



62nd

Annual Report



Grape Growers
of ONTARIO

Year Ending January 31, 2010

VISION

To have Ontario grown grape products demanded worldwide.

MISSION

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

VALUES

Accountability

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

Innovation

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

Quality

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

Respect

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

Responsiveness

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

Service

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

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.

2009-2010 Board of Directors



Steve Pohorly, Trevor Falk, Bill George Jr., Matthias Oppenlaender, Debbie Zimmerman, Bill Schenck, Steve Fernick, Kevin Watson (Absent – Jim Morrison)

Chair

Bill George Jr.

Vice Chair

Matthias Oppenlaender

CEO

Debbie Zimmerman

Growers' Delegates

Niagara Peninsula Fruit and Vegetable Growers' Association

Steve Pohorly

Ontario Fruit and Vegetable Growers' Association

Ray Duc

Ontario Federation of Agriculture

Jim Morrison

Canadian Horticultural Council

Bill George Jr.

Niagara Grape and Wine Festival

Steve Fernick

Directors

Steve Pohorly

Trevor Falk

Bill Schenck

Steve Fernick

Kevin Watson

Jim Morrison

St. Catharines and District Chamber of Commerce

Bill Schenck

Niagara-on-the-Lake Chamber of Commerce

Matthias Oppenlaender

Wine Grape Negotiating Agency

Bill George Jr., Matthias Oppenlaender, Kevin Watson, Trevor Falk

Grape Industry Advisory Committee

Wine - Bill George Jr., Matthias Oppenlaender, Kevin Watson, Trevor Falk

Juice - Bill George Jr., Kevin Watson, Matthias Oppenlaender, Trevor Falk

F.A.R.M.S

Trevor Falk

2009-2010 Staff



Julie Dixon, Sylvana Lagrotteria, Larissa Osborne, Debbie Zimmerman, Nick Hubbard, Morag Tait, Mary Jane Combe, Gillian McWilliams (Absent – Wayne Roberts)

Chief Executive Officer

Debbie Zimmerman

Executive Assistant

Gillian McWilliams

Grower Relations and Special Projects Manager

Julie Dixon

Systems Strategist

Nick Hubbard

Market Analyst

Mary Jane Combe

Shared Staff

Treasurer

Larissa Osborne

Pesticide Issues

Wayne Roberts

Accounts Payable

Sylvana Lagrotteria

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A Message from the Honourable Carol Mitchell

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

Ontario's grape growers represent a significant part of our agricultural economy. On October 13, 2009, the McGuinty government announced a plan to build on the success of the province's grape and wine industry and ensure that it continues to succeed in the years ahead.

Both growers and wineries agree that VQA wines represent the future of the industry in Ontario. As the new Minister of Agriculture, Food and Rural Affairs, I am committed to ensuring the success of our government's strategy for the grape and wine industry. I commend the Grape Growers of Ontario on its active engagement in the consultation process led by the Ministry of Consumer Services. I look forward to working with representatives from the Grape Growers of Ontario and other industry partners as we move forward.

In the meantime, please accept my best wishes for your annual general meeting and for the continued success of Ontario's grape growers.

Sincerely,

Carol Mitchell
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, I would like to take this opportunity to once again welcome everyone to the Annual General Meeting of the Ontario Grape Grower's Marketing Board.

The Government of Ontario has long recognized the importance of the grape and wine industry as a significant contributor to Ontario's economic prosperity, particularly for the Region of Niagara as the grape and wine industry plays a vital role in stimulating the economy by attracting new investment and thousands of tourists each year creating many highly paid jobs in a variety of sectors.

Those responsible for the establishment of the Ontario Grape Growers Marketing Board over five decades ago identified a need, envisioned a dream and as a result of much effort and time, the grape and wine industry prospered and our province achieved its status as an internationally acclaimed wine region. Award winning wines can only be made from high quality grapes, and Ontario wines consistently win influential international awards, which is a testament to the commitment, ability and knowledge of Ontario Grape Growers.

Despite the many challenges confronting the grape growers over the past few years, the success of the grape industry in Ontario is manifest by the fact that grapes have been one of the few growth areas in the Ontario agriculture industry, an accomplishment worthy of the highest of compliments considering we are in the most northerly grape-growing region in the world.

With very best wishes for continued success in 2010, I am yours sincerely,

Jim Bradley
MPP | Chair, Ontario Wine Secretariat, St. Catharines
Minister of Municipal Affairs and Housing



Message from your Board Chair



2009 proved to be one of the most challenging years with respect to the growing season as well as the business and political environment. While weather is out of our control, the GGO can be advocates for a healthy business environment and the protection of growers' rights under the Farm Products Marketing Act.

The 2009 growing season was cooler than average with greater-than-normal rainfall, particularly during April, June and

August. Maturation of the grapes was delayed and combined with an early frost the crop was reduced from the previous year's of 60,780 to 47,595 tonnes with a farm gate value of \$56 million compared to \$79 million in 2008.

Pricing negotiations took place in July resulting in an overall price reduction based on lower winery demand for grapes. The GGO and processors have been meeting through the Grapes for Processing Industry Advisory Committee (GPIAC), chaired by Dr. Frank Ingratta, to develop a mutually beneficial strategy to provide a market for Ontario grapes at sustainable prices. On October 13, 2009, the Province of Ontario released a five-year strategy for growth in the grape and wine industry with a focus on 100% Ontario grown VQA wines. In addition, the strategy addresses the need to increase access to VQA wines through the LCBO and provide clear signage and labeling that will ensure consumers can make informed choices in the future.

As you all are aware, the Government of Ontario directed the GGO and the Wine Council to develop a strategic vision for the Ontario grape and wine industry in the fall of 2008. Your Board of Directors entered into these discussions with the clear intent of growing the grape and wine industry. The GGO put numerous options on the table with the goal of growing a more sustainable grape market. Specifically, a revised sugar schedule model was introduced as an opportunity for all processors to access more grapes at lower price points. This modified sugar schedule affects the following varieties: Chardonnay, Riesling, Cabernet Franc and Cabernet Sauvignon.

We believe this is a model for growth for VQA, as well as an opportunity to better develop product of Ontario wine. FPMC has approved and forwarded the modified sugar schedule to the Minister of Agriculture

for her review and deliberation.

The GGO Board and staff have spent much of the past year defending the growers' rights to collective bargaining. As Chair of the Board, I feel it is important to state my frustration that despite our efforts, we could not engage our winery partners in meaningful discussions throughout 2009 because their sole focus and presentations to government have been to dismantle the collective bargaining process.

While the completion of a sustainability strategy for the sector has been a key goal of the GGO this year, we have also continued to foster relations with the Federal and Provincial Governments. The 26th Annual Scotiabank Luncheon featured Peter Mansbridge, the CBC host of The National. We appreciate the ongoing sponsorship of the Friends of the Greenbelt Foundation and Scotiabank in supporting this highly anticipated event. Bill Schenck was crowned Grape King for the 2009-2010 year. As a fourth generation grape grower, Bill is a great ambassador for grape growers across Ontario as we try to move our industry forward. We thank Lou Puglisi for serving as last year's Grape King. Martin Schuele was awarded the first annual Cuvée award for Excellence in Viticulture for Best White Vinifera. The Legislative Wine Tasting on November 3, 2009 was attended by a record number of MPP's and legislative staff and we would like to thank all winery participants for pouring at the event.

