

63rd *Annual Report*
Year Ending January 31, 2011



Our Vision

To have Ontario grown grape products in demand worldwide.

Our Mission

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

Year Ending January 31, 2011

Our Values

ACCOUNTABILITY

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

INNOVATION

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

QUALITY

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

RESPECT

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

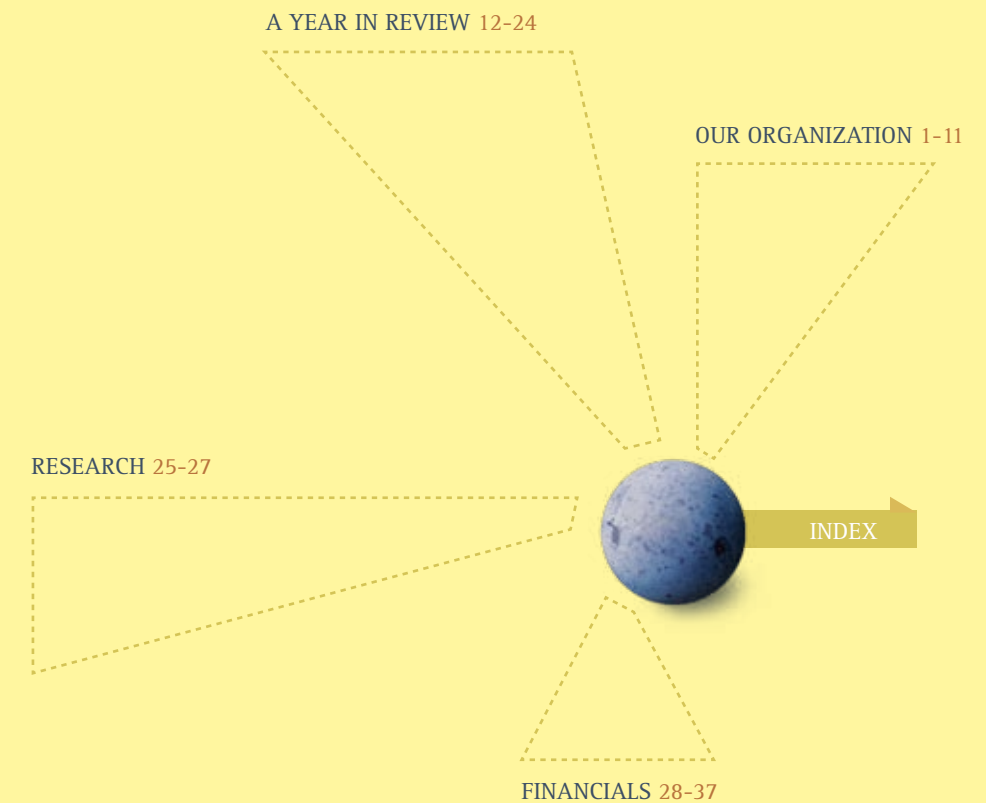
RESPONSIVENESS

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

SERVICE

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

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



2010-2011 Board of Directors



2010-2011

Board of Directors

CHAIR
Bill George Jr.

VICE CHAIR
Matthias Oppenlaender

CEO
Debbie Zimmerman

DIRECTORS
Trevor Falk
Steve Fernick
Bill Jansenberger
Debra Marshall
Jim Morrison
Steve Pohorly
Bill Schenck
Kevin Watson

2010-2011

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

ST. CATHARINES AND DISTRICT CHAMBER
OF COMMERCE
Bill Schenck

NIAGARA-ON-THE-LAKE CHAMBER OF
COMMERCE
Matthias Oppenlaender

REGIONAL CHAIR'S
AGRICULTURAL TASK FORCE
Bill Schenck, Debbie Zimmerman

VINTNERS' QUALITY ALLIANCE
Kevin Watson

F.A.R.M.S.
Trevor Falk

GRAPE INDUSTRY ADVISORY COMMITTEE
Wine - Bill George Jr., Matthias Oppenlaender,
Kevin Watson, Trevor Falk

Juice - Bill George Jr., Matthias Oppenlaender,
Steve Fernick, Jim Morrison

ONTARIO GRAPE AND WINE
RESEARCH COMMITTEE
Matthias Oppenlaender, Kevin Watson,
Jim Morrison

