 tonnes were left hanging for Icewine, which may produce between 560,000 and 600,000 litres. Temperatures dipped below -8°C in early January 2015 creating ideal conditions for Icewine harvest.

VQA wine sales in Ontario have reached 16.0 million litres and \$280 million in annual sales in 2013-2014, up from 15.9 million litres the year before. Ontario's VQA wines account for 9.33% of sales and ICB/non-VQA wine adds another 29.36%, giving a total of 38.69% of wine sold in Ontario. Each year wineries are selling more 100% Ontario ICB/non-VQA wine.



Ontario Wineries by Region

Lake Erie North Shore	17
Niagara Peninsula	98
Prince Edward County	37
Emerging Regions	26
Total Ontario Wineries	178
<small>(including Virtual wineries)</small>	

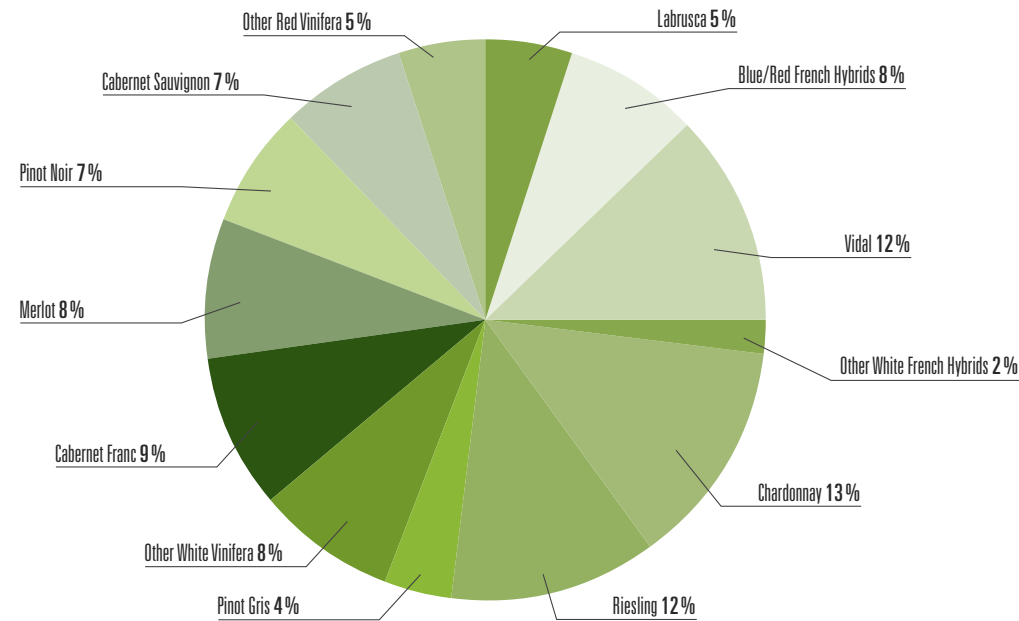


53% of acres are white grapes



47% of acres are red grapes

Ontario Wine Grape Vineyards (by acreage)



2014 WEATHER REPORT

2014 had characteristic growing degree day accumulation and comprised normal to slightly above normal seasonal rainfall. This growing season was noteworthy for its warm spring, cool summer, and warm autumn.

January through March was, on average, 3°C cooler than normal with some extreme cold temperatures reaching killing temperatures for primary buds. April temperatures started normal to slightly above and declined to below normal at the end of the month. Below normal temperatures continued through the first half of May. Temperatures from end of May through June were above normal. Overnight lows deviated less than daytime highs in spring.

Temperatures between July and August were below normal. September and October returned to above normal temperatures. Growing Degree Days (GDD) accumulated quickly and steadily during the warm spring. The cool summer temperatures slowed GDD accumulation to maintain near normal accumulated GDD for the season.

In terms of rainfall, the 2014 growing season commenced with above-normal April totals, except for the Lake Erie North Shore appellation which had near normal rainfall. The month of May brought slightly above normal rain to Ontario appellations.

Eastern Niagara and Prince Edward County received above normal rainfall during June, while rainfall in Western Niagara

and Lake Erie North Shore was normal to slightly below. July rainfall was above normal for all appellations.

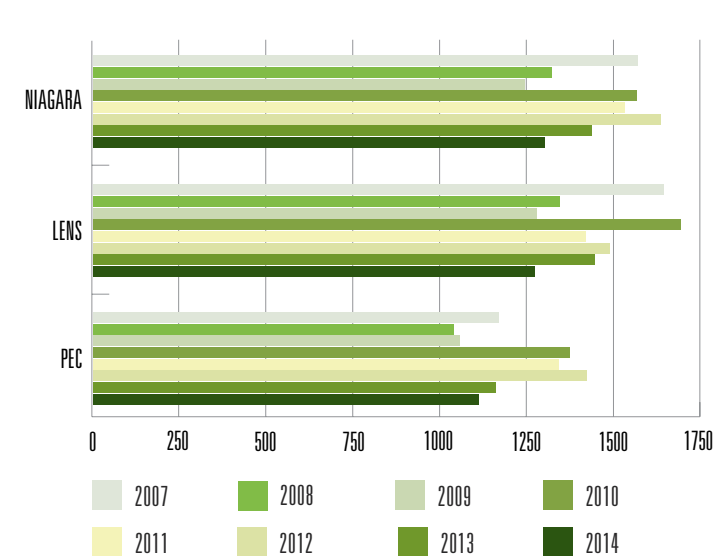
Niagara received below normal rainfall for both August and September. However, the Lake Erie North Shore appellation had above normal rainfall in September. The month of October returned to normal rainfall in Niagara West and Prince Edward County while Niagara East and Lake Erie North Shore received slightly below normal rainfall. Below normal rainfall led to more favourable harvest conditions for September and October compared to the wetter conditions last year.

2014 wrapped up with normal temperatures to start November followed by a period of below normal temperature in mid-November. December proved to be warmer than normal with daytime highs exceeding 5 degrees above normal. The accumulation of Nov-Dec 2014 icewine hours averaged 29 hours across Niagara, 51 hours across the Lake Erie North Shore appellation and 62 hours across the Prince Edward County appellation.

