

71st ANNUAL REPORT

YEAR ENDING JANUARY 31, 2019



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, 2019



2018-2019 BOARD OF DIRECTORS

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

GROWERS' DELEGATES

Niagara Peninsula Fruit and Vegetable Growers' Association
 Ontario Fruit and Vegetable Growers' Association
 Ontario Federation of Agriculture
 Canadian Horticultural Council
 Niagara Grape and Wine Festival
 Greater Niagara Chamber of Commerce
 Niagara-on-the-Lake Chamber of Commerce
 Niagara Region Agricultural Policy and Action Committee
 Vintners' Quality Alliance
 F.A.R.M.S.
 Wine Grape Industry Advisory Committee

Steve Pohorly
 Bill George
 Jim Morrison
 Matthias Oppenlaender
 Erwin Wiens
 Bill Schenck
 Erwin Wiens
 Bill Schenck
 Kevin Watson
 Kevin Watson
 Matthias Oppenlaender,
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 Kevin Watson,
 Steve Pohorly,
 Brock Puddicombe
 Matthias Oppenlaender,
 Bill Schenck,
 Jim Morrison,
 Brock Puddicombe,
 Doug Funk Jr.
 Matthias Oppenlaender,
 Steve Pohorly

Juice Grape Industry Advisory Committee

Ontario Grape and Wine Research Inc.



STAFF

Chief Executive Officer Debbie Zimmerman ♦ **Executive Assistant** Gillian Williams
Market Analyst Mary Jane Combe ♦ **Project Manager** Nick Lemieux
Grower Relations Eleanor Hawthorn ♦ **Canadian Grapevine Certification Network** Jill Page

SHARED STAFF

Treasurer Maureen Connell
Office Manager / Accounts Payable Sylvana Lagrotteria

2018-2019 GROWERS' COMMITTEE

Matthias Oppenlaender ♦ Bill Schenck ♦ Jeff Duc ♦ John Fedorkow ♦ Doug Funk Jr.
 Dan Lambert ♦ Stan Lament ♦ Mark Lepp ♦ Jim Morrison ♦ Robert Peck ♦ Steve Pohorly
 Brock Puddicombe ♦ Craig Schmidt ♦ Martin Schuele ♦ Albrecht Seeger ♦ Kevin Watson
 Erwin Wiens ♦ Philip Wiley ♦ Tom Wiley ♦ Chris Wismer ♦ Scott Wilkins



GREETINGS FROM THE HONOURABLE
ERNIE HARDEMAN

It is a privilege to be part of the Grape Growers of Ontario's 2019 Annual Report.

I commend your organization's board for the leadership it continues to show in helping Ontario's grape sector achieve profitable and sustainable growth. While the 2018 crop harvest was challenging due to the poor weather, I know the sector will continue to find success. I am pleased the overall grape and wine sector continues to see strong growth and demand for its products.

I would also like to thank the Grape Growers of Ontario for its ongoing leadership role in advancing responses to viticulture practices that benefit grape growers across the country. Your efforts to join forces with other provinces to develop a strategy to protect the industry from diseases and viruses provides a bright future for the industry.

I take our government's responsibility to taxpayers very seriously - especially as it relates to reducing red tape and promoting economic development. I am committed to working to bring jobs and investment back to farmers and food processors by easing the regulatory burden on businesses. This will ensure farmers can focus on farming instead of government paperwork.

I am confident that we'll continue to see great results from the grape and wine sector in 2019. I wish the Grape Growers of Ontario, its farmers, staff and industry partners all the best in the year ahead.

Honourable Ernie Hardeman
Minister of Agriculture, Food and Rural Affairs



GREETINGS FROM

SAM OOSTERHOFF

I have had the privilege of working together with many of Grape Growers of Ontario's representatives since being elected as Member of Parliament for Niagara West, which is home to some of Ontario's finest wines and finest grape growers. It has been a pleasure to collaborate with representatives at home and across our province with the common goal of strengthening Ontario's grape and wine industry.

Thank you for all the work you do to promote and expand grape growing in our province. The grape and wine industry directly and indirectly generates an estimated \$4.4 billion for the Ontario economy—a revenue that contributes to the prosperity of all Ontarians. I am excited to see the markets for Ontario grapes and wines expand domestically and internationally. Increasing the choice available to Ontario consumers by increasing the selection of wines grown in Ontario and available at the LCBO will increase sales of Ontario wines, and promote Ontario's wine regions as renowned tourism destinations.

For these reasons, among many others, I am honoured to extend greetings to all of you, and wish you a fruitful 2019 season!

In your service,

Sam Oosterhoff, MPP
Niagara West



GREETINGS FROM THE HONOURABLE

LAWRENCE MACAULAY

On behalf of the Government of Canada, I'd like to thank the Grape Growers of Ontario for its support and promotion of Ontario's grape and wine producers for over 70 years. Your sector drives Canada's economy, generating \$440 million in combined grape and wine sales and \$51 million in exports. Furthermore, your sector attracts millions of dollars through a growing tourism industry. That's an amazing achievement, and it's all because of your members' strong focus on quality.

Providing a world-class product is one thing; getting the word out to customers is critical. You do a terrific job partnering with the wine industry and keeping the sector top-of-mind with consumers by implementing unique tools like the Ontario wine route planner, as well as supporting popular events like the Niagara Grape and Wine Festival, EPIC Vintage Tasting, and the International Cool Climate Chardonnay Celebration, to name just a few.

Our government is proud to work with you to ensure a strong future for Ontario's world-class grape and wine growers. This includes our investment of \$8.4 million to support the Canadian Grapevine Certification Network under the Canadian Agricultural Partnership's AgriScience Clusters. This network is the first of its kind for Canada, bringing together four provinces, our research community, and private industry to pursue leading-edge research to not only boost the quality and sustainability of Canadian-produced grapes and wine but also address issues such as ensuring a domestic supply of clean rootstock to provide growers with healthy, certified grapevines. We're also supporting the great work at the Vineland Research and Innovation Centre to develop new table grape varieties for the Ontario market.

It was great to be at Matthias' vineyard last summer, and I look forward to working with Matthias and the team to capture exciting new opportunities and growth for the sector. Our government's robust trade and innovation agenda and your top-quality products are a combination that will ensure your sector continues to grow and prosper. I wish you every success in 2019.

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



2018 GRAPE KING

CHRIS VAN DE LAAR

The selection of a Grape King is part of Ontario's history and an annual tradition that dates back to 1956. While the regalia has changed from a crown and cape, the King wears a chain that carries the names of all of the Kings that came before including Chris's father, 1985 Grape King Peter Van de Laar.

The original Van de Laar family farm on the Niagara Parkway was purchased in 1952 by Chris's grandparents, Dutch immigrants Peter and Catherine. The fruit market which the family has operated for the last 66 years and is well-known for selling high quality local produce has many regular customers that have been buying their fruit from the Van de Laar's for generations. Chris's dad Peter worked and then owned the farm for most of his life along with Chris's mother, Cathy. Peter was a pioneer in the grape industry having planted some of the first vinifera varieties in the area.

Since buying the farm in 2005, Chris has expanded the operation with the purchase of three additional properties and now farms more than 110 acres of premium grapes that go into Arterra Wines Canada's Inniskillin and Jackson Triggs brands.

Chris and his high school sweetheart Laura have a daughter, Erica, who is in her final year of Law School at Western University and son Nathan who may follow in the family farming tradition.



MESSAGE FROM YOUR BOARD CHAIR

MATTHIAS OPPENLAENDER

For over 70 years, the Grape Growers of Ontario has guided growers through significant change in the Ontario grape and wine industry. Its over 500 farm families, including the over 180 with wineries, greatly impact the provincial and national economies, as well as the communities in which they live and farm.

The hot, humid weather followed by rain in October significantly impacted the grape harvest, resulting in a smaller crop than last year, with 64,773 tonnes, valued at \$82.5 million. This includes 1,522 tonnes of juice grapes and 3,529 tonnes left hanging for Icewine.