2010-2011 Staff



2010-2011

Staff

CHIEF EXECUTIVE OFFICER
Debbie Zimmerman

EXECUTIVE ASSISTANT
Gillian McWilliams

**GROWER RELATIONS AND SYSTEMS
STRATEGIST**
Nick Hubbard

MARKET ANALYST
Mary Jane Combe

GROWER RELATIONS REPRESENTATIVE
Nick Lemieux

2010-2011

Shared Staff

TREASURER
Larissa Osborne

ACCOUNTS PAYABLE
Sylvana Lagrotteria

**RECEPTIONIST/ADMINISTRATIVE
ASSISTANT**
Morag Tait

2010-2011

Growers' Committee

Bill George Jr.
Matthias Oppenlaender
Trevor Falk
Harold Ferrier
Steve Fernick
Don Forrer
Bill Jansenberger
Glen Koop
David Lambert
Debra Marshall
Jim Morrison

Steve Pohorly
Bill Schenck
Martin Schuele
Albrecht Seeger
Kevin Watson
Erwin Wiens
George Wiley
Tom Wiley
Terry Yungblut
Roger Vail



Greetings from the Honourable Carol Mitchell

On behalf of the Government of Ontario, I am pleased to extend greetings to Ontario's grape growers.

This past growing season was an excellent one, and I look forward to sampling the results of your tremendous crops. The year 2010 also saw collaboration in the sector on the creation of an industry varietal plan, which will provide direction and help growers as they continue to focus on growing exceptional grapes.

Moving forward, the McGuinty government firmly believes in locally-grown wine and food because we know it supports our farmers, our environment and our economy. Ontarians want more VQA wines and Ontario-grown food, which is something I know we can all celebrate.

On October 13, 2009, we 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. Designing a program to support transition for producers is the next step in this plan. The province will invest a total of \$12 million over four years under this program to help grape growers improve grape quality and transition grape production in line with the industry varietal plan.

I wish you all the very best for a successful annual general meeting and for the grape growing industry's continued success.

Sincerely,

Carol Mitchell, MPP
Minister of Agriculture, Food and Rural Affairs



Greetings from the Honourable Jim Bradley

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

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

Although our growers have had to confront many challenges over the years, the success that has been achieved in the grape and wine industry in Ontario is evidenced by the fact that the industry has grown and prospered, and for this, we are grateful to the Grape Growers of Ontario and your many dedicated members. For very best wishes for continued success in 2011, I am

Yours sincerely,

Jim Bradley, MPP, Chair Ontario Wine Secretariat
Minister of Community Safety and Correctional Services



Message from your Board Chair



The hot, dry summer and fall of 2010 produced an excellent grape crop that is being hailed as one of the best vintages in recent memory. The 2010 harvest was significantly larger than the previous year with total crop purchases of 53,747 tonnes at a farm gate value of \$69 million compared to \$56 million in 2009.

The Grape Growers of Ontario (GGO), Wine

Council of Ontario (WCO) and Winery & Grower Alliance of Ontario (WGAO) successfully concluded the 2010 Grape Price negotiation early. The parties agreed to a 1% increase on 2009 vintage pricing for all white varieties (Vinifera and Hybrid) for each year of the two-year agreement. The red varieties (Vinifera and Hybrid) remain stable at the 2009 pricing for both 2010 and 2011. A pilot plateau pricing model was adopted for four varieties: Chardonnay, Riesling, Cabernet Sauvignon and Cabernet Franc for the 2010 vintage. In December, agreement was reached on continuing with the second year of the agreement for 2011. This provides an opportunity for growers and wineries to work together in identifying grapes for plateau pricing. There are no tonnage restrictions on plateau grapes. Finally and most importantly, the two-year agreement provides GGO, WCO and WGAO the opportunity to build better working relationships and agree on a strategy that sets long-term goals and objectives with achievable milestones for the grape and wine industry.

A \$12 million dollar transitional support program for growers is currently being developed through the Ontario Ministry of Agriculture, Food and Rural Affairs. As the first step, the GGO provided financial support with help from the government of Ontario to complete a Varietal Plan, to help the government establish the criteria for a Transition Program.

The George Morris Centre completed the grape Varietal Plan in December 2010 to determine how to align the Ontario grape supply with demand. The GGO is pleased that, through our Vitis mapping system, we were able to provide factual aggregate data on grape varieties and yields by appellation as a basis for the analysis of grape production for the varietal plan.