One of the highlights of my year as Chair was the grand opening of the Niagara College Wine Visitor and Education Centre by His Royal Highness Prince Charles. This visit brought distinction to the Ontario viticulture industry and has helped Ontario VQA wines achieve a level of domestic and international recognition.

2009 also brought changes to our staff. Wayne Roberts, Plum Pox and Pesticide Specialist, has decided to take a long awaited but much deserved retirement. The Grape Growers of Ontario would like to thank Wayne for his dedication to agriculture over his long and successful career.

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

The Grape Growers of Ontario look forward to a more successful year for the grape and wine industry in 2010 and beyond.

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

Message from your CEO



The grape and wine industry entered 2009 with great optimism that a Government of Ontario guided restructuring process would lead to a long-term sustainable industry. As industry partners, we agreed to create consumer preferred wine from the vines of Ontario and cultivate a vibrant sustainable industry structure that includes and respects all stakeholder groups' needs. The focus on "Owning Our Ontario Market" was the basis for the GGO's input into the Government assisted process. Our

interest in ensuring the long-term success of all players in the grape and wine industry requires the Government to respond with industry strategies aimed at selling the Ontario crop at sustainable prices. The GGO met continuously with our industry partners throughout the year to find a common strategy to move the industry forward.

In October of 2009, following the conclusion of industry discussions, the Government of Ontario announced their plan to strengthen the grape and wine industry with a targeted focus on growing the VQA market. Currently, VQA wines only account for 23% of the 56 million litres of Ontario wines sold. The Government strategies include:

- Renewing the successful VQA wine support program to promote sales of VQA wines through LCBO stores across the province.
- Increasing consumer access to VQA wines at the LCBO.
- Renewing the marketing program for Ontario VQA wines.
- Ensuring clearer labeling and signage for all Ontario wines.
- Increasing the levy on blended wines sold in wine retail stores to finance supports for Ontario's growing VQA sector.
- Asking the Ontario Farm Products Marketing Commission to examine how grape pricing and marketing can be improved.
- Requiring a short-term increase in wineries' overall Cellared in Canada content to 40% Ontario grapes, with a 25% per bottle minimum.
- Providing support to grape farmers that will encourage growth of VQA quality grapes and support a new grape varietal plan between now and 2014.
- Putting greater emphasis on VQA wines by introducing legislation to eliminate the domestic content requirement for blended wines in the Wine Content and Labeling Act, 2000 by 2014.

As many of you are aware, following the Government announcement, the CIC manufacturers decided that their interests would be better represented by creating their own association (Winery and Grower Alliance of Ontario). It must be emphasized that despite the challenge of working with two organizations that represent processors with distinct needs, the GGO will work closely with both organizations to foster growth and stability for the industry.

The Farm Products Marketing Commission conducted a review of grape marketing and pricing through consultations held with industry stakeholders in December 2009. The GGO's proposal of piloting changes to the sugar schedules was approved by FPMC in January 2010.

The GGO continued to actively participate in a number of research initiatives in 2009, including working with CCOVI to secure \$1.9 million through the Developing Innovative Agri-Products (DIAP) program for establishing research chairs. The GGO was a major sponsor of the "Reducing Cold Injury to Grapes Through the Use of Wind Machines" project, and of the Weather Innovations (WIN) website that delivers site specific forecasts and raw weather data.

Throughout 2009, a governance review was conducted to make changes to the structure of the Growers Committee and the Board of Directors which will reflect the needs of our members and recognize our diverse grape growing regions. The Board will be expanded to ten seats with representation from all districts, including Southwestern Ontario and Prince Edward County. In addition to this significant change, staggered three-year terms of service for the Board of Directors are being introduced in 2010. These changes will provide continuity for the Grape Growers of Ontario Board of Directors.

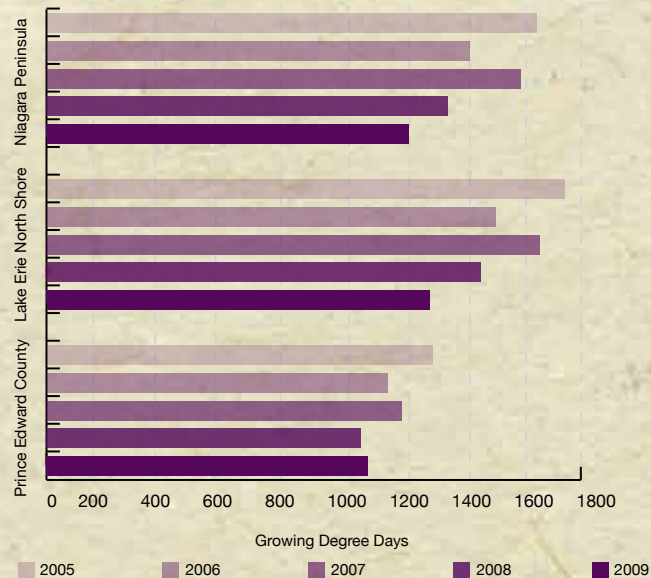
I would like to thank the Chair and the Board of Directors for providing their time, advice and support of the initiatives that have been undertaken to benefit all Ontario grape growers. I would also like to thank the GGO staff for their hard work and dedication throughout 2009.

Debbie Zimmerman,
CEO | Grape Growers of Ontario

2009 Weather Report

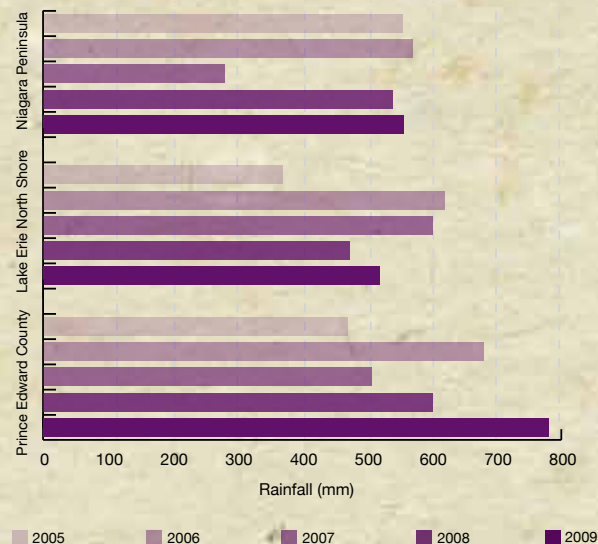
The year 2009 began with colder than normal temperatures in January and February. The coldest event in 2009 took place on February 5th, with temperatures ranging from -17.2°C at the NOTL Lakeshore station to -26.1°C at the Jordan Escarpment station. All of the Niagara West stations dipped below -20°C, while all of the Niagara East stations remained above -20°C. Warmer than normal temperatures developed in the spring of 2009, as growers assessed the impacts of the winter. The remainder of the growing season was significantly cooler than average. Growing degree days accumulated slowly throughout the summer and fall, with the total accumulation being significantly lower than average.