Price negotiations were challenging with final offers being exchanged and preparations made for arbitration. In September 2018 the Grape Growers of Ontario, Ontario Craft Wineries, and Winery & Grower Alliance of Ontario completed the negotiations of a grape price agreement for the 2018 harvest that includes a 1.4% overall average increase over 2017 prices. National Grape Cooperative announced that it would discontinue receiving grapes from Canada after the 2018 crop and offered growers a compensation package. The GGO held meetings with the Provincial and Federal governments, including Honourable Ernie Hardeman, Ontario Minister of Agriculture, Food and Rural Affairs, to discuss the issue on behalf of our growers.

In its fall economic statement, the newly elected Ontario Government announced its plan to modernize alcohol sales by offering consumers more access to beer and wine across the province. The Government has signaled it is developing a plan to expand sales to grocery, convenience, and big-box stores based on market demand. Our Board and staff have participated in extensive consultations with our industry partners and government to ensure that the Government understands the importance of growing our Ontario grape and wine industry. This represents a significant opportunity for Ontario wine regions to grow a more robust grape and wine industry. It is critical that any new retail model supports the local 100% Ontario-grown industry so that we can continue to provide economic benefit to the province and our local communities.

The Grape Growers of Ontario continue their collaboration with the Canadian Grapevine Certification Network (CGCN). In July 2018, the Honourable Lawrence MacAulay, Minister of Agriculture and Agri-Food Canada, announced that CGCN was the recipient of \$8.4 million under AAFC's AgriScience Clusters program. This five-year funding will be used for Canadian Grape and Wine research across all four of Canada's grape growing provinces.

Ontario Grape and Wine Research Inc. (OGWRI) is supported by the Grape Growers of Ontario, Ontario Craft Wineries and Winery Grower Alliance of Ontario to provide long-term funding for industry-led research. The top research priorities are Red Blotch, Leafroll and MALB. OGWRI also provides support to the Canadian Grapevine Certification Network.

On behalf of our members, we recognize the passing of members of our grower family over the last year. In particular, our deepest condolences go out to the family and friends of Michèle Bosc and Lloyd Schmidt. Lloyd was a pioneer of Canada's grape and wine industry, paving the way for vinifera grapes in both BC and Ontario. Michèle was a driving force in promoting VQA wines made from 100% Ontario-grown grapes. Lloyd and Michèle will be missed by many from across our industry and beyond.

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

Matthias Oppenlaender
Chair, Grape Growers of Ontario



MESSAGE FROM YOUR CEO

DEBBIE ZIMMERMAN

When you choose wine made with 100% Ontario grapes, you're growing Ontario's economy...and supporting Ontario jobs and Ontario farm families. This has been our unwavering message to consumers and government.

There have been a number of significant issues facing our industry over the past year that we have actively engaged with all levels of government and our industry partners including: the Canada-USA-Mexico Agreement, Australia's World Trade Organization challenge of a range of provincial licensing and product mark-ups including excise tax exemptions, the future of Ontario's juice grape industry, pesticide re-evaluations, reduction of provincial red tape regulations, and most recently the modernization of alcohol beverage retail sales in Ontario.

The government's plan to open the retail opportunities to grocery, big box and convenience stores represents perhaps the biggest change to our industry in 30 years. It is critical that any changes contemplated by government reflect opportunities to grow Ontario. Our message to Government has been consistent and clear "any new retail model must focus on selling more 100% Ontario wine." We believe the three elements to a balanced approach are: 1. Create a permanent and predictable tax program to help Ontario farm families (VQA and 100% Ontario support); 2. Maintain the existing guardrails and extend the minimum floor price of \$10.95 at the LCBO and other potential new markets; 3. A transition framework and action plan that will enable a made in Ontario viticulture policy that supports continued growth of Ontario's grape and wine industry, wine tourism, and local economic development. We recognize the importance of working with our winery partners and government to build a model that benefits our growers, wineries, government and consumers over the long term.

Over the past year, Grape Growers of Ontario has continued to promote wines with 100% Ontario-grown fruit to raise the profile of its grape growers and their craft. In order to demonstrate the growers' role and expertise in Growing the Wines You Love, GGO delivered Icewine seminars at the Twenty Valley Winter WineFest '8 Below Series' and launched a "Kick the Dirt" program during the International Cool Climate Chardonnay Celebration and EPIC Vintage Tasting, to provide an in-the-vineyard experience to meet with grape growers to learn about grape growing. The Celebrity Luncheon with Canadian icon Rick Mercer brought our highest attendance yet, and we partnered with Honourable Speaker of the Legislature Ted Arnott to host the 40th annual Legislative Wine Tasting event at Queens Park with Strewn Winery 2017 Rogue's Lot Cabernet Franc/Cabernet Sauvignon, Georgian Hills Vineyards 2016 Seyval Blanc and Chateau des Charmes 2017 Vidal Icewine selected as the official wines of the Legislative Assembly for 2019.

All of our work and support for our industry cannot happen without the leadership of our Chair and Vice Chair, Board of Directors and Growers' Committee, and our members. I also extend my appreciation to our staff who strive everyday to provide growers with outstanding service.

Debbie Zimmerman
CEO, Grape Growers of Ontario

YEAR IN REVIEW

The 2018 harvest produced a crop of **64,773** tonnes which includes **1,522** tonnes of juice grapes and **63,251** tonnes of wine grapes, valued at \$82.5 million.

Grapes “naturally frozen” on the vine produce Ontario’s premier Icewine. This year 3,529 tonnes were left hanging for Icewine, which has the potential to produce between 529,000 and 618,000 litres. Temperatures dipped below -8°C in late November and mid-January for the Icewine harvest.



Your Board continues to actively engage with Federal, Provincial, Regional and Municipal governments to ensure the needs of our growers are being met.

We have worked with the new provincial government to ensure they understand the challenges facing grape growers in Ontario, and the importance of industry and government working together through consultation to safeguard the economic viability of Ontario’s farm families and businesses.

We appreciated the opportunity to host a roundtable discussion with Honourable Ernie Hardeman to discuss red tape issues facing our growers. The government’s decision to repeal Bill 148, which represented changes to minimum wage and other workplace laws, highlighted their commitment to supporting farm families.

As we look to the future, we will continue to work with the provincial and federal levels to consistently reinforce the message that “any new retail model must focus on selling more 100% Ontario wine.”

Federally, we engaged with multiple ministries during the consultation process for the Canada-USA-Mexico Agreement and Australia’s World Trade Organization Challenge. We are confident that the federal government will continue their steadfast support for the Canadian wine industry.

WE GROW THE WINES YOU LOVE™

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

Marketing activities have been funded in part through the Greenbelt Local Food Literacy Funding.