With the cooperation of the Wine Council of Ontario, the Winery & Grower Alliance of Ontario and the LCBO, the Varietal Plan pulled these elements together to identify the cool climate varieties that the industry grows well and have good market potential. The Varietal Plan will provide the basis for development of the Ontario government's Transition Program for grape growers that we expect will be in place in the spring of 2011.

In December, an Insight Grape and Wine Summit was hosted by Vincor Canada to discuss and explore ways to collectively improve and strengthen the Ontario grape and wine industry. This event provided an opportunity for industry leaders to build on shared goals, and we look forward to continuing the dialogue with our partners.

The 27th Annual Scotiabank Luncheon featured Canada's figure skating Olympic bronze medalist, Joannie Rochette, as the celebrity speaker. We appreciate the ongoing sponsorship of the Friends of the Greenbelt Foundation and Scotiabank in supporting this highly anticipated event. Dr. Debbie Murdza Inglis was crowned Grape King for the 2010-11 year. Debbie is a second generation grape grower who farms in Niagara-on-the-Lake with her husband Rob. We thank Bill Schenck for serving as last year's Grape King. Albrecht Seeger was awarded the annual Cuvée award for Excellence in Viticulture for Best Red Vinifera. The Legislative Wine Tasting on November 2, 2010 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.

2010 brought changes to the staff and I would like to thank Julie Dixon for her hard work and dedication over the last four years.

Thank you to the Ontario Ministry of Agriculture, Food and Rural Affairs and the Ontario Ministry of Consumer Services for their support and guidance throughout 2010 as key grape and wine stakeholders worked together with government to strengthen the industry. I would also like to acknowledge our local MP's and MPP's for their continued support.

Finally, I thank the Board of Directors, Grower Committee and staff of the Grape Growers of Ontario for their support and dedication over the past year.

Bill George Jr.
Chair, Grape Growers of Ontario

Message from your CEO



2010 has been a good year for the grape and wine industry with a stellar vintage. Meetings with industry partners continued throughout the year with consensus achieved on a number of issues. A 2-year pricing agreement was reached that offered grapes at competitive prices with flexibility to both VQA and blending wineries. The Ontario government renewed the VQA wine support program to promote sales of VQA wines through LCBO stores, and an industry marketing program for Ontario VQA wines is underway.

VQA wine sales have reached almost 24% of Ontario wine sales, and are continuing to grow at about 10% by volume. GGO is excited about the potential VQA wine growth and appreciates the wine supports given to our VQA producers. The Board and Grower Committee also recognize, however, there are distinct business segments representing our grape production.

Consumers are embracing local product and the GGO introduced the 100% Grown by Grape Growers of Ontario logo as a means of promoting the purchase of local wine. The decision to create the label follows consumer research which shows that Ontario consumers are looking for the authenticity associated with farmers. The logo is meant to complement existing VQA labelling, further emphasizing that one of the characteristics of VQA wine is that it is made from 100 per cent grapes grown in Ontario. The GGO engaged a marketing agency with financial support from the Ontario Ministry of Agriculture Food and Rural Affairs (OMAFRA), to develop a marketing and communication strategy to assist in telling the locally grown story. Creating the connection between the grower and consumer as well as working closely with our industry partners will ensure that the GGO strategy complements the broader industry VQA promotion.

The strength of the GGO is growers' collectiveness. It allows the organization to accomplish effective lobbying, price negotiation, fund and direct research, pursue minor use registrations, and be a source of empirical industry data to support initiatives for our members through our data collection system-Vitis. The GGO is currently working with the Ontario Government to develop a 4-year, 12 million dollar Transition Investment program. The Transition Investment Program will provide support to growers to build on grape quality and align production with the recently approved Industry Varietal Plan.

The Grape Growers of Ontario represents the interests of all Ontario growers and each year we celebrate and showcase our industry's success in many ways. Through the Scotiabank Luncheon, Grape King and Cuvée awards, and as key sponsors of wine festivals in Niagara, Southwestern Ontario and Prince Edward County, we celebrate the best in grape growing.

The GGO continued to actively participate in a number of research initiatives in 2010 including Grape Berry Moth, Bud Hardiness and Consumer Perception/ Market Research.