Seasonal Accumulation of Base 10°C GDD (April 1 - October 31)



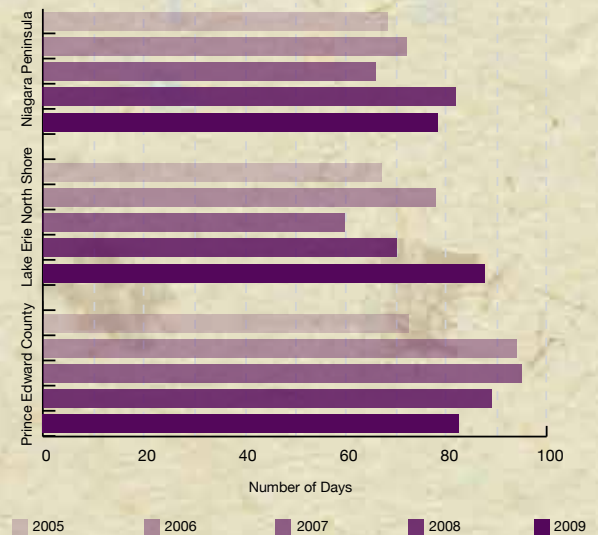
The seasonal accumulation of growing degree days over the past five years was the lowest in 2009, followed by 2008, with the exception of Prince Edward County. Two consecutive years of cool growing seasons were noted. Another similarity between 2008 and 2009 was in precipitation accumulation: both growing seasons were wet; however, the 2009 growing season experienced even more rainfall than in 2008.

Comparing Seasonal Rainfall Accumulation (April 1 - October 31)



Overall precipitation was greater-than-normal, particularly during the months of April, June and August. Interestingly, despite the increase in precipitation this year, fewer days with rain occurred than in 2008, with the exception of Lake Erie North Shore.

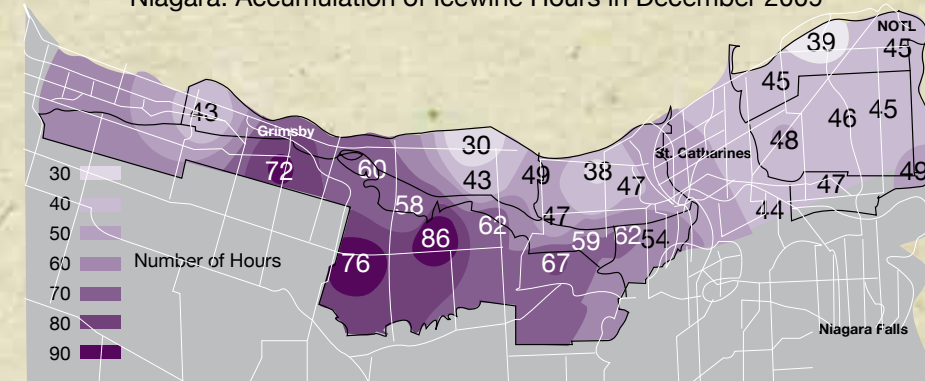
Number of days with Rain Comparison (April 1 - October 31)



Consequently, there were more suitable days for fungicide applications this year than last. This fact, along with the cooler temperatures helped to minimize the increased disease pressure caused by wet conditions. Cooler temperatures are a hindrance to the ripening process. The warm weeks experienced in September were welcomed and brought the needed heat accumulation prior to crop harvest.

Temperatures remained colder than normal as winter approached however, not as cold as December 2008. Thus, December 2009 provided a greater challenge to find suitable harvest hours than December 2008, but less of a challenge than in 2007. Overall, 2009 will be remembered for its cold February temperatures, its significant rainfall and its cooler than average growing season.

Niagara: Accumulation of Icewine Hours in December 2009



The weather based program for the grape and tender fruit industry was expanded in 2009. For more detailed weather data, management tools and weather reports, visit vineandtreefruitinnovations.com

Production

Table I presents the production and disposition of grapes from 2005 through 2009. Grapes purchased by licenced Ontario wineries for wine, Icewine and late harvest wine equaled 44,454 tonnes. Overall production decreased 13,185 tonnes from the previous year.

Processing Prices

Minimum prices for Classes 5-10f including late harvest and Icewine were settled over two days of negotiations on July 20 and 21, 2009. Classes 1, 2 and 3 were set through negotiations on August 20, 2009.

Grapes left on the vine for select late harvest or Icewine production:

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

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

The minimum price established for each class of grapes sold for processing in 2009 is shown in Table II with the 2008 price listed.

Table I: Tonnage Processed by Category (in Tonnes)

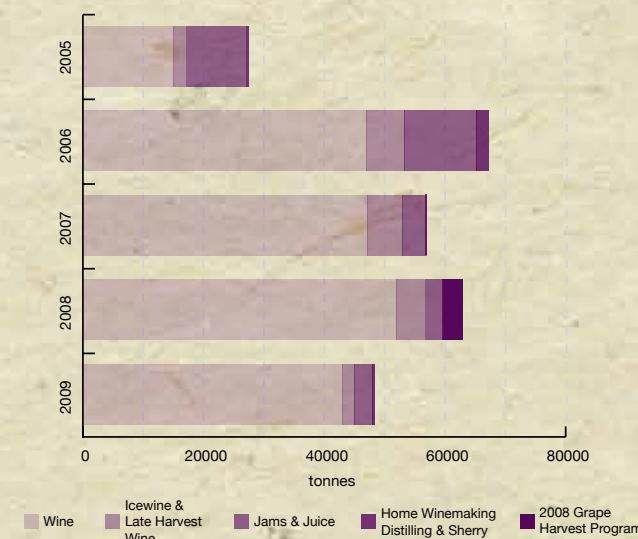


Table II – Processing Prices for Grapes (\$ per tonne)