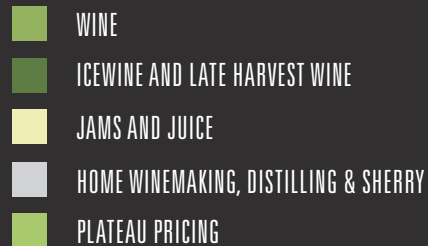
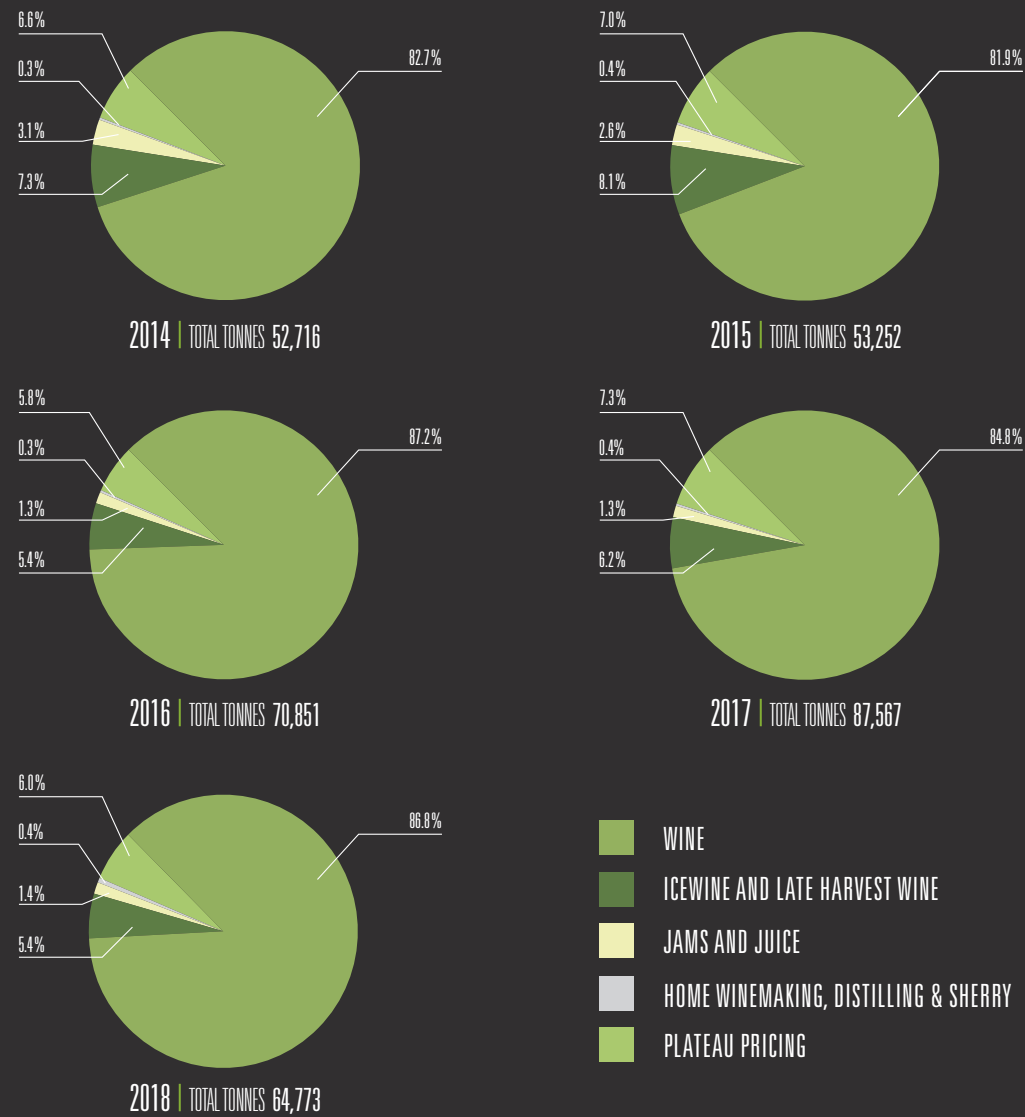


PRODUCTION

TABLE I

Table 1 presents the production and disposition of grapes from 2014 through 2018.

TABLE I – Tonnage Processed by Category



Processing Prices

A one-year pricing agreement was reached on September 25, 2018 with an average price increase of 1.4% per tonne for classes 5-10f. Prices for grape classes 1-3 increased by 0.5%.

Icewine and Late Harvest Grapes

The minimum price to be paid for all grapes left on the vine to be used for Icewine is 125% of the price based upon normal harvest at the appropriate sugar level determined by samples taken at regular harvest time.

Late harvest hybrid and vinifera juice at 26°Brix \$ 4.59 per litre
 Hybrid Icewine juice at 35° Brix \$ 9.08 per litre
 Vinifera Icewine juice at 35° Brix \$19.03 per litre

The minimum price established for each class of grapes sold for processing in 2018 compared with the 2017 prices is shown in TABLE II.

PROCESSING PRICES FOR GRAPES

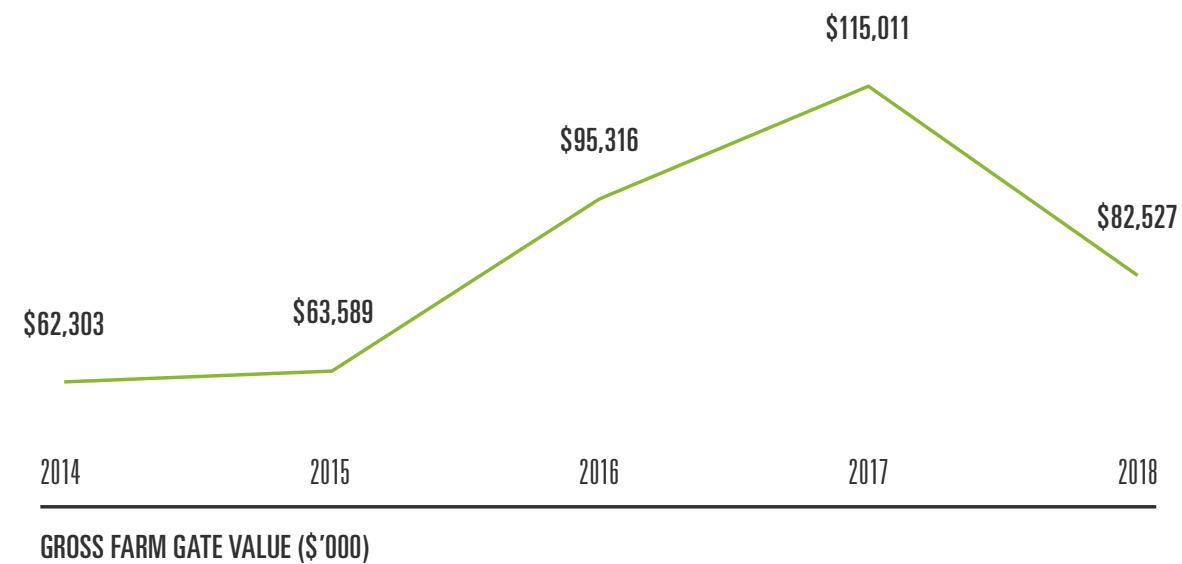
TABLE II

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

CLASS	VARIETY	2017	2018	PLATEAU PRICE
1	Concord, Fredonia, Patricia, President, Suffolk Red and Van Buren	\$515	\$518	
2	Niagara and Wiley White	\$489	\$491	
3	Delaware, Elvira, Himrod, Sovereign Coronation, Veeblanc and Veeport	\$590	\$593	
5	De Chaunac and Rosette	\$713	\$727	
5a	Leon Millot and Marechal Foch	\$843	\$859	
5b	Baco Noir, Castel, Chambourcin, Chancellor, GR7, Le Commandant and Villard Noir	\$913	\$931	
5c	Frontenac, Marquette	\$911	\$929	
5d	Experimental Red Hybrid, Florental, Landot, Red Amourensis, Varousset	\$694	\$708	
6	New York Muscat and V64111	\$562	\$573	
7	Aurore, Cayuga White, J.S. 23-416 and S.V. 23-512	\$539	\$543	
7a	Seyval Blanc and Vidal 256	\$655	\$661	
7b	Geisenheim Hybrids, GM 311, GM 318 and GM 322	\$567	\$571	
7c	Experimental White Hybrid, Traminette, V65232 and White Amourensis	\$498	\$502	
9	J. Riesling	\$1,505	\$1,518	\$1,235
9a	Auxerrois, Kerner, Scheurebe and Welsch Riesling	\$1,312	\$1,323	
9b	Chardonnay Musque and Chardonnay	\$1,535	\$1,549	\$1,235
9c	Gewurztraminer	\$1,677	\$1,691	
9d	Pinot Gris, Pinot Blanc	\$1,723	\$1,747	
9e	Sauvignon Blanc, Semillon	\$1,695	\$1,709	
9f	Muscat Ottonel	\$1,402	\$1,414	
9g	Viognier	\$1,402	\$1,414	
9h	Aligote, Alsace Muscat, Chenin Blanc, Experimental White Vinifera, French Colombard, Gruner Veltliner, Melon de Bourgogne, Morio Muscat, Ortega, Rieslaner, Riesling Traminer, Savignin, Sylvaner	\$1,336	\$1,347	
10	Gamay and Zweigeltrebe	\$1,326	\$1,352	
10a	Pinot Noir	\$2,010	\$2,048	
10b	Cabernet Sauvignon	\$1,942	\$1,979	\$1,351
10c	Cabernet Franc	\$1,732	\$1,766	\$1,349
10d	Merlot, Petit Verdot	\$1,957	\$1,995	
10e	Sirah, Shiraz and Syrah	\$2,247	\$2,313	
10f	Dornfelder	\$1,550	\$1,596	
10g	Blauburger, Experimental Red Vinifera, Limberger, Malbec, Nebbiolo, Petite Sirah, Pinot Meunier, Sangiovese, St. Laurent, Wildbacher Blau, Zinfandel	\$1,418	\$1,431	
	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

LICENCE FEES

TABLE IV

In the aggregate, licence fees for the 2018-2019 fiscal year were reduced again in 2018 and represent approximately 1.3% of the total farm gate value of the crop, consistent with 2017-2018.