I would like to thank the Chair and the Board of Directors for their continuing support of these initiatives. I also thank the staff for their hard work and dedication to GGO throughout 2010.

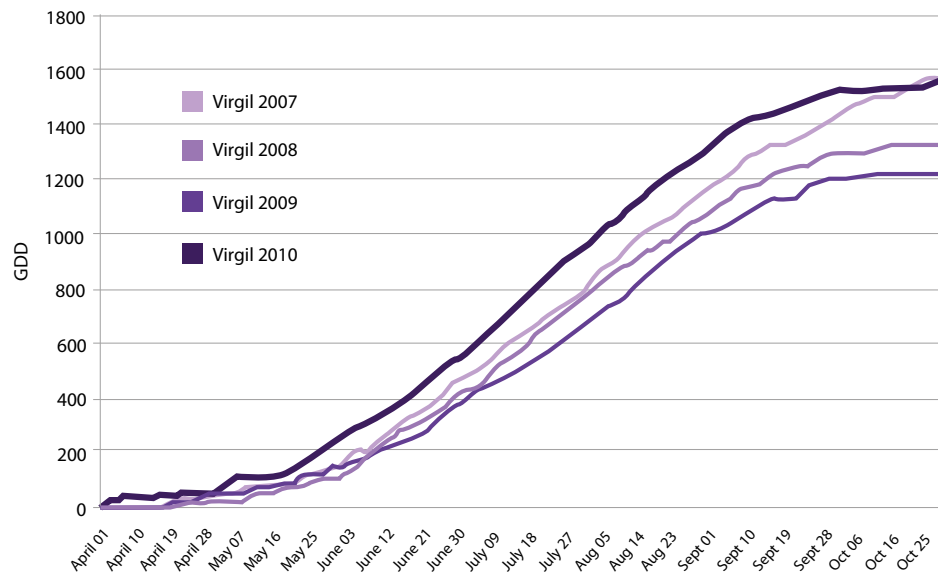
Debbie Zimmerman,
CEO, Grape Growers of Ontario

2010 Growing Season Weather Report



Seasonal Accumulation of Base 10°C Growing Degree Days | Compared to 2009, 2008 and 2007

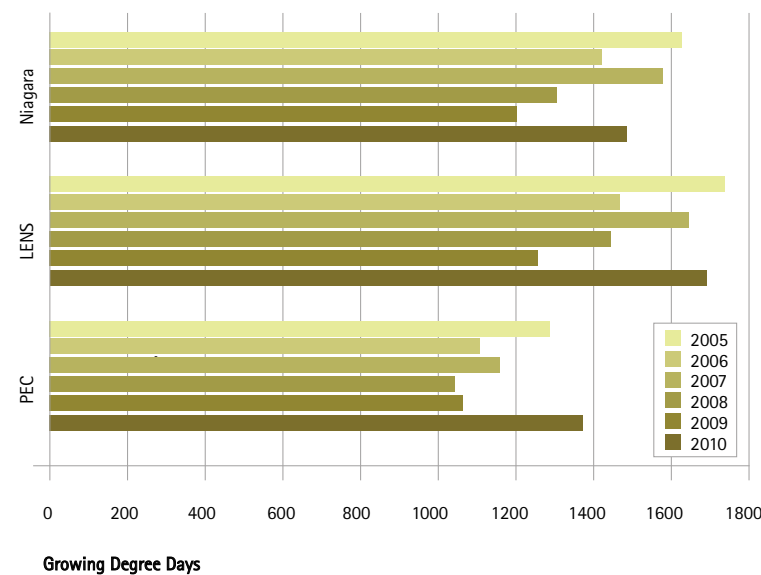
April 1 - October 25



The 2010 growing season was exceptional in many ways. The most noteworthy fact about 2010 is that it was one of the longest growing seasons in recent memory. Positive aspects can be noted from beginning to end. Crops entered the growing season with little damage and stress as a result of the mild 2009/2010 winter. The coldest winter event preceding the 2010 growing season took place in January, with the coldest temperatures reaching -22.6°C at the Grimsby station in Niagara, -18.9°C at the Kingsville station in Lake Erie North Shore and -27.1°C at the Hillier station in Prince Edward County. Most of the Niagara stations and all of the Lake Erie North Shore stations remained above -20°C throughout the winter that preceded the 2010 growing season.