Class	Variety	2008	2009
1	Concord, Fredonia, Patricia, President, Suffolk Red & Van Buren	\$410	\$418
2	Niagara & Wiley White	\$405	\$413
3	Delaware, Elvira, Himrod, Sovereign Coronation, Veeblanc & Veeport	\$510	\$520
5	De Chaunac & Rosette	\$659	\$659
5a	Leon Millot & Marechal Foch	\$788	\$780
5b	Baco Noir, Castel, Chambourcin, Chancellor, GR7, Le Commandant & Villard Noir	\$860	\$843
5c	Experimental red hybrid, Frontenac, Landot, Lucy Kuhlman and Red Amourensis	\$643	\$643
6	New York Muscat and V64111	\$520	\$520
7	Aurore, Cayuga White, J.S. 23-416 and S.V. 23-512	\$483	\$483
7a	Seyval Blanc & Vidal 256	\$600	\$588
7b	Geisenheim hybrids, GM 311, GM 318 & GM 322	\$510	\$510
7c	Experimental white hybrid, Traminette, V65232 & White Amourensis	\$447	\$447
9	J. Riesling	\$1,471	\$1,368
9a	Auxerrois, Kerner, Scheurebe & Welsch Riesling	\$1,229	\$1,192
9b	Chardonnay Musque & Chardonnay	\$1,509	\$1,396
9c	Gewürztraminer	\$1,639	\$1,524
9d	Pinot Gris	\$1,672	\$1,563
9e	Sauvignon Blanc	\$1,655	\$1,539
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 & Viognier	\$1,292	\$1,214
10	Gamay & Zweigeltrebe	\$1,395	\$1,283
10a	Pinot Noir	\$2,101	\$1,933
10b	Cabernet Sauvignon	\$2,038	\$1,875
10c	Cabernet Franc	\$1,822	\$1,676
10d	Merlot	\$2,059	\$1,894
10e	Sirah, Shiraz & Syrah	\$2,143	\$2,164
10f	Blauberger, Dornfelder, Experimental Red Vinifera, Limberger, Malbec, Nebbiolo, Petite Sirah, Petit Verdot, Pinot Meunier, Sangiovese, St. Laurent, Tannat and Tempranillo	\$1,366	\$1,366
	Distilling	\$125	\$125
	Sherry	\$300	\$300

Value of Crop Purchased

Table III – Farm Gate Value of Grapes Sold for Processing

	2005	2006	2007	2008	2009
Gross Farm Gate Value (\$'000)	22,700	68,533	74,936	79,520	56,150

Table IV - Licence Fees

In the aggregate, licence fees for the 2009-2010 fiscal year represent approximately 1.6% of the total farm gate value of the crop. This compares to the 2008-2009 fiscal year in which licence fees 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	2008	2009
1	Concord, Fredonia, Patricia, President, Suffolk Red & Van Buren	\$10.00	\$10.00
2	Niagara & Wiley White	\$10.00	\$10.00
3	Delaware, Elvira, Himrod, Sovereign Coronation, Veeblanc & Veeport	\$10.00	\$10.00
5	De Chaunac & Rosette	\$15.65	\$15.65
5a	Leon Millot & Marechal Foch	\$16.95	\$16.85
5b	Baco Noir, Castel, Chambourcin, Chancellor, GR7, Le Commandant & Villard Noir	\$17.65	\$17.50
5c	Experimental red hybrid, Frontenac, Landot, Lucy Kuhlman and Red Amourensis	\$15.50	\$15.50
6	New York Muscat and V64111	\$14.25	\$14.25
7	Aurore, Cayuga White, J.S. 23-416 and S.V. 23-512	\$13.90	\$13.90
7a	Seyval Blanc & Vidal 256	\$15.05	\$14.95
7b	Geisenheim hybrids, GM 311, GM 318 & GM 322	\$14.15	\$14.15
7c	Experimental white hybrid, Traminette, V65232 & White Amourensis	\$13.55	\$13.55
9	J. Riesling	\$23.80	\$22.75
9a	Auxerrois, Kerner, Scheurebe & Welsch Riesling	\$21.35	\$20.95
9b	Chardonnay Musque & Chardonnay	\$24.15	\$23.00
9c	Gewürztraminer	\$25.45	\$24.30
9d	Pinot Gris	\$25.80	\$24.70
9e	Sauvignon Blanc	\$25.60	\$24.45
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 & Viognier	\$22.00	\$21.20
10	Gamay & Zweigeltrebe	\$23.00	\$21.90
10a	Pinot Noir	\$30.10	\$28.40
10b	Cabernet Sauvignon	\$29.45	\$27.80
10c	Cabernet Franc	\$27.30	\$25.80
10d	Merlot	\$29.65	\$28.00
10e	Sirah, Shiraz & Syrah	\$30.50	\$30.70
10f	Blauberger, Dornfelder, Experimental Red Vinifera, Limberger, Malbec, Nebbiolo, Petite Sirah, Petit Verdot, Pinot Meunier, Sangiovese, St. Laurent, Tannat and Tempranillo	\$22.75	\$22.75
	Distilling	\$5.50	\$5.50
	Sherry	\$7.75	\$7.75

Production of Processed Grapes by Variety

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

	2005	2006	2007	2008	2009
Classes 1-3					
Concord	5,292	7,882	2,965	2,118	1,966
Elvira	59	61	53	49	60
Niagara	2,576	3,218	1,525	1,048	1,209
Miscellaneous 1-3	25	8	14	4	14
Sub-Total (Labrusca)	7,952	11,169	4,557	3,219	3,249
Classes 5-6					
Baco Noir	1,628	2,753	2,596	2,105	2,867
Chambourcin	275	584	463	608	421
De Chaunac	252	363	298	462	304
Marechal Foch	760	1,042	959	884	802
New York Muscat	38	70	57	55	38
Rosette	114	154	111	30	-
Villard Noir	47	81	69	68	64
Miscellaneous 5-6	161	208	214	128	201
Sub-Total (Blue/Red French Hybrids)	3,275	5,255	4,767	4,340	4,697
Classes 7-7c					
S.V. 23-512	354	494	405	357	223
Seyval Blanc	897	1,296	927	894	874
Vidal 256	4,661	11,065	8,994	10,288	9,906
GM 311	25	24	668	788	413
GM 318	770	1,466	648	981	410
GM 322	48	32	100	145	133
Miscellaneous 7-7c	102	157	224	51	17

Table V – Purchases by Processors by Variety (in tonnes) continued

	2005	2006	2007	2008	2009
Sub-Total (White French Hybrids)	6,857	14,534	11,966	13,504	11,976
Sub-Total (Hybrids)	10,132	19,789	16,733	17,844	16,673
Classes 9-9f					
Auxerrois	78	246	193	206	155
Chardonnay & Chardonnay Musque	1,830	6,507	7,858	8,712	6,292
Gewürztraminer	189	1,181	1,207	1,415	919
J. Riesling	1,645	4,623	5,123	6,786	5,407
Pinot Blanc	29	120	142	126	137
Pinot Gris	222	953	1,101	1,270	919
Sauvignon Blanc	198	1,695	1,391	1,810	1,257
Miscellaneous 9-9f	113	522	472	518	437
Sub-Total (White Vinifera)	4,304	15,847	17,487	20,843	15,523
Classes 10-10f					
Cabernet Franc	1,231	5,167	5,206	5,952	3,547
Cabernet Sauvignon	853	3,413	3,527	3,906	1,842
Gamay	470	1,707	1,543	1,640	1,232
Merlot	391	3,785	4,097	4,326	2,733
Pinot Noir	506	1,959	2,078	1,789	1,998
Shiraz, Sirah, Syrah	60	551	564	625	408
Zweigeltrebe	233	444	322	388	241
Miscellaneous 10-10f	66	347	201	248	149
Sub-Total (Red Vinifera)	3,810	17,373	17,538	18,874	12,150
Sub-Total (Vinifera)	8,114	33,220	35,025	39,717	27,673
Grand Total	26,198	64,178	56,315	60,780	47,595

Wine Grape Sugar Testing Program

The Wine Grape Sugar Testing Program was once again coordinated by Errol McKibbin of McKibbin Associates, a privately-owned company acting as third party tester. The total number of samples tested in 2009 decreased to 3,835 from 4,062 in 2008. The number of wineries/processors serviced by this program was 130. Growers were provided with sugar test results at the same time as the wineries.