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

CLASS	VARIETY	2017	2018
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	\$14.75	\$14.15
5a	Leon Millot and Marechal Foch	\$15.80	\$15.10
5b	Baco Noir, Castel, Chambourcin, Chancellor, GR7, Le Commandant and Villard Noir	\$16.35	\$15.60
5c	Frontenac, Marquette	\$16.35	\$15.55
5d	Experimental Red Hybrid, Frontenac, Landot, Lucy Kuhlman and Red Amourensis	\$14.60	\$14.05
6	New York Muscat and V64111	\$13.55	\$13.10
7	Aurore, Cayuga White, J.S. 23-416 and S.V. 23-512	\$13.40	\$12.85
7a	Seyval Blanc and Vidal 256	\$14.30	\$13.70
7b	Geisenheim Hybrids, GM 311, GM 318 and GM 322	\$13.60	\$13.05
7c	Experimental White Hybrid, Traminette, V65232 and White Amourensis	\$13.05	\$12.60
9	J. Riesling	\$21.10	\$19.70
9a	Auxerrois, Kerner, Scheurebe and Welsch Riesling	\$19.55	\$18.35
9b	Chardonnay Musque and Chardonnay	\$21.35	\$19.90
9c	Gewurztraminer	\$22.50	\$20.90
9d	Pinot Gris, Pinot Blanc	\$22.85	\$21.30
9e	Sauvignon Blanc, Semillon	\$22.65	\$21.05
9f	Muscat Ottonel	\$20.30	\$18.95
9g	Viognier	\$20.30	\$18.95
9h.	Aligote, Alsace Muscat, Chenin Blanc, Exp. White Vinifera, French Colombard, Gruner Veltliner, Melon de Bourgogne, Morio Muscat, Ortega, Rieslaner, Riesling Traminer, Savignin, Sylvaner	\$19.75	\$18.50
10	Gamay and Zweigeltrebe	\$19.70	\$18.55
10a	Pinot Noir	\$25.15	\$23.40
10b	Cabernet Sauvignon	\$24.60	\$22.90
10c	Cabernet Franc	\$22.95	\$21.45
10d	Merlot, Petit Verdot	\$24.75	\$23.05
10e	Sirah, Shiraz and Syrah	\$27.05	\$25.25
10f	Dornfelder	\$21.45	\$20.25
10g	Blauberger, Experimental Red Vinifera, Limberger, Malbec, Nebbiolo, Petite Sirah, Pinot Meunier, Sangiovese, St. Laurent, Wildbacher Blau, Zinfandel	\$20.40	\$19.10
	Distilling	\$5.50	\$5.50
	Sherry	\$7.75	\$7.75

Note: 2018 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)

Class	Variety	2014	2015	2016	2017	2018
1	Concord, Fredonia, etc.	1,460	1,256	1,143	1,491	1,004
2	Niagara and Wiley White	702	602	636	535	509
3	Sovereign, Coronation etc.	2	4	-	2	9
SUB-TOTAL (Labrusca)		2,164	1,862	1,779	2,028	1,522
5	De Chaunac and Rosette	312	322	259	240	317
5a	Leon Millot and Marechal Foch	872	853	923	819	1,018
5b	Baco Noir, Chambourcin etc.	3,492	4,765	4,464	5,282	5,967
5c	Frontenac, Marquette	88	132	189	380	768
5d	Exp. Red Hybrid	75	107	104	85	76
6	New York Muscat and VG4111	18	14	13	12	3
SUB-TOTAL (Red Hybrids)		4,857	6,193	5,952	6,818	8,149
7	S.V. 23-512, Aureore, etc.	286	293	167	138	82
7a	Seyval Blanc and Vidal 256	13,686	15,226	16,291	22,686	16,595
7b	Geisenheim Hybrids	813	939	1,013	1,089	941
7c	Experimental White Hybrid	18	17	41	69	59
SUB-TOTAL (White Hybrids)		14,803	16,475	17,512	23,982	17,677
SUB-TOTAL (Hybrids)		19,660	22,668	23,464	30,800	25,826
9	J. Riesling	7,941	6,684	8,764	11,642	7,383
9a	Auxerrois, Kerner, etc.	109	123	229	318	131
9b	Chardonnay Musque and Chardonnay	6,898	6,801	9,772	11,406	7,604
9c	Gewurztraminer	849	691	1,982	2,222	1,199
9d	Pinot Gris, Pinot Blanc	1,461	1,346	3,064	3,627	2,804
9e	Sauvignon Blanc, Semillon	1,107	843	2,291	3,439	1,809
9f	Muscat Ottonel	179	216	404	507	353
9g	Viognier	60	72	158	154	88
9h	Aligote, Alsace Muscat, Chenin Blanc, Exp. White Vinifera, etc.	211	208	337	183	112
SUB-TOTAL (White Vinifera)		18,815	16,984	27,001	33,498	21,483

10	Gamay and Zweigeltrebe	1,405	1,386	1,724	1,889	1,586
10a	Pinot Noir	1,749	1,303	2,957	3,295	2,296
10b	Cabernet Sauvignon	3,106	2,434	3,193	3,650	2,646
10c	Cabernet Franc	3,951	4,102	5,547	5,998	4,467
10d	Merlot, Petit Verdot	1,438	1,989	4,071	5,231	4,112
10e	Sirah, Shiraz and Syrah	267	313	677	791	524
10f	Dornfelder	50	84	105	99	107
10g	Blauberger, Experimental red vinifera, Petite Sirah, Pinot Meunier, Sangiovese	111	127	333	288	204
SUB-TOTAL (Red Vinifera)		12,077	11,738	18,607	21,241	15,942
SUB-TOTAL Vinifera		30,892	28,722	45,608	54,739	37,425
TOTAL Hybrid & Vinifera		50,552	51,390	69,072	85,538	63,251
GRAND TOTAL		52,716	53,252	70,851	87,567	64,773

The Grape Growers of Ontario, together with the Honourable Ted Arnott, Speaker of the Ontario Legislative Assembly, hosted the 40th Annual Legislative Wine Tasting event at Queen's Park. Congratulations to Strewn Winery for their 2017 Rogue's Lot Red and to Georgian Hills Vineyards for their 2016 Seyval Blanc being selected as the 2019 official wines at Queen's Park. New to the tasting event this year was the introduction of Icewine, and we congratulate Chateau des Charmes on their 2017 Vidal Icewine being selected.



Strewn Winery:
Honourable Ted Arnott, MPP, with Newman
Smith and Brian Brooks of Strewn Winery



Georgian Hills Winery:
Honourable Ted Arnott, MPP, with Vanessa
McKean of Georgian Hills Winery

TABULATION OF GROWERS WITH PRODUCTION

TABLE VI

The number of growers with production registered with the Grape Growers of Ontario in 2018 decreased by 6 from 487 in 2017 to 481 in 2018.