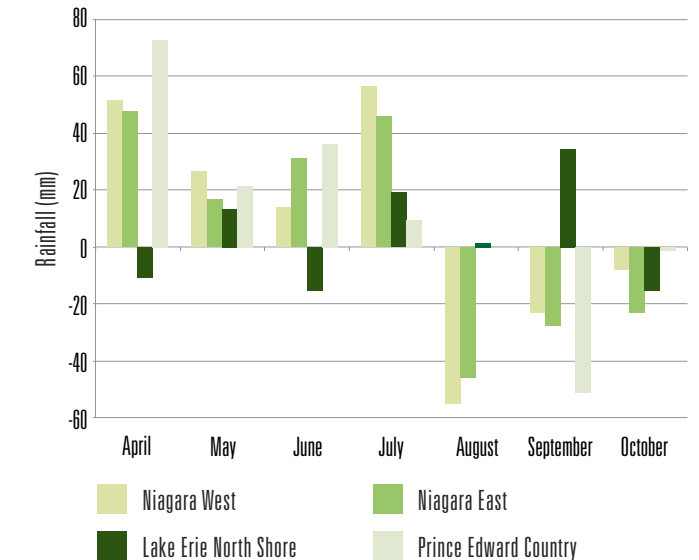
This season provided some challenges but the growing season still produced quality yields for wine and icewine from the many practiced viticulturalists and winemakers across the Ontario appellations.

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

Seasonal Accumulation of Base 10°C GDD



2014 Monthly Rainfall Deviation from Normal

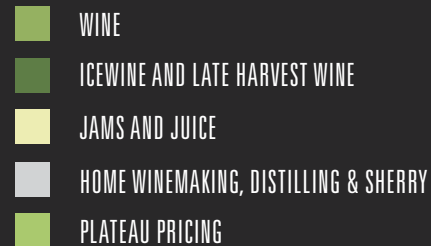
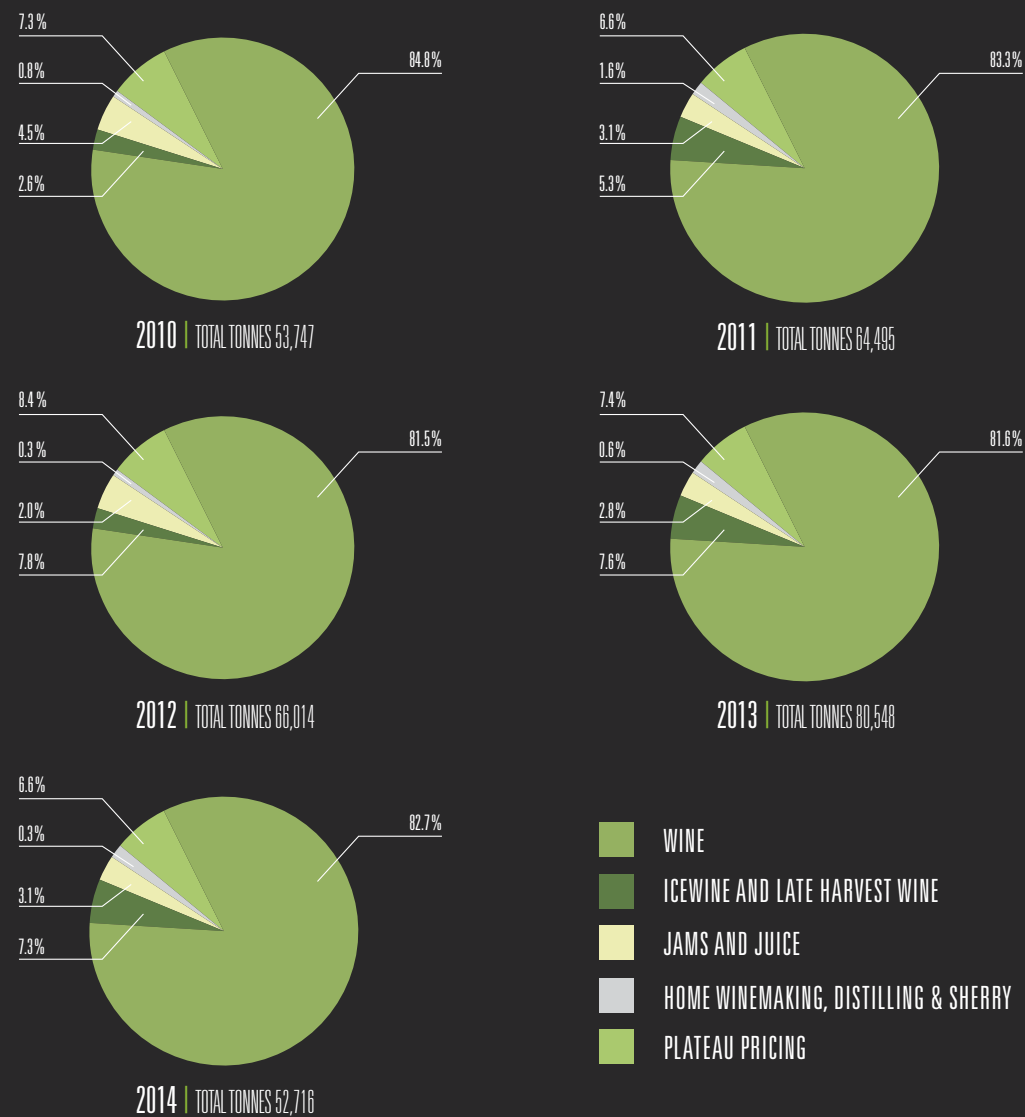


PRODUCTION

TABLE I

TABLE I presents the production and disposition of grapes from 2010 through 2014.

TABLE I – Tonnage Processed by Category



Processing Prices

Another 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 have been 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 2014 compared with the 2013 prices is shown in TABLE II.