Tabulation of Growers with Production

The number of growers with production registered with the Grape Growers of Ontario in 2009 decreased by 9.9% from 484 in 2008 to 436 in 2009.

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

		2005	2006	2007	2008	2009
District 1	Town of Niagara-on-the-Lake	147	176	174	171	154
District 2	City of St. Catharines	60	64	57	49	45
District 3	Town of Lincoln	184	183	174	155	141
District 4a	Town of Grimsby, Township of West Lincoln and City of Hamilton	58	52	41	32	29
District 4b	Southwestern Ontario	25	30	32	34	29
District 4c	Prince Edward County	23	33	40	43	38
Total		497	538	518	484	436

Wine Sales in Ontario

Table VII below shows the five-year history of wine sales in Ontario. Total wine sales in Ontario grew by 2.5% to 147 million litres in 2009. Ontario wine sales increased by 2.5% to 57 million litres. Imported wine sales increased by 2.6% to 89 million litres, while out-of-province wine sales in Ontario decreased by 8.9% to 0.69 million litres. Market share for Ontario wines remained constant at 39.0%.

Table VII – Wine Sales in Ontario* ('000 litres)

	2005	2006	2007	2008	2009
Ontario wine sold in Ontario**	51,276	52,190	54,083	56,118	57,495
Annual change	4.3%	1.8%	3.6%	3.8%	2.5%
Imported wine sold in Ontario	75,386	78,856	83,888	87,112	89,409
Annual change	7.2%	4.6%	6.4%	3.8%	2.6%
Out-of-province sales in Ontario	936	807	757	756	689
Annual change	-20.1%	-13.8%	-6.2%	-0.1%	-8.9%
Total wine sold in Ontario	127,598	131,853	138,729	143,986	147,593
Annual change	5.8%	3.3%	5.2%	3.8%	2.5%
Market share of Ontario wines in Ontario	40.2%	39.6%	39.0%	39.0%	39.0%

Ontario Wine sold in Ontario for 2007-08 has been revised by the LCBO.

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

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

VQA Versus Non-VQA Sales

Table VIII below shows VQA versus non-VQA sales in Ontario to March 31, 2009. VQA sales in Ontario increased 16.8% from 10.4 million litres in 2008 to 12.1 million litres in 2009. Non-VQA wine sales in Ontario decreased 0.8% from 45.7 million litres to 45.3 in 2009. VQA sales outside of Ontario increased by 16.5% from 1.06 million litres in 2008 to 1.24 million in 2009.

Table VIII – VQA Versus Non-VQA Sales in Ontario ('000 litres)

	2005	2006	2007	2008	2009
Ontario wine sold in Ontario*	50,448	52,125	54,083	56,118	57,495
Total VQA sales in Ontario**	8,174	9,874	9,127	10,394	12,142
Total non-VQA sales in Ontario	42,274	42,251	44,956	45,724	45,353
Total VQA sales outside Ontario**	964	897	818	1,067	1,243
Market share of VQA wines in Ontario	16.2%	18.9%	16.9%	18.5%	21.1%

Ontario Wine sold in Ontario for 2007-08 has been revised by the LCBO.

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

** VQA figures from VQAO Annual Report – March 31, 2009.

Blending Materials Imported into Ontario

Table IX below shows the quantity of blending grape product imported into Ontario over the last five years. The Ontario Wine Content and Labelling Act, which came into effect January 1, 2001, requires that Ontario wine contain a minimum of 30% Ontario grape content in 2009. Wine imported for blending purposes decreased by 39% from 25.1 million litres to 15.3 million litres. Concentrate increased by 97% from 875 equivalent tonnes to 1,728 equivalent tonnes. Grape juice is down 22% from 2,115 equivalent tonnes to 1,648 equivalent tonnes. In total, blending material was down 34% from 36,561 equivalent tonnes in 2008 to 23,858 equivalent tonnes in 2009.

Table IX – Blending Materials Imported into Ontario

	2005	2006	2007	2008	2009
Wine (litres)	25,114,702	32,882,685	36,406,730	25,178,128	15,361,137
Concentrate (equivalent tonnes) (@165 litres per tonne)	7,167.43	2,026.42	2,048.42	875.47	1,728.12
Grape Juice (equivalent tonnes) (@750 litres per tonne)	2,283.15	3,486.09	2,126.82	2,115.11	1,648.43

Statistical data provided by Alcohol and Gaming Commission of Ontario.

Importation of Wine

Table X presents the quantity of importation of wine categories from 2005-2009. Total imports of all wine categories in Canada increased by 2.7% from the previous year to 273 million litres. This increase in litres was due almost entirely to the increase in still wines of 8.324 million litres.

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

	2005	2006	2007	2008	2009
Sherry	895	866	830	796	698
Sparkling wine (includes crackling table)	5,148	5,449	6,135	6,258	6,655
Still wine	197,361	213,343	232,932	241,525	249,849
Vermouth	2,705	2,666	2,677	2,589	2,471
Port	2,522	2,456	2,342	2,153	1,958
Aperitif	1,039	1,000	964	928	851
Champagne	845	884	975	929	841
Miscellaneous wines	9,265	9,237	10,338	10,485	9,600
Total	219,780	235,901	257,193	265,663	272,923

Statistical data provided by Association of Canadian Distillers.

Table XI shows the volume of still table wines by country of origin imported into Canada from 2005-2009 inclusive. In 2009, total importation of still table wines into Canada increased by 3.4% to 249 million litres compared to 241 million litres in 2008. Imports from South America were up significantly. France remains the largest single importer into Canada followed by Italy and South America.

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

	2005	2006	2007	2008	2009
Australia	38,188	40,329	42,965	42,394	40,025
Eastern Europe	1,182	1,045	858	583	630
France	50,524	52,275	53,841	53,334	49,954
Germany	3,813	4,051	4,302	4,361	4,304
Italy	39,869	43,178	47,175	48,657	49,406
Portugal	3,297	3,553	4,115	4,763	4,972
South Africa	5,505	6,655	7,764	7,971	8,903
South America	21,754	24,498	30,694	34,563	43,307
Spain	8,205	10,122	10,752	11,167	12,438
United States	20,777	22,999	25,803	28,644	31,080
Other Countries	4,247	4,638	4,663	5,089	4,830
Total	197,361	213,343	232,932	241,526	249,849

Statistical data provided by Association of Canadian Distillers.

Crop Insurance

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, 2000-2009 inclusive. The number of accounts decreased from 308 to 292 in 2009. Claims increased from 77 in 2008 to 145 in 2009. The dollar value of the claims increased from \$1.5 million in 2008 to \$3.8 million in 2009.