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

		2014	2015	2016	2017	2018
District 1	Niagara-on-the-Lake and Niagara Falls	178	186	190	188	184
District 2	St. Catharines, Fort Erie, Pelham, Port Colborne, Thorold, Wainfleet and Welland	34	35	36	34	31
District 3	Town of Lincoln	141	148	147	145	150
District 4	Wellington and Hamilton, Grimsby and West Lincoln	19	18	18	15	14
District 5	Brant, Chatham-Kent, Essex, Elgin, Haldimand, Lambton, Middlesex, Norfolk and Oxford	15	23	37	38	30
District 6	Prince Edward and all other geographic areas not included in Districts 1 to 5	52	46	62	67	72
TOTAL		439	456	490	487	481



2018 Mayor's Grape Stomp:

St. Catharines JCI President, Andrew Muehlenbeck with Matthias Oppenlaender, Chair; Nathan Van de Laar and Chris Van de Laar, Grape King



2018 GGO Award of Merit Recipient:

Honourable Dave Levac, former Speaker of the Ontario Legislative Assembly with Matthias Oppenlaender, Chair

WINE SALES IN ONTARIO

TABLE VII

Table VII below shows the five-year history of wine sales in Ontario. Total wine sales in Ontario grew by 5.6% to 203.8 million litres in 2018. Ontario (VQA & NON-VQA/ICB) wine sales increased by 4.1% to 87 million litres. Imported wine sales increased by 2.5% to 115.8 million litres, while out-of-province wine sales in Ontario increased by 3.0% to 0.67 million litres.

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

	2014	2015	2016	2017	2018	% Change 2017 to 2018
VQA Sales in Ontario**	16,048	16,442	17,929	17,889	19,350	8.2%
Non-VQA/ICB Sales in Ontario	51,470	56,640	63,048	66,034	68,046	3.0%
Ontario VQA & Non-VQA/ICB Wine Sold in Ontario*	67,518	73,082	80,997	83,923	87,396	4.1%
Imported Wine Sold in Ontario	105,033	108,565	111,481	112,954	115,808	2.5%
Out-of-Province Sales in Ontario	386	482	684	648	668	3.0%
Total Wine Sold in Ontario	172,937	182,129	193,142	197,525	203,871	5.6%
VQA Sales Outside Ontario**	1,402	1,418	1,597	2,407	2,648	10.0%

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

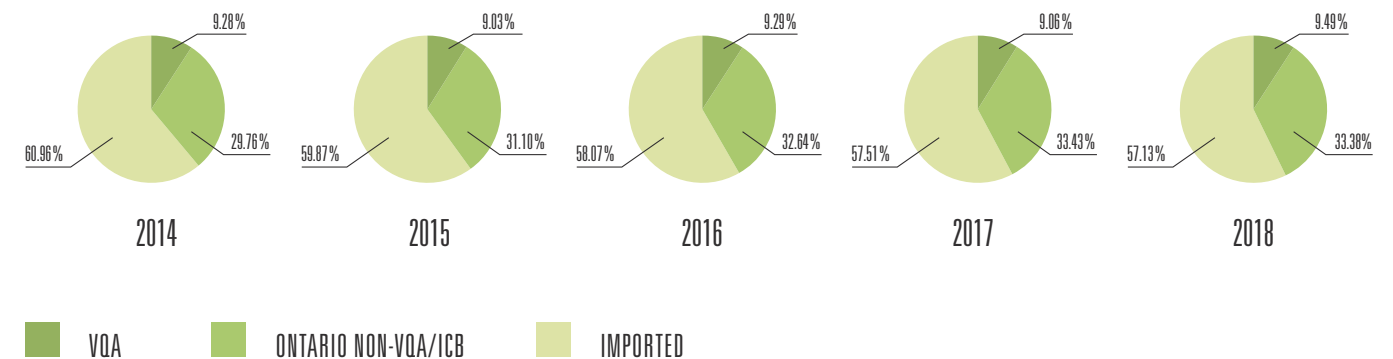
* Includes sales through LCBO, Winery Retail Stores, Direct Delivery to Licensees, embassies, airlines and industrial sales

** VQA figures from VQAO Annual Report – March 31, 2018

MARKET SHARE OF WINE SOLD IN ONTARIO

TABLE VIII

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





BLENDING MATERIALS IMPORTED INTO ONTARIO

TABLE IX

TABLE IX shows the quantity of blending grape product imported into Ontario over the last five years. The Ontario Wine Content and Labelling Act (WCLA) required a winery that uses imported grapes or grape product to use an average of 40% or more of grapes grown in Ontario up to March 31, 2014. The requirement of 25% Ontario grape content in a bottle of wine continues to be in effect. Wine imported for blending purposes decreased by 5% from 30.3 million litres to 28.6 million litres.

TABLE IX – Blending Materials Imported into Ontario

	2014	2015	2016	2017	2018
Wine (litres)	21,909,911	29,701,499	33,108,056	30,279,644	28,635,023
Concentrate (equivalent tonnes @165 litres per tonne) *	3,868	52			
Grape Juice (equivalent tonnes @750 litres per tonne) *	905	1,331			

Statistical data provided by LCBO
 The volume of concentrate and grape juice imported into Ontario for blending is not available after 2015

IMPORTATION OF WINE

TABLE X

TABLE X presents the quantity of importation of wine categories from 2014-2018. The total imports of wine categories in Canada increased 1.0% from 333.6 million litres in 2017 to 336.9 million litres in 2018. The importation of sparkling wine increased by 12.9% in 2018.

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

	2014	2015	2016	2017	2018
Aperitif	702	730	700	643	415
Champagne	1,195	1,283	1,386	1,470	1,568
Miscellaneous wines	8,542	9,137	8,817	9,112	8,667
Port	1,623	1,546	1,530	1,461	1,415
Sherry	535	524	481	469	446
Sparkling wine (includes crackling table)	9,777	11,340	12,975	14,473	16,343
Still wine	291,219	297,183	301,243	303,968	306,068
Vermouth	2,134	2,104	2,075	2,015	1,988
TOTAL	315,727	323,847	329,207	333,611	336,910

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 2014-2018 inclusive. In 2018, total importation of still table wine into Canada increased by 0.7% from 304 million litres in 2017 to 306 million litres in 2018. Italy remains the largest importer into Canada for 2018.

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

	2014	2015	2016	2017	2018
Australia	40,335	40,636	40,970	40,520	40,726
Eastern Europe	452	447	461	373	400
France	49,705	48,545	48,350	49,959	52,184
Germany	4,409	4,240	4,057	3,896	3,656
Italy	56,958	57,476	57,629	59,783	60,773
Portugal	6,731	7,329	7,960	8,459	9,634
South Africa	7,953	7,843	8,365	8,316	7,997
South America	40,337	40,544	41,538	39,885	37,859
Spain	18,132	18,844	19,227	20,305	20,878
United States	55,870	59,635	60,077	57,717	56,220
Other Countries	10,337	11,644	12,608	14,754	15,741
TOTAL	291,219	297,183	301,242	303,967	306,068

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



40th Annual Legislative Wine Tasting: Jim Morrison; Erwin Wiens; Chris Van de Laar, Grape King; Hon. Ted Arnott, MPP; Matthias Oppenlaender, Chair; Bill Schenck, Vice-Chair; Debbie Zimmerman, CEO; Kevin Watson

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, 2014-2018 inclusive. The number of accounts increased by 4.5% in 2018. In total 146 claims were made in 2018 valued at \$4.1 million.