Seasonal Accumulation of Base 10°C GDD

April 1 - October 31



Bud break occurred more than two weeks ahead of normal, as a result of warmer than normal spring temperatures. A very warm April led to a two week jumpstart on growing degree days compared to the past 3 years. Consistent heat throughout the growing season resulted in a steady and high accumulation of growing degree days. Accumulated growing degree days in 2010 actually surpassed the entire 2009 growing season by the end of August!

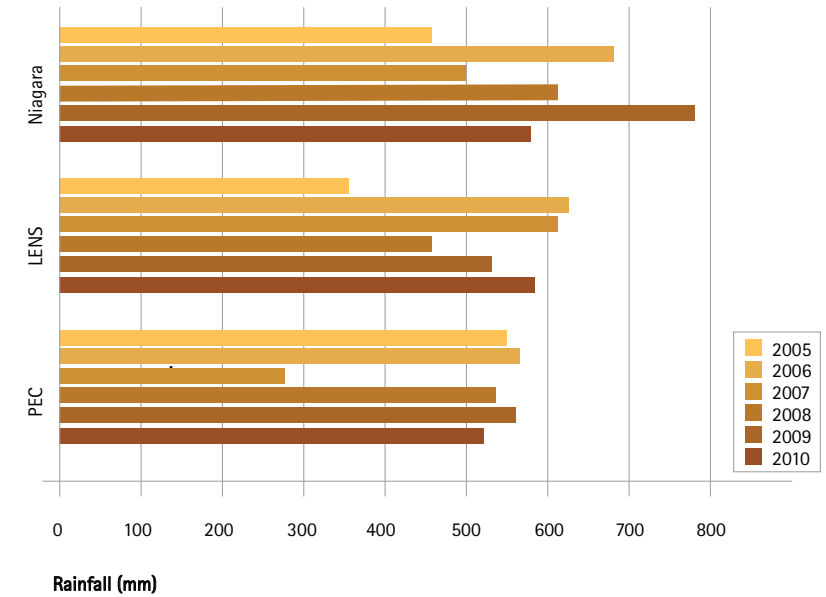
Comparing Seasonal Rainfall Accumulation | April 1 - October 31

Following two consecutive years, 2008 and 2009, of very cool growing seasons, the 2010 growing season was a welcomed turnabout. Appropriately higher solar radiation levels, as compared to the previous two years, were also of significant value.

normal rainfall occurred in late summer and autumn. Prince Edward County experienced below normal rainfall in the spring; followed by approximately triple the normal

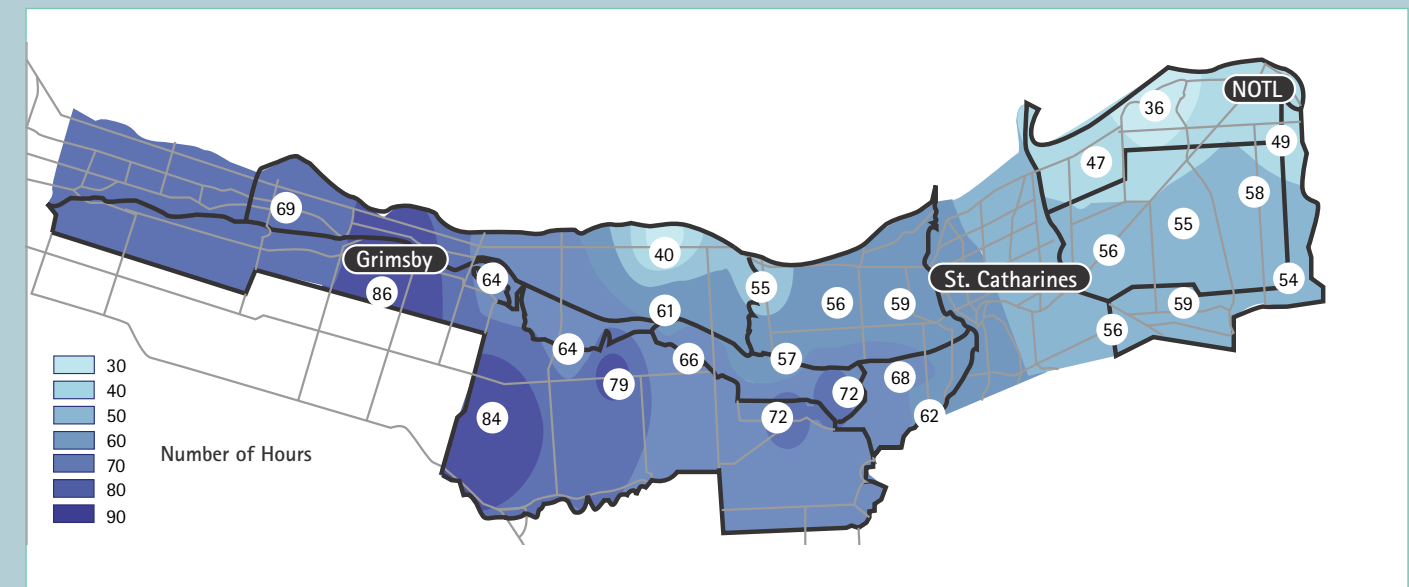
rainfall amounts in June! Overall, rainfall accumulations were nearly ideal, producing moderate soil moisture conditions and suitable periods for fungicide applications.