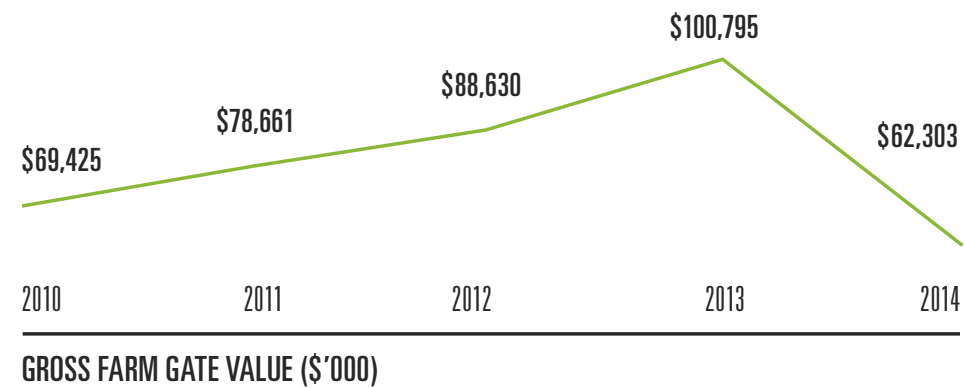
TABLE II

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

CLASS	VARIETY	2013	2014	PLATEAU PRICE
1	Concord, Fredonia, Patricia, President, Suffolk Red and Van Buren	\$ 480	\$ 487	
2	Niagara and Wiley White	\$ 456	\$ 463	
3	Delaware, Elvira, Himrod, Sovereign Coronation, Veeblanc and Veepart	\$ 551	\$ 559	
5	De Chaunac and Rosette	\$ 673	\$ 690	
5a	Leon Millot and Marechal Foch	\$ 796	\$ 816	
5b	Baco Noir, Castel, Chambourcin, Chancellor, GR7, Le Commandant and Villard Noir	\$ 860	\$ 882	
5c	Experimental red hybrid, Frontenac, Landot, Lucy Kuhlman and Red Amourensis	\$ 655	\$ 671	
6	New York Muscat and V64111	\$ 530	\$ 543	
7	Aurore, Cayuga White, J.S. 23-416 and S.V. 23-512	\$ 508	\$ 521	
7a	Seyval Blanc and Vidal 256	\$ 618	\$ 633	
7b	Geisenheim hybrids, GM 311, GM 318 and GM 322	\$ 535	\$ 548	
7c	Experimental white hybrid, Traminette, V65232 and White Amourensis	\$ 470	\$ 482	
9	J. Riesling	\$ 1,431	\$ 1,460	\$ 1,200
9a	Auxerrois, Kerner, Scheurebe and Welsch Riesling	\$ 1,246	\$ 1,271	
9b	Chardonnay Musque and Chardonnay	\$ 1,459	\$ 1,488	\$ 1,200
9c	Gewurztraminer	\$ 1,593	\$ 1,625	
9d	Pinot Gris	\$ 1,635	\$ 1,668	
9e	Sauvignon Blanc	\$ 1,610	\$ 1,642	
9f	Aligote, Alsace Muscat, Chenin Blanc, Experimental white vinifera, Melon de Bourgogne, Morio Muscat, Muscat Ottonel, Pinot Blanc, Riesling Traminer, Savignin, Semillon and Viognier	\$ 1,270	\$ 1,295	
10	Gamay and Zweigeltrebe	\$ 1,283	\$ 1,296	
10a	Pinot Noir	\$ 1,933	\$ 1,962	
10b	Cabernet Sauvignon	\$ 1,875	\$ 1,894	\$ 1,300
10c	Cabernet Franc	\$ 1,676	\$ 1,693	\$ 1,300
10d	Merlot	\$ 1,894	\$ 1,913	
10e	Sirah, Shiraz and Syrah	\$ 2,164	\$ 2,196	
10f	Dornfelder, Experimental red vinifera, Limberger, Malbec, Nebbiolo, Petite Sirah, Petit Verdot, Pinot Meunier, Sangiovese and St. Laurent	\$ 1,366	\$ 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



St. Catharines Mayor's Grape Stomp at Niagara Wine Festival: Kevin Buis, 2014 Grape King; Wes Wiens, 2013 Grape King; and Bill George, Chair GGO



Celebrity Luncheon: Debbie Zimmerman, CEO; John Howard, CEO; John Howard, Recipient of the Rick Hansen Foundation Difference Maker's Award; Rick Hansen, Celebrity Guest Speaker; Bill George, Chair GGO

LICENCE FEES

TABLE IV

In the aggregate, licence fees for the 2014-2015 fiscal year represent approximately 1.5% of the total farm gate value of the crop. This remained constant from the 2013-2014 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	2013	2014
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	\$ 15.15	\$ 15.30
5a	Leon Millot and Marechal Foch	\$ 16.25	\$ 16.40
5b	Baco Noir, Castel, Chambourcin, Chancellor, GR7, Le Commandant and Villard Noir	\$ 16.80	\$ 17.00
5c	Experimental red hybrid, Frontenac, Landot, Lucy Kuhlman and Red Amourensis	\$ 14.95	\$ 15.10
6	New York Muscat and V64111	\$ 13.85	\$ 13.95
7	Aurore, Cayuga White, J.S. 23-416 and S.V. 23-512	\$ 13.65	\$ 13.75
7a	Seyval Blanc and Vidal 256	\$ 14.65	\$ 14.75
7b	Geisenheim hybrids, GM 311, GM 318 and GM 322	\$ 13.90	\$ 14.00
7c	Experimental white hybrid, Traminette, V65232 and White Amourensis	\$ 13.30	\$ 13.40
9	J. Riesling	\$ 21.95	\$ 22.20
9a	Auxerrois, Kerner, Scheurebe and Welsch Riesling	\$ 20.30	\$ 20.50
9b	Chardonnay Musque and Chardonnay	\$ 22.20	\$ 22.45
9c	Gewurztraminer	\$ 23.40	\$ 23.70
9d	Pinot Gris	\$ 23.80	\$ 24.10
9e	Sauvignon Blanc	\$ 23.55	\$ 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	\$ 20.50	\$ 20.75
10	Gamay and Zweigeltrebe	\$ 20.60	\$ 20.75
10a	Pinot Noir	\$ 26.45	\$ 26.75
10b	Cabernet Sauvignon	\$ 25.95	\$ 26.10
10c	Cabernet Franc	\$ 24.15	\$ 24.30
10d	Merlot	\$ 26.10	\$ 26.30
10e	Sirah, Shiraz and Syrah	\$ 28.55	\$ 28.85
10f	Blauburger, Dornfelder, Experimental red vinifera, Limberger, Malbec, Nebbiolo, Petite Sirah, Petit Verdot, Pinot Meunier, Sangiovese, St. Laurent, Tannat and Tempranillo	\$ 21.35	\$ 21.55
	Distilling	\$ 5.50	\$ 5.50
	Sherry	\$ 7.75	\$ 7.75