TABLE XII – Crop Insurance

	No. of Accounts	No. of Claims	Total Premiums * \$'000	Total Claims \$'000**	Premiums less Claims \$'000
2014	276	198	5,146	10,587	-5,441
2015	279	179	4,830	7,670	-2,840
2016	268	48	5,670	622	5,048
2017	266	26	4,953	347	4,606
2018	278	146	4,519	4,165	354

Crop Insurance data for 2017 has been adjusted

* Total grower and government premiums

**Claims data refers to approved claims only - Data is as of January 25, 2019 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 2018/2019 year include:

Membership	Amount
Agricultural Adaptation Council	150
British Columbia Grape Growers Association	150
Canadian Horticultural Council	12,274
Farm & Food Care	1,500
Greater Niagara Chamber of Commerce	328
Grimsby and District Chamber of Commerce	265
Lincoln Chamber of Commerce	203
Ontario Agricultural Commodity Council	1,000
Ontario Federation of Agriculture	500
Ontario Fruit & Vegetable Growers' Association	25,000
Oregon Wine Growers	662
President's Council	300
St. Catharines Club	450
TOTAL	42,782

2018 WEATHER REPORT

Sponsorships	Amount
Essex Pelee Island Coast Winegrowers Association	10,000
Grape King	2,500
Grape Stomp	425
Insight 2018	6,667
Niagara Grape and Wine Festival – Founding	22,500
Niagara Peninsula Fruit and Vegetable Growers’ Association	950
Official Guide To Wineries of Ontario	4,950
Prince Edward County Winegrowers Association	10,000
Twenty Valley - Winter WineFest	7,000
TOTAL	64,992

PROMOTION EXPENSES

TABLE XIII

In 2018-19, the Grape Growers of Ontario continued to engage consumers and industry through social media: Facebook, Twitter, Youtube and Instagram. The GGO continued with a series of activities such as Celebrity Luncheon, Grape Stomp, Grape King Parade Float, and Legislative Wine Tasting. As part of the i4C weekend and EPIC Vintages Tasting, GGO introduced “Kick the Dirt” for consumers to meet growers and winemakers in the vineyard, we also hosted Twenty Valley’s 8 Below Series. Congratulations to Albrecht Seeger 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	2016/2017	2017/2018	2018/2019
Promotions, Sponsorship & Public Relations	148,813	173,618	104,744
Miscellaneous – Wines	6,544	6,185	6,928
SUB-TOTAL	155,357	179,803	111,672
Grape & Wine Festival and Grape King’s Crowning	26,879	21,835	22,578
International Cool Climate Chardonnay Celebration	20,000	10,000	20,000
TOTAL	202,236	211,638	154,249



The 2018 season had above normal growing degree days (GDD), with similar accumulations to 2012 in Niagara and to 2016 in Prince Edward County (PEC) and Lake Erie North Shore (LENS). The appellations accumulated relatively normal precipitation from April to October. The biggest weather impact on 2018 was the warm temperatures throughout the summer and in the early winter with only a few icewine hours accumulated to start the 2018/2019 harvest season.

The year started off cooler than normal in January with below normal temperatures in Niagara East and LENS. Temperatures rose slightly in February with the average temperature 3°C above normal. Despite the warmer temperatures in February, this season accumulated more icewine hours than the previous two years. The 2017/2018 three month icewine hours totalled between 283 and 357 while 2016/2017 total range was between 118 and 180 and 2015/2016 was between 151 and 198 hours.

It was a cooler and slow start to the growing season with April’s average temperatures 3°C below normal in Niagara and PEC, 4°C below normal in LENS. These cooler temperatures delayed bud growth and missed the late spring frost. Warm spring weather came in May with temperatures 2°C above monthly normal and returned to more seasonal temperatures in June.

Hot summer temperatures arrived with the start of July and stayed until the end of September in Niagara and PEC while LENS maintained seasonal temperatures. The summer temperatures stayed over 2°C above normal and reached 3°C above normal in September in Niagara and PEC. LENS saw an increase in temperature by September reaching 0.9°C above normal. October had more variable temperatures across the appellations. November brought a drastic drop in temperatures ranging from 1.3°C in Niagara West to 3.3°C below normal in LENS. The year ended on a warm note with December temperatures 2°C above monthly normal.

December was so warm that there were less than 10 hours of icewine hours across all appellations accumulated in the first week.

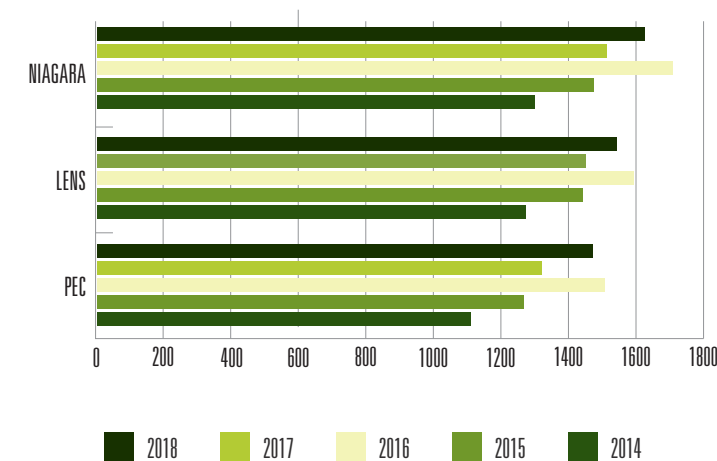
The season growing degree day accumulation started slowly with April’s below normal temperatures. The warm spring and summer temperatures allowed for rapid accumulation and it quickly surpassed the 2017 season accumulation. The GDD accumulation had accumulated above normal by the first week of September in all appellations and by the end of the month had stabilized and there was very little accumulation in October. The season GDD had ended 100-200 GDD above normal.

The 2018 growing season saw relatively normal precipitation in all three appellations. The majority of the season’s precipitation occurred during April and October. April saw heavy showers that ranged from 70mm in LENS and PEC to 120mm above normal in Niagara. In June, Niagara and LENS rainfall was 50% below normal. The dry conditions continued into July with rains returning the last week of the month accumulating the monthly normal in a short period of time. Steady rains continued through August in all appellations and into September in PEC while Niagara had a dry September, 20-30mm below normal. The growing season ended with heavy rains in October, 20-60% above normal across the three appellations.

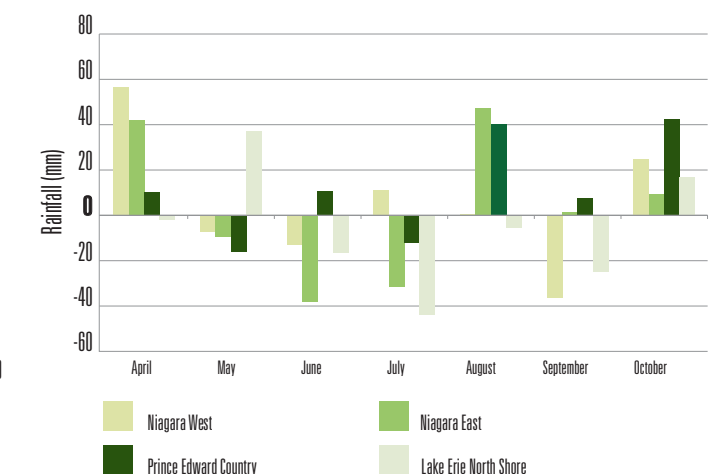
The appellations had timely rainfall in the spring and late summer paired with the hot temperatures throughout the summer months that created favourable growing conditions, however as harvest approached growers encountered significant pressure from the humid and wet weather conditions. The biggest challenge that some growers faced was the lack of icewine hours in November and December delaying harvest. The 2018 season provided exceptional weather for quality wines produced across the Ontario appellations.

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

Seasonal Accumulation of Base 10°C GDD



2018 Monthly Rainfall Deviation from Normal



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, Ontario Craft Wineries and Winery and Grower Alliance of Ontario. A technical committee establishes annual research priorities and reviews research project proposals. The top research priorities for OGWRI in 2018 were: Red Blotch, Leafroll and Mutli-coloured Asian Lady Beetle (MALB).

In 2018 OGWRI administered the Research and Innovation Development Initiative under the Marketing and Vineyard Improvement Program. Funding from Year 4 went towards the following projects:

- Mitigation of infestation of multi-coloured Asian lady beetle in Ontario vineyards
- Refinement of crop estimation and accuracy using dormant bud sampling
- TanninAlert
- Grapevine virus diseases and vector control
- Improving sparkling and still wine quality: preventing high volatile acidity, honey off-flavour and other faults that reduce wine quality through natural Canadian indigenous yeast isolates
- Grapevine evaluation and cold hardiness program to ensure superior plant material for the Canadian Grapevine Certification Network and to improve the sustainability of the Canadian Grape and Wine Industry
- Insight 2018

MVIP projects are funded by the Ontario Ministry of Agriculture, Food and Rural Affairs.

OGWRI is also supporting the Canadian Grape and Wine Science Cluster by providing the industry contribution for Ontario led research activities within the national cluster.