An excellent combination of extended dry periods and significant rainfall events encapsulates the 2010 growing season, leading to near normal seasonal rainfall accumulations. However, the monthly distributions of rainfall varied from normal. In Niagara, below-normal rainfall in April and May was followed by nearly twice the normal rainfall accumulation in June. The remaining months brought near-normal rainfall totals for most locations. Most locations in Lake Erie North Shore received above-average rainfall during the spring and early summer; while significantly lower than



Niagara: Accumulation of Icewine Hours in December 2010

Temperatures became colder than normal as winter approached; thus, providing suitable temperatures to begin the icewine harvest early in December 2010. The accumulation of icewine hours ranged from 36 to 86 hours across the Niagara appellation, 59 to 66 hours in the Lake Erie North Shore appellation and 125 to 126 hours in Prince Edward County. The 2010 growing season will no doubt be remembered for its many positive attributes: a preceding warm winter, a lengthy growing season, nearly ideal rainfall and an early start to the icewine harvest.



For more detailed weather data, management tools and weather reports throughout the year, visit www.vineandtreefruitinnovations.com
Sponsored by the Grape Growers of Ontario



2010 Grape King

DR. DEBBIE MURDZA INGLIS

Dr. Debbie Inglis was crowned the 2010 Grape King on September 15, 2010 in her vineyard in Niagara-on-the-Lake. Dr. Inglis is a second generation grape grower from the Niagara Peninsula. Her parents Stan and Doreen Murdza were among the first grape growers in Ontario to make the transition to vinifera grape varieties in the 1970's. They were very eager to be part of a new direction for the grape and wine industry with their company Niagara Vintage Harvesters. Currently Debbie and her husband Rob grow Chardonnay, Riesling, and Cabernet Franc for Vincor Canada over their 20 acres of vineyards in Niagara-on-the-Lake. Dr. Inglis still nurtures some of those first vinifera vines that were planted when she was a child.

Debbie not only has deep roots in the grape growing industry, but she has a passion for research and is the director of Brock University's Cool Climate Oenology and Viticulture Institute. She strives to understand the relationship between the site and the vines to ensure sustainable quality fruit production from year to year. Debbie is a true believer in sharing knowledge, assessing new technologies that can move the industry forward, and using the resources that are available to the grape growing community to ensure a sustainable, quality driven industry.



2010 GRAPE KING

Dr. Debbie Murdza Inglis was crowned the 2010 Grape King on September 15, 2010 in her vineyard in Niagara-on-the-Lake.

Celebrating Our Grower Story

GGO is about to launch a promotion to celebrate our grower story and to "put a face" on Ontario grape growers that consumers can connect with.

"100% Grown by Grape Growers of Ontario" is a strong message that supports the local food trend according to market research conducted on behalf of the GGO.

So, a new promotional logo was introduced in 2010 and already, there are 8 wineries and 1 juice processor marking their bottles with the 100% Grown by Grape Growers of Ontario logo. Grape bin decals and window clings have also been distributed.

Authentic... social... down to earth... environmental... are reasons consumers give for buying local.

Where grapes come from, who the growers are, their growing philosophies, and how quality is created in the vineyard are all part of the Grower Story. We plan to build an emotional connection between the consumer and the Ontario grape grower and to build awareness of great products made with 100% Ontario grapes.