Note: 2014 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)

	2010	2011	2012	2013	2014
CLASSES 1-3					
Concord	1,746	1,524	1,094	1,692	1,460
Elvira	12	-	-	-	2
Niagara	1,066	935	478	1,017	698
Miscellaneous 1-3	6	8	3	11	4
SUB-TOTAL (Labrusca)	2,830	2,467	1,575	2,720	2,164
Classes 5-6					
Baco Noir	2,750	2,866	2,836	4,019	2,851
Chambourcin	488	630	681	979	489
De Chaunac	403	330	325	398	312
Marechal Foch	879	961	800	1,173	828
New York Muscat	19	33	28	20	18
Villard Noir	69	61	50	76	31
Miscellaneous 5-6	251	282	313	434	328
SUB-TOTAL (Blue/Red French hybrids)	4,859	5,163	5,033	7,099	4,857
Classes 7-7c					
S.V. 23-512	233	259	164	215	205
Seyval Blanc	650	771	553	728	590
Vidal 256	11,836	14,510	13,218	17,013	13,096
Geisenheim Hybrids	903	727	639	1,069	568
GM 322	42	453	465	435	245
Miscellaneous 7-7c	23	90	88	99	99
SUB-TOTAL (White French Hybrids)	13,687	16,810	15,127	19,559	14,803
SUB-TOTAL (Hybrids)	18,546	21,973	20,160	26,658	19,660
Classes 9-9f					
Auxerrois	126	176	194	256	89
Chardonnay and Chardonnay Musque	6,900	7,735	8,919	11,304	6,898
Gewurztraminer	902	1,586	1,802	1,781	849
J. Riesling	6,088	7,176	8,497	9,444	7,941
Pinot Blanc	119	144	135	157	74
Pinot Gris	1,275	1,714	1,895	2,325	1,461
Sauvignon Blanc	1,272	1,898	2,193	2,592	1,107
Miscellaneous 9-9f	349	602	574	693	396
SUB-TOTAL (White Vinifera)	17,031	21,031	24,209	28,552	18,815

	2010	2011	2012	2013	2014
Classes 10-10f					
Cabernet Franc	4,532	5,747	5,450	6,755	3,951
Cabernet Sauvignon	2,772	3,808	4,245	4,055	3,106
Gamay	1,244	1,549	1,599	1,920	1,258
Merlot	3,846	4,110	4,734	5,468	1,438
Pinot Noir	1,908	2,613	2,559	2,850	1,749
Shiraz, Sirah, Syrah	547	555	807	853	267
Zweigeltrebe	298	359	348	347	147
Miscellaneous 10-10f	193	283	328	370	161
SUB-TOTAL (Red Vinifera)	15,340	19,024	20,070	22,618	12,077
SUB-TOTAL (Vinifera)	32,371	40,055	44,279	51,170	30,892
TOTAL HYBRID & VINIFERA	50,917	62,028	64,439	77,828	50,552
GRAND TOTAL	53,747	64,495	66,014	80,548	52,716

The Grape Growers of Ontario, together with the Honourable Dave Levac, Speaker of the Ontario Legislative Assembly, hosted the 36th Annual Legislative Wine Tasting event at Queen's Park. The two wines chosen as the official wines of Ontario's Legislative Assembly for 2015 are: Fielding Estate Winery 2013 Pinot Grigio and Burning Kiln Winery 2013 Strip Room.



Burning Kiln Winery: Patti Fixter, Karen Matthews, Grape King Kevin Buis, Honourable Dave Levac MPP, and Emily Shoff



Fielding Estate Winery: Honourable Dave Levac MPP, Heidi Fielding, and Grape King Kevin Buis

TABULATION OF GROWERS WITH PRODUCTION

TABLE VI

The number of growers with production registered with the Grape Growers of Ontario in 2014 decreased by 6.4% from 469 in 2013 to 439 in 2014.

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

		2010	2011	2012	2013	2014
District 1	Niagara-on-the-Lake and Niagara Falls	163	170	173	172	178
District 2	St. Catharines, Fort Erie, Pelham, Port Colborne, Thorold, Wainfleet and Welland	45	40	39	38	34
District 3	Town of Lincoln	157	149	154	151	141
District 4	Wellington and Hamilton, Grimsby and West Lincoln	28	28	24	21	19
District 5	Brant, Chatham-Kent, Essex, Elgin, Haldimand, Lambton, Middlesex, Norfolk and Oxford	36	36	37	36	15
District 6	Prince Edward and all other geographic areas not included in Districts 1 to 5	52	50	51	51	52
TOTAL		481	473	478	469	439

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 3.2% to 172 million litres in 2014. Ontario (VQA & NON-VQA/ICB) wine sales increased by 3.4% to 66.5 million litres. Imported wine sales increased by 3.2% to 105 million litres, while out-of-province wine sales in Ontario decreased by 16.5% to 0.4 million litres.