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

MARKETING VINEYARD IMPROVEMENT PROGRAM (MVIP)

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

The MVIP-PSC program was fully subscribed to by growers and provided support for investment in vineyard innovation.

Growers are investing in a variety of improvements including:

- 12.3% Wine grape and vine removal
- 10.3% Vine trellis system
- 3.1 % Consultation with viticulture expert
- 32.6% Improved viticulture practices
- 31.4% Reducing cold injury
- 2.4 % Improved irrigation
- 4.9% Pest management
- 3.0 % Improved weather sensing

CANADIAN GRAPEVINE CERTIFICATION NETWORK

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

The CGCN, led by Chair Hans Buchler and Vice Chair Bill Schenck, has actively engaged with CFIA, researchers and nurseries across the country in order to work toward the common goal of ensuring Canadian growers and wineries have access to clean grapevine material. CGCN is currently working to develop interim testing protocols for existing nursery propagation blocks, as well as long-term standards for a Canada-wide clean plant program.

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

CROP PROTECTION REPORT

In 2018, the industry obtained registration of several 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 grape and tender fruit at the Minor Use Priority Setting Workshop in Gatineau to highlight priorities. Wendy also represented the industry at the Fruit Technical Working Group which is responsible for the inclusion of products in Publication 360 "Fruit Crop Protection Guide". PMRA is reviewing several key pesticides and we are working with OFVGA to keep as many uses as possible.

Several neonicotinoid insecticides are under review for their potential impact on pollinators and aquatic organisms. PMRA is proposing a 3-5 year phase-out of insecticides containing imidacloprid (Admire) and the active ingredient of Clutch is under special review. The active ingredient of Assail, acetamiprid, is also under special review. The GGO has provided input to the PMRA to try to ensure that we retain these insecticides as crucial tools for pest management.

Sour rot is promoted by warm wet conditions. This weather increases multiplication of the causal acetic acid bacteria and yeasts as well as the vector *Drosophila* species. Heavy rainfalls cause berries to split, which is also favourable for disease development. Because the warm wet fall weather extended into the harvest season for later maturing varieties, sour rot was more of a problem than usual in these varieties.

Brown marmorated stink bug (BMSB) is established and overwinters in Ontario. In 2018, pheromone trap-based monitoring focused on the Niagara region, where BMSB appears to be established with significant and potentially economically injurious populations. A total of 20 sites (apples, grapes, peaches, pears and hazelnuts) were monitored bi-weekly from beginning of June until end of October. Based on surveys and confirmed homeowner finds, BMSB has been detected in 24 counties across southern Ontario and is established in at least 12 of these areas, many of which have at-risk fruit crops. No reports of injury to grapes have been reported.

Spotted lanternfly is the latest invasive species to hit North America. It has been detected in multiple counties in New York, Pennsylvania (in 2014), New Jersey, Delaware and Virginia. The pest targets ailanthus trees (tree of heaven), in particular, and attacks a wide variety of crops including grapes, hops, tree fruit and forest products. The Canadian Food Inspection Agency (CFIA) regulates for Spotted Lanternfly 2018 in an effort to prevent it from being introduced from infested areas to Canada. OMAFRA undertook a monitoring program during 2016 to survey for the insect prior to it being added to the CFIA's regulated pest list and repeated the survey during the 2018 season. Spotted Lanternfly is not considered to be in Canada at this time.

INDEPENDENT AUDITORS' REPORT

To the Members of Grape Growers of Ontario

Opinion

We have audited the financial statements of Grape Growers of Ontario, which comprise the statement of financial position as at January 31, 2019, and the statements of operations and unrestricted net assets, restricted net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at January 31, 2019, and its results of its operations and its cash flows for the year then ended in accordance with ASNPO.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect

a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

GRAPE GROWERS OF ONTARIO

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

	2019	2018
Revenues		
Licence fees	\$ 1,299,786	\$ 1,880,344
Vertically integrated rebate	(27,935)	(40,986)
Appropriation for research and development	(267,870)	(359,818)
	1,003,981	1,479,540
Government and industry funding for research projects	40,561	93,148
Government and industry funding for promotional projects	77,869	139,328
Interest and other income	110,462	103,609
	1,232,873	1,815,625
Expenses		
Directors' fees and honoraria	95,090	92,618
Salaries and benefits (Note 3)	617,799	558,267
Travel	61,946	56,378
Meetings and conventions	34,136	24,791
Office supplies and expenses	48,350	42,851
Postage	7,319	6,961
Telephone	19,930	20,986
Dues and subscriptions	22,873	22,191
Professional fees (Note 4)	154,178	175,333
Utilities and maintenance	24,400	23,317
Building insurance and property taxes	12,967	12,837
Amortization	14,522	16,158
Assessment O.F. & V.G.A.	25,000	25,000
Research and other projects (Note 5)		
Grape Growers funded portion	91,334	69,788
Government and industry funded portion	40,561	93,148
Promotional projects (Note 5)		
Grape Growers funded portion	129,470	179,803
Government and industry funded portion	77,869	134,357
Professional development	500	1,663
Maintenance agreements	41,623	22,545
Labour issues coordinating committee	5,000	5,000
Bad debts (recovery)	764	(1,462)
Expense recoveries from other associations	(32,912)	(32,424)
	1,492,719	1,550,106
(Deficiency) excess of revenues over expenses	(259,846)	265,519
Unrestricted net assets - beginning of year	1,455,490	1,189,971
Unrestricted net assets - end of year	\$ 1,195,644	\$ 1,455,490

See accompanying notes to the financial statements

GRAPE GROWERS OF ONTARIO

STATEMENT OF RESTRICTED NET ASSETS - YEAR ENDED JANUARY 31

	2019	2018
Research and promotion fund		
Revenues	\$ -	\$ -
Expenses		
International cool climate chardonnay celebration	(20,000)	(10,000)
Grape Growers promotion trade mission	-	(38,178)
NAFTA modernization consulting	-	(15,000)
Deficiency of revenues over expenses	(20,000)	(63,178)
Fund balance - beginning of year	446,536	509,714
Fund balance - end of year	\$ 426,536	\$ 446,536
Operational Reserve		
Fund balance - beginning of year	\$ 2,000,000	\$ 2,000,000
Transfer from unrestricted net assets	-	-
Fund balance - end of year	\$ 2,000,000	\$ 2,000,000
Ontario Grape and Wine Research Fund		
Growers contributions		
Revenues		
Growers fees	\$ 129,326	\$ 175,266
Expenses		
Contributions to OGWRI	(155,982)	(214,419)
(Deficiency) excess of revenues over expenses	(26,656)	(39,153)
Fund balance - beginning of year	577,295	616,448
Fund balance - end of year	\$ 550,639	\$ 577,295
Processor contributions		
Revenues		
Processors fees	\$ 138,544	\$ 184,552
Expenses		
Contributions to OGWRI	(155,982)	(214,419)
Deficiency of revenues over expenses	(17,438)	(29,867)
Fund balance - beginning of year	518,647	548,514
Fund balance - end of year	\$ 501,209	\$ 518,647
Total Ontario Grape and Wine Research Fund	\$ 1,051,848	\$ 1,095,942

See accompanying notes to the financial statements

GRAPE GROWERS OF ONTARIO

STATEMENT OF FINANCIAL POSITION - JANUARY 31

Assets	2019	2018
Current		
Cash	\$ 1,786,946	\$ 1,586,089
Guaranteed investment certificates (Note 6)	3,017,173	3,539,675
Accounts receivable (Note 7)	23,452	207,492
Contributions receivable (Note 5)	28,221	10,138
Prepaid expenses	46,954	23,158
	4,902,746	5,366,552
Long-term		
Due from related parties (Note 8)	108,418	112,959
Investments (Note 9)	191,867	191,867
Property and equipment (Note 10)	12,398	16,992
	312,683	321,818
	\$ 5,215,429	\$ 5,688,370
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 11)	\$ 402,734	\$ 452,248
Government remittances payable	105,784	205,488
Deferred contributions (Note 5)	32,882	32,666
	541,400	690,402
Net assets		
Unrestricted		
Invested in other entities	191,867	191,867
Available for operations	1,003,778	1,263,623
	1,195,645	1,455,490
Restricted		
Research and promotion fund (Page 4)	426,536	446,536
Operational reserve (Page 4)	2,000,000	2,000,000
Ontario Grape and Wine Research Fund (Page 4)	1,051,848	1,095,942
	3,478,384	3,542,478
	\$ 5,215,429	\$ 5,688,370