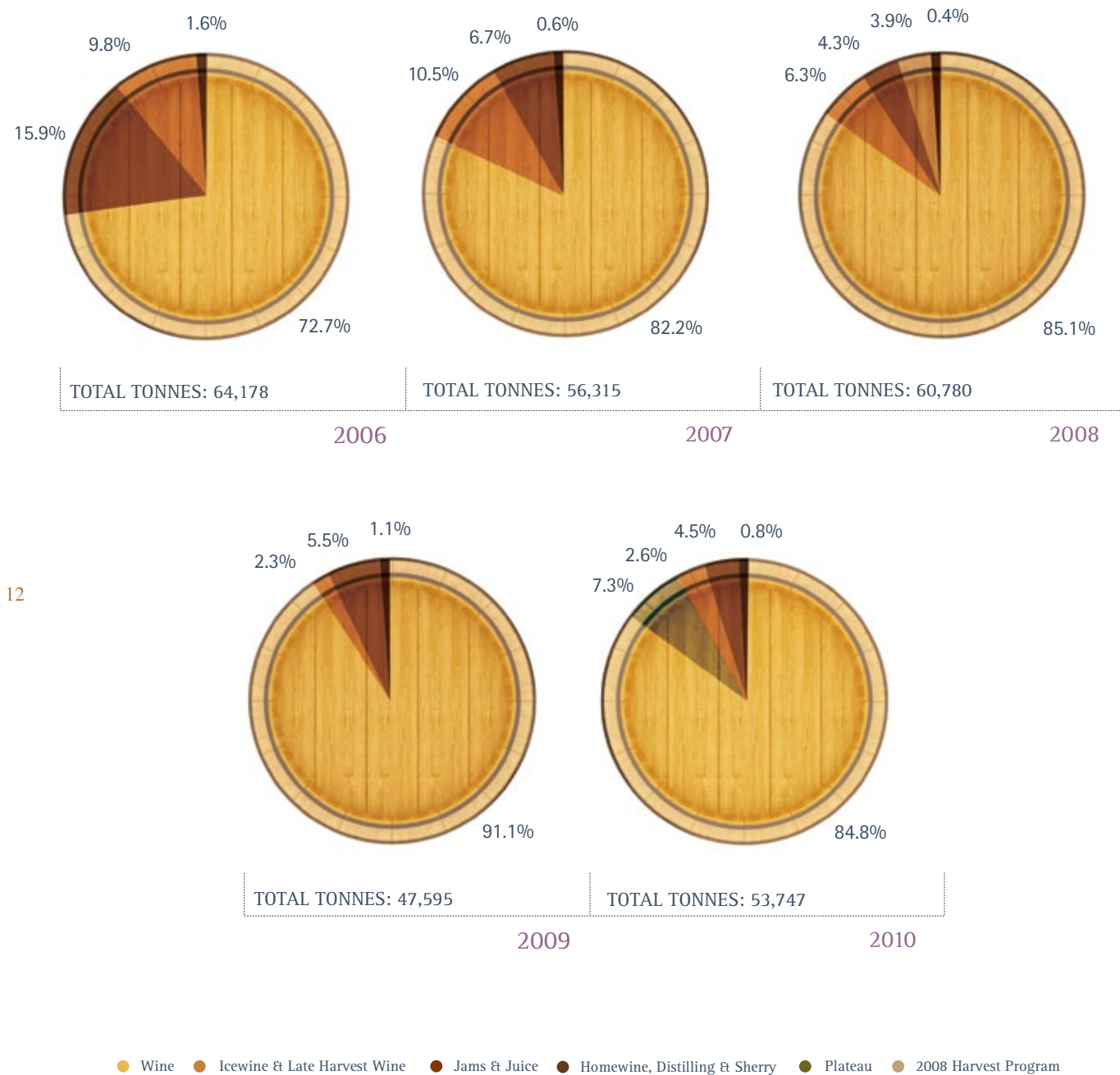


GRAPE KINGS PAST AND PRESENT

Production

TABLE I presents the production and disposition of grapes from 2006 through 2010. Grapes purchased by licenced Ontario wineries for wine, icewine and late harvest wine equaled 50,920 tonnes. Overall production increased 6,152 tonnes which represents a 13% increase from 2009.