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

	2010	2011	2012	2013	2014	% Change 2013 to 2014
VQA Sales in Ontario**	13,856	14,222	15,090	15,917	16,048	0.8%
Non-VQA/ICB Sales in Ontario	44,518	45,288	46,017	48,431	50,490	4.3%
Ontario VQA & Non-VQA/ICB Wine Sold in Ontario*	58,374	59,510	61,107	64,348	66,538	3.4%
Imported Wine Sold in Ontario	92,209	95,501	97,978	101,832	105,048	3.2%
Out-of-Province Sales in Ontario	527	456	467	479	400	-16.5%
Total Wine Sold in Ontario	151,110	155,467	159,552	166,659	171,986	3.2%
VQA Sales Outside Ontario**	1,204	1,345	1,527	1,456	1,402	-3.7%

Ontario Wine Sold in Ontario for 2012-2013 has been revised by LCBO Fiscal Year April 1 to March 31 (statistical data provided by the LCBO)

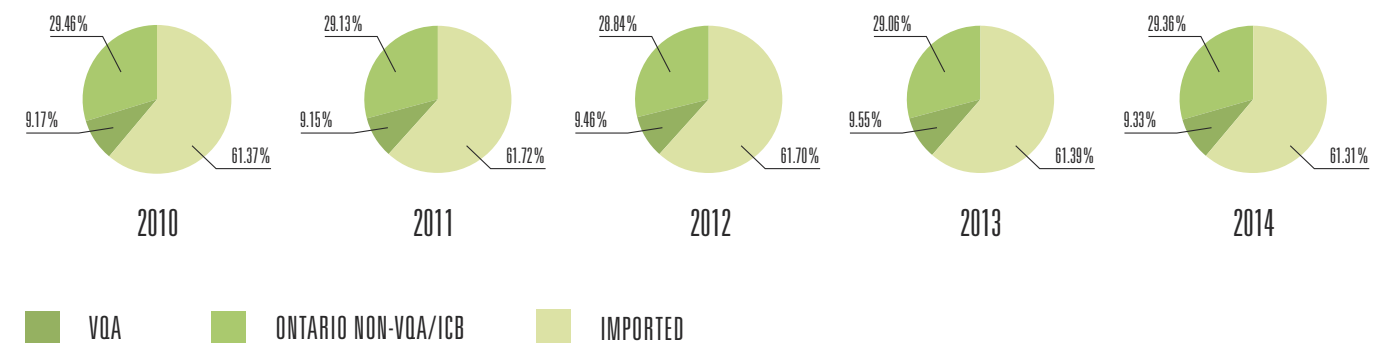
* Includes sales through LCBO, Winery Retail Stores, Direct Delivery to Licensees, embassies, airlines and industrial sales

** VQA figures from VQAO Annual Report – March 31, 2014

MARKET SHARE OF WINE SOLD IN ONTARIO

TABLE VIII

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



Jean-Pierre Colas and Doug Whitty, 13th Street Winery, test the new eGrape system



Prince Edward County Winegrowers' Association supports Community Food Banks: Seona Halsey, Picton Food Bank; Kathleen Greenaway, PECWA Chair; Linda Downey, Wellington Food Bank



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 decreased by 9.4% from 24 million litres to 21.9 million litres. Concentrate decreased by 37.0% from 6,136 equivalent tonnes to 3,868 tonnes in 2014. Grape juice is down 1.8% from 921 equivalent tonnes to 904 equivalent tonnes. In total, blending material was down 13.5% from 39,309 equivalent tonnes in 2013 to 33,986 equivalent tonnes in 2014.

TABLE IX – Blending Materials Imported into Ontario

	2010	2011	2012	2013	2014
Wine (litres)	25,504,088	23,930,798	22,082,863	24,188,300	21,909,911
Concentrate (equivalent tonnes) at 165 litres per tonne	4,512	3,615	8,579	6,136	3,868
Grape Juice (equivalent tonnes) at 750 litres per tonne	1,975	982	1,084	921	904

Statistical data provided by LCBO

IMPORTATION OF WINE

TABLE X

TABLE X presents the quantity of importation of wine categories from 2010-2014. The total imports of wine categories in Canada increased 2.4% from 308 million litres in 2013 to 315 million litres in 2014. The importation of sparkling wine increased by 12.0% in 2014.

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

	2010	2011	2012	2013	2014
Aperitif	808	795	825	825	702
Champagne	928	1,017	1,039	1,050	1,195
Miscellaneous wines	10,708	11,734	12,861	12,807	8,542
Port	1,921	1,857	1,764	1,764	1,623
Sherry	648	619	588	588	535
Sparkling wine (includes crackling table)	7,557	7,897	8,683	8,726	9,777
Still wine	260,023	269,021	280,295	280,369	291,219
Vermouth	2,352	2,295	2,234	2,234	2,134
TOTAL	284,945	295,235	308,289	308,363	315,727

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 2010-2014 inclusive. In 2014, total importation of still table wine into Canada increased by 3.9% from 280 million litres in 2013 to 291 million litres in 2014. Imports from the United States had the greatest increase at 23.2%. Italy remains the largest single importer into Canada followed by the United States and France.

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

	2010	2011	2012	2013	2014
Australia	40,338	41,752	42,150	42,219	40,335
Eastern Europe	634	621	615	615	452
France	50,019	49,536	51,191	51,107	49,705
Germany	4,396	4,616	4,672	4,670	4,409
Italy	51,820	54,182	56,722	56,683	56,958
Portugal	5,078	5,416	5,881	5,883	6,731
South Africa	8,624	8,199	8,012	8,016	7,953
South America	44,917	44,133	41,812	41,857	40,337
Spain	13,264	14,090	15,694	15,650	18,132
United States	34,841	39,117	45,222	45,337	55,870
Other Countries	6,092	7,359	8,324	8,332	10,337
TOTAL	260,023	269,021	280,295	280,369	291,219

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



Sales of VQA wines at Farmers' Markets began on May 1, 2014 as part of a two-year pilot program. Christine James, Greenlane Estate Winery, at the May 10th St. Catharines Market



CROP INSURANCE

TABLE XII

Data included in TABLE XII below was supplied by Agricorn, the Corporation responsible for delivering Crop Insurance Programs and providing the statistical history of the Grape Crop Insurance Program, 2004-2014 inclusive. The number of accounts remained the same as 2013. Claims were the highest since 2005 with 197 claims valued at \$10.5 million.