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

	2019	2018
Increase (decrease) in cash		
Operating		
Excess of revenues over expenses for the year	\$ (259,846)	\$ 265,519
Research and promotion fund deficiency of revenues over expenses	(20,000)	(63,178)
Ontario Grape and Wine Research Fund		
Growers deficiency of revenues over expenses	(26,656)	(39,153)
Processors deficiency of revenues over expenses	(17,438)	(29,867)
Amortization	4,595	6,418
	(319,345)	139,739
Changes in non-cash working capital		
Accounts receivable	184,040	(158,898)
Contributions receivable	(17,867)	44,308
Interest receivable	(63,973)	(79,666)
Prepaid expenses	(23,796)	32,073
Accounts payable and accrued liabilities	(49,514)	103,126
Government remittances payable	(99,704)	30,725
Deferred revenue	-	(1,200)
	(390,159)	110,207
Investing		
Repayments from related parties	4,541	9,300
Purchase of property and equipment	-	(15,754)
Purchase of guaranteed investment certificates	(5,326,155)	(2,673,550)
Proceeds of guaranteed investment certificates	5,912,630	2,865,363
	591,016	185,359
Increase (decrease) in cash	200,857	295,566
Beginning of year	1,586,089	1,290,523
End of year	\$ 1,786,946	\$ 1,586,089

See accompanying notes to the financial statements

GRAPE GROWERS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS - JANUARY 31, 2019

1. Nature of operations

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

2. Significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CICA Handbook and include the following significant accounting policies:

Financial instruments

Measurement

The board initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

Financial assets or liabilities obtained in related party transactions with a person or entity whose sole relationship with the board is in the capacity of management are accounted for in accordance with financial instruments.

The board subsequently measures all of its financial assets and financial liabilities at amortized cost.

Financial assets and liabilities measured at amortized cost include cash, guaranteed investment certificates, accounts receivable, contributions receivable, amounts due from related parties, accounts payable and accrued liabilities, government remittances payable, deferred revenue and deferred contributions.

Impairment

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

Fund accounting

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

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

Revenue recognition

The Grape Growers of Ontario has the authority to collect licence fees under the provisions of the Farm Products Marketing Act. Fees are recognized as the crop is received, weighed and graded by processors and collection is reasonably assured.

GRAPE GROWERS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS - JANUARY 31, 2019

2. Significant accounting policies (continued)

Amortization

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

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

Investments

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

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

Investments in the subsidiaries are accounted for using the cost method.

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

Property and equipment

Property and equipment are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is provided over the estimated useful life of the asset using the following methods and rates:

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

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

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

Use of estimates

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

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

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

GRAPE GROWERS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS - JANUARY 31, 2019

3. Salaries and benefits

	2019	2018
Total salaries and benefits	\$ 678,207	\$ 642,588
Recoveries:		
Project management	(15,400)	(40,921)
Ontario Grape and Wine Research Inc.	(33,000)	(43,400)
Canadian Grapevine Certification Network	(12,008)	
	<u>\$ 617,799</u>	<u>\$ 558,267</u>

4. Professional fees

	2019	2018
Audit	\$ 17,130	\$ 15,553
Legal	44,100	60,517
Industry consulting	92,948	99,263
	<u>\$ 154,178</u>	<u>\$ 175,333</u>

5. Contributions for research and other activities

	(Deferred) Receivable Contributions February 1, 2018	Government/ Industry Contributions Received (Repaid) 2018/19	Government/ Industry Expenses 2018/19	Grape Growers of Ontario Portion 2018/19	(Deferred) Receivable Contributions January 31, 2019
Research and other Projects:					
Pesticide initiatives	\$ (19,692)	\$ -	\$ -	\$ -	(19,692)
Grape Mealybug Research	(4,643)	1,000	3,268	-	(2,375)
OMAFRA - Grape cover crops	6,300	15,372	19,343	-	10,271
CAP 0008 - Organizational export development plan	-	-	17,950	17,950	17,950
	<u>(18,035)</u>	<u>16,372</u>	<u>40,561</u>	<u>17,950</u>	<u>6,154</u>
Non-grant funded research				73,384	
GGO portion of research activities				<u>\$ 91,334</u>	

GRAPE GROWERS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS - JANUARY 31, 2019

5. Contributions for research and other activities (continued)

	(Deferred) Receivable Contributions February 1, 2018	Government/ Industry Contributions Received (Repaid) 2018/19	Government/ Industry Expenses 2018/19	Grape Growers of Ontario Portion 2018/19	(Deferred) Receivable Contributions January 31, 2019
Promotional projects:					
Greenbelt Food Literacy Program	\$ 3,838	\$ 10,719	\$ 6,881	\$ 6,881	\$ -
Celebrity luncheon	(8,331)	68,693	66,209	-	(10,815)
OF&VGA funding	-	4,779	4,779	(4,779)	-
	<u>(4,493)</u>	<u>84,191</u>	<u>77,869</u>	<u>2,102</u>	<u>(10,815)</u>
Non-grant funded promotion				127,368	
GGO portion of promotional activities				<u>129,470</u>	
	<u>\$ 22,528</u>				<u>\$ (4,661)</u>
Comprised of:					
Contributions receivable	\$ 10,138				\$ 28,221
Deferred contributions	(32,666)				(32,882)
	<u>\$ 22,528</u>				<u>\$ (4,661)</u>

6. Guaranteed investment certificates

The board has guaranteed investment certificates that mature in 2019 and earn interest between 2.00% and 3.10% (2018 - 1.83% and 2.00%).

7. Accounts receivable

	2019	2018
Accounts receivable	\$ 24,342	\$ 220,928
Allowance for doubtful accounts	(890)	(13,436)
	<u>\$ 23,452</u>	<u>\$ 207,492</u>

GRAPE GROWERS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS - JANUARY 31, 2019

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:

	2019	2018
Assets	\$ 325,786	\$ 330,263
Liabilities	133,939	138,416
Net assets	<u>\$ 191,847</u>	<u>\$ 191,847</u>

Expenses include a \$129,039 (2018 - \$121,801) charge for the board's share (50% (2018 - 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:

	2019	2018
GTFOL	108,418	\$ 112,959
Trade payable with GTFOL	3,787	3,019

9. Investments

	2019	2018
Grape & Tender Fruit (Ontario) Limited		
94 common shares (47% interest)	\$ 47	\$ 47
1,918 special shares (40% interest)	191,800	191,800
Ontario Grape and Wine Research Inc.		
20 common shares (50% interest)	20	20
	<u>\$ 191,867</u>	<u>\$ 191,867</u>

GRAPE GROWERS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS - JANUARY 31, 2019

10. Property and equipment

	Cost	Accumulated Amortization	Net Book Value	
			2019	2018
Furniture and Equipment	12,568	5,027	7,541	10,054
Computer hardware	15,049	10,192	4,857	6,938
Computer software	2,505	2,505	-	-
	<u>30,122</u>	<u>17,724</u>	<u>12,398</u>	<u>16,992</u>

The Grape Growers of Ontario's portion of amortization for property and equipment carried on its balance sheet for 2019 was \$4,595 (2018 - \$6,418).

11. Accounts payable and accrued liabilities

	2019	2018
Accounts payable and accrued liabilities	\$ 184,181	\$ 118,022
Grading fees payable	218,553	334,226
	<u>\$ 402,734</u>	<u>\$ 452,248</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, 2019:

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.






2018 GRAPE KING

CHRIS VAN DE LAAR

Chris Van de Laar was crowned Grape King on September 12th, 2018 at his family's Niagara-on-the-Lake vineyards

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