Table XII – Crop Insurance

Year	No. of Accounts	No. of Claims	Total Premiums* \$'000	Total Claims \$'000	Premiums less Claims \$'000
2000	254	89	2,022	1,274	748
2001	269	91	2,006	1,460	546
2002	273	127	2,136	2,071	65
2003	286	241	2,061	16,714	-14,653
2004	329	149	4,743	3,641	1,102
2005	332	283	5,188	22,308	-17,120
2006	336	51	7,205	1,046	6,159
2007	316	65	7,763	1,136	6,627
2008	308	77	7,088	1,495	5,593
2009	292	145	7,800	3,820	3,980

* Total grower and government premiums.

Self-Directed Risk Management (SDRM)

Table XIII includes statistics pertaining to SDRM participation, total eligible net sales and average eligible net sales for grapes for the 2001-2007 stabilization years.

Table XIII – SDRM

Year	No. of Participants	Total Eligible Net Sales (\$)	Average Eligible Net Sales (\$)
2001	181	15,814,483	87,373
2002	191	8,994,989	47,094
2003	84	11,319,300	134,753
2004	147	15,126,985	102,905
2005	149	17,227,381	115,620
2006	142	18,686,555	131,595
2007	130	24,565,185	188,963

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 2009/2010 year include:

Memberships	Amount	Sponsorships	Amount
Agricultural Adaptation Council	\$ 150	Cuvée Award	\$ 5,000
Canadian Horticultural Council	4,800	Grape King	2,500
Grimsby and District Chamber of Commerce	224	Grape Stomp	371
Lincoln Chamber of Commerce	180	In Stride Productions – Niagara Running Series	1,500
Niagara-on-the-Lake Chamber of Commerce	200	Lincoln Agricultural Society	200
Ontario Agri-Food Education Inc.	500	Niagara College – Grape Growers of Ontario Wine Tasting Room	7,500
Ontario Agricultural Commodity Council	500	Niagara Grape and Wine Festival – 2009 Niagara Wine Festival	20,000
Ontario Fruit & Vegetable Growers' Association	20,000	Niagara Peninsula Fruit and Vegetable Growers' Association	500
Ontario Federation of Agriculture	290	Official Guide to Wineries of Ontario	3,800
President's Council	250	Ontario Wine Awards	2,500
St. Catharines - Thorold Chamber of Commerce	329	Prince Edward County Winegrowers Association – Terroir Wine Festival	8,000
St. Catharines Club	467	Southwestern Ontario Vintners Association – Lake Erie North Shore Wine Festival	10,000
British Columbia Grape Growers Association	150	Total	\$ 61,871
Total	\$ 28,040		

Table XIV – Promotion Expenses

In 2009, the Grape Growers of Ontario increased promotions of both the organization and its membership. Grower members from Prince Edward County as well as Southwestern Ontario were promoted through sponsorships to the Prince Edward County Wine Association and the Southwestern Ontario Vintners Association for 2009. The Grape Growers of Ontario continued with a series of activities such as the Premium Production Practices, Annual Media Day, Wine Tasting at the Legislative Assembly of Ontario and the Annual General Meeting. Congratulations to Marynissen Estates Winery and Joseph's Estate Wines whose wines were chosen as the official wines to be served at the Ontario Legislature for 2009-2010. The Grape Growers of Ontario continues to be a proud sponsor of the Niagara Wine Festival.

	2007/2008	2008/2009	2009/2010
Promotions, Sponsorship & Public Relations	\$ 47,649	\$ 69,900	\$ 69,749
Niagara College – GGO Wine Tasting Room	10,000	10,000	7,500
Miscellaneous – Wines	8,568	8,074	13,195
Sub-Total	\$ 66,217	\$ 87,974	\$ 90,444
Wine Festival and Grape King Crowning	18,875	19,780	23,508
Total	\$ 85,092	\$ 107,754	\$ 113,952

Education and Research

Ontario Grape and Wine Research Inc.

Research continues to be an integral part of the Grape Growers of Ontario business. In 2007, Ontario Grape and Wine Research Inc. (OGWRI) was created. Matthias Oppenlaender is currently the Chair of the organization and, with the support of the Grape Growers of Ontario and Wine Council of Ontario, long term funding for the organization has begun. In 2009, OGWRI approved 8 projects that transcend key industry disciplines: viticulture, oenology and market research.

- Establishing Best Practices Guidelines to Optimize Grapevine Winter Hardiness.
- Determining Activity Patterns of Multi Coloured Asian Lady Beetle in Niagara to Optimize Control Practices.
- Improving Biological Activity and Understanding Nitrogen Availability in Vineyard Soils Using Only Composts and Other Direct Farming Wastes.
- Fine-Tuning Management of Grape Berry Moth.
- Management of Sour Rot and Volatile Acidity in Grapes.
- Consumer Perceptions of Quality for Horticultural Products and Wines: Impact of Production Practices and Region of Origin.
- Sustainable practices for repelling MALB and seven spot lady-beetles from Ontario Vineyards.
- Confirming lady-beetle taint from 7-spot beetle and remediation of MALB and seven spot taint from juice using a protein-based fining method.

Pesticides

November 2009, Wayne Roberts

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

In 2009, Wayne was actively involved in the 7th Annual Minor Use Priority Setting Workshop in Ottawa to lobby AAFC and PMRA to fund and approve strategic minor issue negotiations.

Wayne represents the GGO on various committees such as:

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

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

New products or label expansion registered in 2009 included:

Altacor (chlorantraniliprole) – novel chemistry (group 28) for control of grape berry moth and cut worms.

Delegate (spinetoram) an insect growth regulator for control of grape berry moth.

Movento (spirotetramet) for control of phylloxera. This is a Thiodan replacement product.

Pounce (permethrin) a synthetic pyrethroid for control of cutworms.

Revus (mandipropamid) for control of downy mildew.



Environmental Information Monitoring Program

Project Goal

The project objective was to create a new environmental information monitoring program to improve the technical understanding and monitoring of microclimate zones within sub-appellations. Enhanced expert advisories and public access to weather based services via a dedicated website module would deliver site specific weather forecast, dewpoint forecast, near real time temperature inversion monitoring, daily evapotranspiration rates, daily disease risk indexes, as well as heat unit accumulation, solar radiation accumulation and raw weather data. Careful monitoring and analysis of the unique micro climatic zones within each sub-appellation enables growers and wineries to determine whether specific grape varieties can achieve optimum ripening potential within these zones. Further, the results will guide growers in the selection of appropriate varieties in order to avoid the high risk of recurrent freeze injury in identified sub-appellation zones and evaluate proposed climatic zones in newly emerging and expanding wine areas.

Project Objectives:

To improve competitiveness and productivity in the industry, through:

- A reduction of crop loss risk in frost/freeze events through improved micro-climate management.
- Minimizing the use of wind machines when not essential to improve relations between vineyards and urban neighbours.
- Upgrading information technologies to provide geo-referenced data drivers for Vitis integrated BMP advisories.
- Upgrading and branding the public web access and interactive features.
- Facilitating further research at universities and colleges including Brock, Guelph, Niagara, Ridgetown, and University of Ontario Institute of Technology (UOIT).