TABLE XII – CROP INSURANCE

	No. of Accounts	No. of Claims	Total Premiums * \$'000	Total Claims \$'000**	Premiums less Claims \$'000
2004	329	149	4,743	3,641	1,102
2005	332	285	5,188	22,315	-17,127
2006	336	58	7,205	1,064	6,141
2007	317	74	7,791	1,239	6,552
2008	308	77	7,089	1,495	5,594
2009	293	149	7,830	3,984	3,846
2010	288	91	6,668	1,373	5,295
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	10,496	-5,347

* 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 2014/2015 year include:

Memberships	Amount
Agricultural Adaptation Council	\$150
British Columbia Grape Growers Association	150
Canadian Agricultural Hall of Fame	500
Canadian Horticultural Council	11,769
Greater Niagara Chamber of Commerce	307
Grimsby and District Chamber of Commerce	247
Lincoln Chamber of Commerce	200
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
Ontario's South Coast Wineries	100
President's Council	300
St. Catharines Club	715
TOTAL	\$41,563

Sponsorships	Amount
Essex Pelee Island Coast Winegrowers' Association	\$ 10,000
Grape & Wine Industry Summit	10,000
Grape King	2,500
Grape Stomp	400
Niagara Grape and Wine Festival	20,000
Niagara Peninsula Fruit and Vegetable Growers' Association	950
Ontario Wine Awards	3,000
Outstanding Young Farmers' Program – 2014	400
Prince Edward County Winegrowers' Association	8,000
Subaru of Hamilton – Niagara Running Series	1,500
Wine Country Ontario Travel Guide	4,225
TOTAL	\$ 60,975

PROMOTION EXPENSES

TABLE XIII

In 2014-15, the Grape Growers of Ontario continued to engage consumers and industry through social media: Facebook, Twitter, Pinterest, and Youtube with *The Grape Escape with wineONtour.ca* video featuring Gabby Grape, the new mascot of the Niagara Wine Festival. 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 Burning Kiln Winery and Fielding Estate Winery whose wines were chosen as the official wines to be served at the Ontario Legislature for 2015, and to Ron Koop, Koop Farms, on receiving the Cuvée Award of Excellence in Viticulture. The GGO continues to be a proud sponsor of the Niagara Grape and Wine Festival.

TABLE XIII – Promotion Expenses

Promotion	2012/2013	2013/2014	2014/2015
Promotions, Sponsorship & Public Relations	\$ 121,198	\$ 173,265	\$ 179,874
Miscellaneous – Wines	9,926	6,438	15,991
SUB-TOTAL	\$ 131,124	\$ 179,703	\$195,865
Grape & Wine Festival and Grape King's Crowning	28,802	21,632	31,084
International Cool Climate Chardonnay Celebration	35,000	25,000	25,000
Grape Growers of Ontario promotion (OMIF)	25,100	-	-
TOTAL	\$ 220,026	\$ 226,335	\$ 251,949

ONTARIO VINEYARD IMPROVEMENT PROGRAM (OVIP)

OVIP: PRODUCER SUPPORT COMPONENT

The Ontario Vineyard Improvement Program (OVIP) - Producer Support Component (PSC) is an application based, cost-share program funded by the Ontario Ministry of Agriculture, 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 3 of the OVIP-PSC program was fully subscribed by growers and provided support for investment in vineyard innovation. Of the applications received, 82% were from the Niagara Region, 0.5% from Essex County and 1% were from Prince Edward County. The remaining 16.5% of applications came from Ottawa Region, Norfolk County, Lennox & Addington County, Frontenac County, Stormont, Dundas and Glengarry, Dufferin, Elgin, and York Region.

Growers are investing in a variety of improvements including:

- 52% for improved viticulture practices (e.g. equipment);
- 13% for vine trellis systems;
- 12% for vineyard preparation including tile drainage systems/upgrades and land grading, and land preparation;
- 11.5% for cold injury reduction (e.g. wind machines);
- 8% for pest management (e.g. bird netting).

TOTAL INVESTMENTS* BY GROWERS AND THE ONTARIO GOVERNMENT THROUGH THE OVIP PROGRAM TO DATE ARE:

Government Investment	Grower Investment	Total Investment
\$9,744,592	\$21,324,390	\$31,068,982

* Includes Intakes 1,2,3, and preliminary Intake 4 - Intake 4 investment amounts include final completed projects and the maximum eligible amounts of ongoing projects. There is currently an over commitment on projects to allow for expected savings on project costs.

OVIP: Industry Support Component

The OVIP Industry Support Component is 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 2013-2014 include:

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

ONTARIO GRAPE AND WINE RESEARCH INC. (OGWRI)

The objective of OGWRI is to enhance the profitability and sustainability of the Ontario grape and wine industry through directed and coordinated financing of research and development activities. Matthias Oppenlaender is Chair, and the Board of Directors has representatives from GGO, Wine Council of Ontario, and Winery and Grower Alliance of Ontario. A technical committee establishes annual research priorities and reviews research project proposals. Projects must fall into one of three research pillars of viticulture, oenology and market research. The following projects are currently approved for funding or have been completed over the previous year:

Growers are investing in a variety of improvements including:

- Establishing best practices guidelines to optimize grapevine winter hardiness;
- Management of sour rot and volatile acidity in grapes;
- 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.

All completed projects and material are available at the Ontario Grape and Wine Research Inc.'s newly developed website: www.ontariograpeandwinereseach.com

CROP PROTECTION REPORT

In 2014, 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 pest management issues related to minor use registrations and represented grapes at the Minor Use Priority Setting Workshop in Ottawa to highlight priorities for tree fruit and 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 and Spotted Wing Drosophila have been reported throughout Ontario. Neither pest has caused documented economic losses to grapes to date. OMAFRA continues to monitor for the presence of these pests and collaborative research projects among OMAFRA, University of Guelph, Vineland Research and Innovation Centre, and Agriculture and Agri-Food Canada continue to investigate the biology, economic impact and management of these invasive species.