Scope of Innovation and Skills Development:

The project provides opportunities for training and development of new skill sets, in particular:

- The development of agro meteorological skills and assessments.
- The ability to gain an understanding of air flows and heat transfer in complex environments including benches, orientation of slopes, and water bodies.

- The ability to study the impact of the environment on a region by region, appellation by appellation, and zone by zone basis.
- Thermal inversion assessment and forecasting for the effective use of wind machines, leading to new opportunities for Ontario agriculture.
- The further adoption and understanding of recent research activity in irrigation strategies.



MacGillivray
Chartered Accountants & Business Advisors

T. R. Waud, CA
G.M. Momot, CA
B.R. St. Hilaire, CA
R.J. Momot, CA

AUDITORS' REPORT

To the Members of
Grape Growers of Ontario

We have audited the statement of financial position of the **Grape Growers of Ontario** as at January 31, 2010 and the statements of unappropriated and appropriated net assets, operations and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the **Grape Growers of Ontario** as at January 31, 2010 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

St. Catharines, Ontario
February 12, 2010.

Mac Gillivray (St. Catharines)
CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

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Grape Growers of Ontario

Statement of Financial Position as at January 31, 2010

ASSETS	2010	2009
Current		
Cash	\$ 346,902	\$ 622,716
Guaranteed investment certificates	2,727,675	2,786,154
Accounts receivable	114,227	82,995
Contributions receivable (note 11)	85,858	78,928
Prepaid expenses	32,109	17,372
Due from Grape & Tender Fruit (Ontario) Limited (note 3)	<u>76,922</u>	<u>48,522</u>
	<u>3,383,693</u>	<u>3,636,687</u>
Investments (note 4)	191,847	191,847
Property and Equipment (note 5)	-	11,111
	<u>\$ 3,575,540</u>	<u>\$ 3,839,645</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 375,987	\$ 559,414
Ontario Grape and Wine Research Inc. contribution payable (note 6)	<u>295,724</u>	<u>224,099</u>
	<u>671,711</u>	<u>783,513</u>
Commitment (note 7)		
NET ASSETS		
Unrestricted		
Invested in Grape & Tender Fruit (Ontario) Limited	191,847	191,847
Available for operations	<u>788,646</u>	<u>940,949</u>
	<u>980,493</u>	<u>1,132,796</u>
Internally Restricted		
Research	923,336	923,336
Operational reserve	<u>1,000,000</u>	<u>1,000,000</u>
	<u>1,923,336</u>	<u>1,923,336</u>
	<u>\$ 3,575,540</u>	<u>\$ 3,839,645</u>

Approved on Behalf of the Board


Director


Director

See Accompanying Notes to the Financial Statements

Grape Growers of Ontario

Statement of Unrestricted and Internally Restricted Net Assets for the Year Ended January 31, 2010

UNRESTRICTED	2010	2009
Balance, beginning of year	\$ 1,132,796	\$ 1,035,922
(Deficiency) excess of revenues over expenses for the year	<u>(152,303)</u>	<u>96,874</u>
Balance, end of year	<u>\$ 980,493</u>	<u>\$ 1,132,796</u>
INTERNALLY RESTRICTED		
Research		
Balance, beginning of year	\$ 923,336	\$ 948,336
Weather Network, infrastructure and data management	<u>-</u>	<u>(25,000)</u>
Balance, end of year	<u>923,336</u>	<u>923,336</u>
Operational Reserve		
Balance, end of year	<u>1,000,000</u>	<u>1,000,000</u>
Total internally restricted	\$ 1,923,336	\$ 1,923,336
TOTAL NET ASSETS	\$ 2,903,829	\$ 3,056,132

See Accompanying Notes to the Financial Statements

Grape Growers of Ontario

Statement of Operations for the Year Ended January 31, 2010

	2010	2009
Revenues		
Licence fees	\$ 974,147	\$ 1,344,422
Appropriation for research and development	<u>(90,875)</u>	<u>(117,996)</u>
	883,272	1,226,426
Government and industry funding for research and other projects	424,317	254,202
OFVGA member rebate	4,900	-
Interest and other income	<u>72,732</u>	<u>101,496</u>
	<u>1,385,221</u>	<u>1,582,124</u>
Expenses		
Directors' fees, honoraria and benefits	102,285	84,500
Salaries and benefits	503,585	497,154
Travel	45,703	47,476
Meetings and conventions	34,056	31,278
Office supplies and expenses	72,179	77,558
Postage	18,572	22,371
Telephone	24,811	17,806
Dues and subscriptions	10,368	11,809
Promotion	90,444	87,974
Professional fees (note 9)	48,508	144,878
Utilities and maintenance	23,467	28,146
Building insurance and property taxes	14,688	14,811
Amortization	29,347	28,083
Festival	23,508	19,780
Assessment OFVGA	20,000	20,000
Research and other projects (note 11)		
Grape Growers funded portion	55,660	89,807
Government and industry funded portion	424,317	254,202
Professional development	12,975	-
Maintenance agreements	12,040	33,313
(Gain) loss on foreign exchange	(1,478)	2,146
Expense recoveries from other associations	<u>(27,511)</u>	<u>(27,842)</u>
	<u>1,537,524</u>	<u>1,485,250</u>
(Deficiency) Excess of Revenues Over Expenses for the Year	<u>\$ (152,303)</u>	<u>\$ 96,874</u>

See Accompanying Notes to the Financial Statements

Grape Growers of Ontario

Statement of Cash Flows For the Year Ended January 31, 2010

	2010	2009
Cash Flows from Operating Activities		
(Deficiency) excess of revenues over expenses for the year	\$ (152,303)	\$ 96,874
Adjustments for non-cash items		
Amortization	<u>11,111</u>	<u>11,111</u>
	<u>(141,192)</u>	<u>107,985</u>
Changes in non-cash working capital		
Accounts receivable	(31,232)	(19,624)
Appropriated research expenses	-	(25,000)
Contributions receivable	(6,930)	189,622
Prepaid expenses	(14,737)	13,443
Accounts payable and accrued liabilities	(183,427)	353,566
Ontario Grape and Wine Research Inc. contribution payable	71,625	117,996
Due to Grape and Tender Fruit (Ontario) Limited	<u>(28,400)</u>	<u>(43,694)</u>
	<u>(334,293)</u>	<u>694,294</u>
Cash Flows from Investing Activities		
Decrease (increase) in guaranteed investment certificates	<u>58,479</u>	<u>(939,317)</u>
Decrease in Cash	<u>(275,814)</u>	<u>(245,023)</u>
Cash - Beginning of year	<u>622,716</u>	<u>867,739</u>
Cash - End of year	<u>\$ 346,902</u>	<u>\$ 622,716</u>

See Accompanying Notes to the Financial Statements

Grape Growers of Ontario

Notes to the Financial Statements for the Year Ended January 31, 2010

1. NATURE OF OPERATIONS

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Fund Accounting

The Board follows the deferral method of accounting for contributions and reports using fund accounting.

The Board follows the restricted fund method of accounting for 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. The operational reserve fund reports the net assets which have been internally restricted by the Board as an operational reserve.

(b) Financial Instruments

The Board continues to disclose and present financial instruments in accordance with Section 3861 Financial Instruments - Disclosure and Presentation. Financial assets are classified as either "held-for-trading", "held-to-maturity", "available for sale" or "loans and receivables". Financial liabilities are classified as either "held for trading" or "other liabilities". Financial assets and liabilities classified as held-for-trading are measured at fair value with changes in fair value reported in the statement of operations. Financial assets classified as held-to-maturity or loans and receivables are subsequently measured at amortized cost using the effective interest rate method.

The Board has classified its financial instruments as follows:

- Cash is classified as held-for-trading
- Guaranteed investment certificates are classified as held-to-maturity
- Accounts receivable are classified as loans and receivables
- Accounts payable and accrued liabilities are classified as other liabilities.

(c) Property and Equipment

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

(d) 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.

(e) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the period in which they become known. Actual results could differ from those estimates.

Grape Growers of Ontario

Notes to the Financial Statements for the Year Ended January 31, 2010

3. RELATED PARTY TRANSACTIONS

The Grape Growers of Ontario have amounts receivable of \$76,922 (2009 - \$48,522) from Grape & Tender Fruit (Ontario) Limited, a related party. Expenses include a \$194,110 (2009 - \$194,480) charge for Grape Growers of Ontario share (50% (2009 - 50%)) of management operation costs incurred during the year by Grape & Tender Fruit (Ontario) Limited. These costs have been allocated to the relevant individual expense accounts.

4. INVESTMENTS, at cost

Grape & Tender Fruit (Ontario) Limited	2010	2009
94 common shares	\$ 47	\$ 47
1,918 special shares	<u>191,800</u>	<u>191,800</u>
	<u>\$ 191,847</u>	<u>\$ 191,847</u>

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

5. PROPERTY AND EQUIPMENT

	2010	2008
Computer software cost	\$ 63,333	\$ 63,333
Accumulated amortization	<u>(63,333)</u>	<u>(52,222)</u>
	<u>\$ -</u>	<u>\$ 11,111</u>

6. ONTARIO GRAPE AND WINE RESEARCH INC. CONTRIBUTION PAYABLE

The Grape Growers of Ontario have made a commitment to provide funding for research projects to Ontario Grape and Wine Research Inc. (OGWRI). The funds are generated through the research and development fee charged on the 2007, 2008 and 2009 crops. These funds have been collected and will be transferred to OGWRI as expenses are incurred.

	2010	2009
Opening balance	\$ 224,099	\$ 106,103
Funds collected	90,875	117,996
Funds transferred	<u>(19,250)</u>	<u>-</u>
Ending balance	<u>\$ 295,724</u>	<u>\$ 224,099</u>

7. COMMITMENT

The Grape Growers of Ontario have made a commitment to provide \$75,000 to the Vine Certification project, payable at \$37,500 per year. The remaining commitment as of January 31, 2010 is \$45,213.

Grape Growers of Ontario

Notes to the Financial Statements for the Year Ended January 31, 2010

8. FINANCIAL INSTRUMENTS

Fair Value

The Board's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities and an amount due from a related party. The carrying values of these instruments approximates their fair value.

Risks

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

9. PROFESSIONAL FEES

	2010	2009
Audit	\$ 13,300	\$ 15,100
Legal	35,208	3,219
Arbitration costs	-	126,559
	<u>\$ 48,508</u>	<u>\$ 144,878</u>

10. CAPITAL MANAGEMENT

Unrestricted Fund:

The Board's objective in managing the unrestricted fund capital is to maintain a sufficient level to provide for normal operating requirements.

Internally Restricted Funds:

The Board's objective in managing the internally restricted funds are:

Research

Funds restricted for research are available to fund future research projects determined to benefit the grape industry.

Operational Reserve

The operational reserve is restricted to provide operational funds should there be a future short crop.

Grape Growers of Ontario

Notes to the Financial Statements for the Year Ended January 31, 2010

11. CONTRIBUTIONS FOR RESEARCH AND OTHER ACTIVITIES

	Deferred (Receivable) Contributions February 1, 2009	Government/ Industry Contributions Received 2009/2010	Expenses 2009/2010	Grape Growers of Ontario Portion 2009/2010	Deferred (Receivable) Contributions January 31, 2010
Research Projects:					
Vitis Certification Project	\$ (30,680)	\$ 43,872	\$ 60,047	\$ 12,751	\$ (34,104)
Wind Machine Project	35,567	12,210	85,686	-	(37,909)
Harvesting Innovation for Growth and Sustainability	-	-	30,279	-	(30,279)
Automated Management for Weigh Bills	(154,713)	157,569	-	(2,856)	-
Grapevine Import Monitoring Program	(58,317)	57,146	-	1,171	-
	<u>(208,143)</u>	<u>270,797</u>	<u>176,012</u>	<u>11,066</u>	<u>(102,292)</u>
Other Projects:					
Building Awareness for 100% Ontario Grown Grapes	16,376	-	-	-	16,376
Friends of the Greenbelt - Celebrity Luncheon	-	35,524	35,466	-	58
Orchards and Vineyards Transition Program	56,653	-	56,653	-	-
Harvest Program	56,186	-	56,186	-	-
OVTP - Microclimate Monitoring	-	100,000	100,000	-	-
	<u>129,215</u>	<u>135,524</u>	<u>248,305</u>	<u>-</u>	<u>16,434</u>
	<u>\$ (78,928)</u>	<u>\$ 406,321</u>	<u>\$ 424,317</u>	11,066	<u>\$ (85,858)</u>
Non-Contribution Funded Research				<u>44,594</u>	
Research Expense Funded by Grape Growers of Ontario				<u>\$ 55,660</u>	



2009 Grape King

Bill Schenck of Schenck Farms

Bill Schenck of Schenck Farms was crowned the 2009 Grape King on September 16, 2009. Bill is the fourth generation of the Schenck family to grow grapes in St. Catharines. The first members of the Schenck family came to Canada in 1858 from Alsace-Lorraine and began purchasing land where the current farm is located to grow fruits and vegetables. The farm today has stayed much the same in size except the crops have changed to 50% peaches and 50% grapes. Presently the company is managed by Louis IV, Bob, John, John Jr., Joe and Bill; all members of the Schenck family. Currently the Schenck family grows five varieties of quality VQA grapes for Vincor Canada: Chardonnay, Cabernet Sauvignon, Syrah, Merlot, and Pinot Noir.

Bill is heavily involved in the community through the Region's Agricultural Task Force and the St. Catharines-Thorold Chamber of Commerce. Bill is the Commissioner of the Royal Canadian Henley Regatta as well as a member of the 2010 World Master's Games Committee, 2015 Pan Am Committee, and the Neighborhood Thursday Night Watch Group. Bill is the recipient of many awards, including the Queen's Golden Jubilee Award, Rotary Paul Harris Fellow, FISA Medal and the Rowing Canada Presidents' Award.