Mancozeb and metiram (Polyram) fungicides are currently being reviewed by PMRA. Neonicotinoid insecticides (Admire, Assail, Clutch) are also targeted for their potential impact on bee mortality. 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 2014:

Fungicides: Botector, Fullback 125SC, Nova Fungicide (replaces Nova 40W), Timorex Gold
 Miticide: Nealta
 Herbicide: Frontier Max Herbicide
 Minor use emergency registrations for Spotted Wing Drosophila: Delegate, Entrust, Malathion, Ripcord



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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, 2015, and the statements of operations and unrestricted net assets, restricted net assets, and cash flows for the year ended January 31, 2015 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, 2015, and the results of its operations and its cash flows for the year ended January 31, 2015 in accordance with Canadian accounting standards for not-for-profit organizations.

St. Catharines, Canada
March 2, 2015

Grant Thornton LLP

Chartered Accountants
Licensed Public Accountants

GRAPE GROWERS OF ONTARIO

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

	2015	2014
Revenues		
Licence fees	\$ 1,149,244	\$ 1,787,946
Vertically integrated rebate	(20,279)	(38,747)
Appropriation for research and development	(215,709)	(324,775)
	913,256	1,424,424
Government and industry funding for research and other projects	420,558	1,538,926
Interest and other income	86,146	76,910
	1,419,960	3,040,260
Expenses		
Directors' fees, honoraria and benefits	75,380	72,650
Salaries and benefits (Note 3)	415,863	446,230
Travel	44,263	42,590
Meetings and conventions	18,842	15,000
Office supplies and expenses	42,236	47,758
Postage	9,205	6,058
Telephone	15,022	19,878
Dues and subscriptions	21,603	22,552
Professional fees (Note 4)	110,108	101,222
Utilities and maintenance	22,331	26,025
Building insurance and property taxes	11,788	14,046
Amortization	11,781	12,161
Festival	31,084	21,632
Assessment O.F. & V.G.A.	25,000	20,000
Research and other projects (Note 5)		
Grape Growers funded portion	28	38,914
Government and industry funded portion	314,780	1,505,118
Promotional projects (Note 5)		
Grape Growers funded portion	94,465	145,895
Government and industry funded portion	101,400	33,808
Professional development	2,100	141
Maintenance agreements	600	10,550
Labour issues co-ordinating committee	5,000	5,000
Gain on foreign exchange	(494)	(387)
Bad debts	1,663	-
Expense recoveries from other associations	(31,339)	(31,073)
	1,342,709	2,575,768
Excess of revenues over expenses	77,251	464,492
Unrestricted net assets - beginning of year	1,015,551	1,202,834
Transfer to operational reserve	-	(651,775)
Unrestricted net assets - end of year	\$ 1,092,802	\$ 1,015,551

See accompanying notes to the financial statements

GRAPE GROWERS OF ONTARIO

STATEMENT OF RESTRICTED NET ASSETS - YEAR ENDED JANUARY 31

	2015	2014
Research and Promotion Fund		
Revenues	\$ -	\$ -
Expenses	-	-
Fund Balance - beginning of year	\$ 664,657	664,657
Fund Balance - end of year	\$ 664,657	664,657
Operational Reserve		
Fund balance - beginning of year	\$ 2,000,000	\$ 1,348,225
Transfer from unrestricted net assets	-	651,775
Fund balance - end of year	\$ 2,000,000	\$ 2,000,000
Ontario Grape and Wine Research Fund		
Growers Contributions		
Revenues		
Growers fees	\$ 103,262	\$ 158,998
Expenses		
Contributions to OGWRI	(31,660)	(110,176)
Excess of revenues over expenses	71,602	48,822
Fund Balance - beginning of year	477,340	428,518
Fund Balance - end of year	\$ 548,942	\$ 477,340
Processor Contributions		
Revenues		
Processor fees	\$ 112,517	\$ 165,777
Expenses		
Contributions to OGWRI	(31,661)	(53,780)
Excess of revenues over expenses	80,856	111,997
Fund balance - beginning of year	381,834	269,837
Fund balance - end of year	\$ 462,690	\$ 381,834
Total Ontario Grape and Wine Research Fund	\$ 1,011,632	\$ 859,174

See accompanying notes to the financial statements

GRAPE GROWERS OF ONTARIO

STATEMENT OF FINANCIAL POSITION - YEAR ENDED JANUARY 31

Assets	2015	2014
Current		
Cash	\$ 1,308,743	\$ 766,746
Guaranteed investment certificates (Note 6)	3,504,145	3,543,166
Accounts receivable (Note 7)	70,738	115,279
Contributions receivable (Note 5)	74,621	325,945
Prepaid expenses	24,893	32,208
	4,983,140	4,783,344
Long-term		
Due from related parties (Note 8)	125,170	184,892
Investments (Note 9)	191,867	191,867
	317,037	376,759
	\$ 5,300,177	\$ 5,160,103
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 10)	\$347,873	\$ 372,947
Government remittances payable	150,243	206,714
Deferred contributions (Note 5)	32,970	41,060
	531,086	620,721
Net assets		
Unrestricted		
Invested in other entities	191,867	191,867
Available for operations	900,935	823,684
	1,092,802	1,015,551
Restricted		
Research and promotion fund (Page 4)	664,657	664,657
Operational reserve (Page 4)	2,000,000	2,000,000
Ontario Grape and Wine Research Fund (Page 4)	1,011,632	859,174
	3,676,289	3,523,831
	\$ 5,300,177	5,160,103

Approved 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

	2015	2014
Increase in cash		
Operating		
Excess of revenues over expenses for the year	\$ 77,251	\$ 464,492
Ontario Grape and Wine Research Fund		
Growers excess of revenues over expenses	71,602	48,822
Processors excess of revenues over expenses	80,856	111,997
	229,709	625,311
Changes in non-cash working capital		
Accounts receivable	44,541	(22,447)
Contributions receivable	243,234	(136,454)
Interest receivable	77,085	(36,789)
Prepaid expenses	7,315	(20,200)
Accounts payable and accrued liabilities	(25,074)	(187,890)
Government remittances payable	(56,471)	2,340
	520,339	223,871
Investing		
Repayments from (to) related parties	59,722	(10,398)
Purchase of guaranteed investment certificates	(3,495,814)	(1,657,750)
Proceeds of guaranteed investment certificates	3,457,750	1,467,326
	21,658	(200,822)
Increase in Cash	541,997	23,049
Beginning of year	766,746	743,697
End of year	\$ 1,308,743	\$ 766,746

See accompanying notes to the financial statements

GRAPE GROWERS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JANUARY 31

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

Impairment

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

Fund Accounting

The board follows the deferral method of accounting for government and industry contributions and reports using fund accounting.

The board follows the restricted fund method of accounting for grower contributions. Revenues and expenses related to marketing operations and administrative activities are reported in the operating fund. Revenues and expenses related to research activities are reported in the research fund. Fees and payments collected from growers and processors and contributed to the Ontario Grape and Wine Research Inc. (OGWRI) are reported in the Ontario Grape and Wine Research Fund. The operational reserve fund reports the net assets which have been internally restricted by the board as an operational reserve.

GRAPE GROWERS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JANUARY 31

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.

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.

Investments

Investments in subsidiaries are accounted for using the cost method.

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

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 actions.

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.

3. Salaries and benefits

	2015	2014
Total salaries and benefits	\$ 529,867	\$ 604,325
Recoveries:		
Project management	(103,604)	(147,695)
Ontario Grape and Wine Research Inc.	(10,400)	(10,400)
	\$ 415,863	\$446,230

4. Professional fees

	2015	2014
Audit	\$ 14,675	\$ 15,325
Legal	21,932	8,173
Industry consulting	73,501	77,724
	\$ 110,108	\$ 101,222

GRAPE GROWERS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS - JANUARY 31, 2015

5. Contributions for research and other activities

	(Deferred) Receivable Contributions February 1, 2014	Government/ Industry Contributions Received (Repaid) 2014/2015	Government/ Industry Expenses 2014/2015	Grape Growers of Ontario Portion 2014/2015	(Deferred) Receivable Contributions January 31, 2015
Research and Other Projects:					
Pesticide Initiatives	\$ (19,692)	\$ -	\$ -	\$ -	\$ (19,692)
Traceability foundations initiative	160,161	160,200	39	-	-
OVIP - Vineyard Improvement Program (Admin)	11,056	70,000	77,107	-	18,163
OVIP - Vineyard Improvement Program (ISC)	2,593	200,000	227,155	-	29,748
Canadian Agricultural Adaptation Program	78,955	79,824	869	-	-
WRAMI – Evaluating Irrigation Water Use Efficiency	41,644	41,644	-	-	-
Grape Leafroll and Red Blotch Virus Survey	12,849	16,194	3,345	28	-
Harvesting Innovation for Growth and Sustainability	18,687	24,952	6,265	-	-
	<u>306,253</u>	<u>592,814</u>	<u>314,780</u>	<u>28</u>	<u>28,219</u>
Promotional Projects:					
Grown by GGO strategic marketing plan	-	27,290	54,000	18,423	26,710
Celebrity Luncheon	(21,368)	39,310	47,400	-	(13,278)
Non-Grant Funded Promotion	(21,368)	66,600	101,400	18,423	13,432
				76,042	
GGO portion of promotion activities				94,465	
	<u>\$ 284,885</u>				<u>\$ 41,651</u>
Comprised of:					
Contributions receivable	\$ 325,945				\$ 74,621
Deferred contributions	(41,060)				(32,970)
	<u>\$ 284,885</u>				<u>\$ 41,651</u>

GRAPE GROWERS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS - JANUARY 31, 2015

6. Guaranteed investment certificates

The Board has guaranteed investment certificates that mature between 2015 and 2016 and earn interest between 1.40% and 2.85% (2014 – 1.50% and 2.50%)

7. Accounts receivable

	2015	2014
Accounts receivable	\$ 72,401	\$ 115,279
Allowance for doubtful accounts	(1,663)	-
	<u>\$ 70,738</u>	<u>\$ 115,279</u>

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 proportionate share of GTFOL is as follows:

	2015	2014
Assets	\$ 337,573	\$ 355,755
Liabilities	145,726	163,908
Net Assets	<u>\$ 191,847</u>	<u>\$ 191,847</u>

Expenses include a \$133,234 (2014 – \$156,233) charge for the board's share (50% (2014 – 50%)) of management operation costs incurred during the year by GTFOL. These amounts are recognized in the form of allocated rent payments at the exchange amount by the Board, and represent the Board's share of the revenue and expenses of the joint venture.

Amounts due from related parties:

	2015	2014
GTFOL	\$ 125,170	\$ 137,997
OGWRI	-	46,895
	<u>\$ 125,170</u>	<u>\$ 184,892</u>

GRAPE GROWERS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS - JANUARY 31, 2015

9. Investments

	2015	2014
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

10. Accounts payable and accrued liabilities

	2015	2014
Accounts payable and accrued liabilities	\$ 64,324	\$ 118,996
Grading fees payable	283,550	253,951
	\$ 347,874	\$ 372,947

11. 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, 2015:

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 of 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.

2014 HIGHLIGHTS



1. Niagara Emerging Entrepreneur of the Year, Sue-Ann Staff (centre) with Dana, Howard, Drew and Wendy Staff
2. Bruce Irons, BASF Canada, presents Ron Koop with Cuvée Award of Excellence in Viticulture
3. Honourable Ted McMeekin, Minister of Municipal Affairs and Housing with Bill George, Chair at the 2014 Annual General Meeting
4. Rick Hansen, Celebrity Luncheon Speaker with Mark Molnar, Town Crier
5. Debbie Zimmerman, CEO; Honourable Kevin Flynn, Minister of Labour; Honourable Jim Bradley, Deputy Government House Leader; Bill Schenck, Director
6. Nick Hubbard with Gabby Grape
7. Lance Grandison, 2014 Annual General Meeting



2014 GRAPE KING

KEVIN BUIS

Kevin Buis was crowned Grape King on September 17, 2014 in his family's Niagara-on-the-Lake vineyards.


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