TABLE I – Tonnage Processed by Category



Processing Prices

Minimum prices for Classes 5 – 10f including late harvest and icewine were settled through negotiations on July 8, 2010. Classes 1, 2 and 3 were set through negotiations on August 12, 2010. The price agreement includes a plateau pricing pilot model for Chardonnay, Riesling, Cabernet Franc and Cabernet Sauvignon.

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

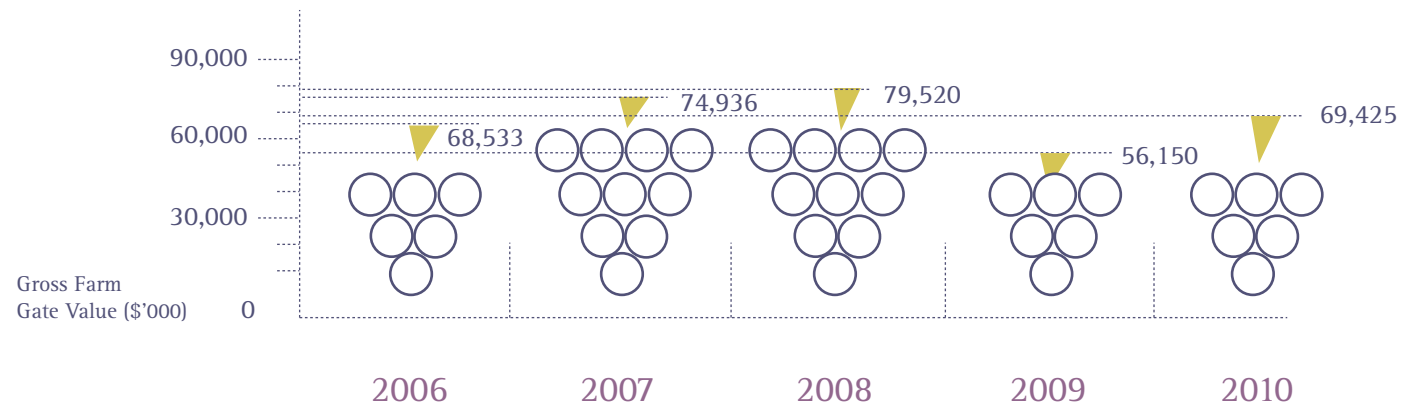
The minimum price established for each class of grapes sold for processing in 2010 is shown in TABLE II with the 2009 price listed.

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

CLASS	VARIETY	2009	2010	PLATEAU PRICE
1	Concord, Fredonia, Patricia, President, Suffolk Red and Van Buren	\$418	\$ 431	
2	Niagara and Wiley White	\$413	\$ 425	
3	Delaware, Elvira, Himrod, Sovereign Coronation, Veeblanc and Veeport	\$520	\$ 520	
5	De Chaunac and Rosette	\$659	\$ 659	
5a	Leon Millot and Marechal Foch	\$780	\$ 780	
5b	Baco Noir, Castel, Chambourcin, Chancellor, GR7, Le Commandant and Villard Noir	\$843	\$ 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	\$ 488	
7a	Seyval Blanc and Vidal 256	\$588	\$ 594	
7b	Geisenheim hybrids, GM 311, GM 318 and GM 322	\$510	\$ 515	
7c	Experimental white hybrid, Traminette, V65232 and White Amourensis	\$447	\$ 451	
9	J. Riesling	\$1,368	\$ 1,382	\$1200
9a	Auxerrois, Kerner, Scheurebe and Welsch Riesling	\$1,192	\$ 1,204	
9b	Chardonnay Musque and Chardonnay	\$1,396	\$ 1,410	\$1200
9c	Gewurztraminer	\$1,524	\$ 1,539	
9d	Pinot Gris	\$1,563	\$ 1,579	
9e	Sauvignon Blanc	\$1,539	\$ 1,554	
9f	Aligote, Alsace Muscat, Chenin Blanc, experimental white vinifera, Melon de Bourgogne, Morio Muscat, Muscat Ottonel, Pinot Blanc, Riesling Traminer, Savignin, Semillon and Viognier	\$1,214	\$ 1,226	
10	Gamay and Zweigeltrebe	\$1,283	\$ 1,283	
10a	Pinot Noir	\$1,933	\$ 1,933	
10b	Cabernet Sauvignon	\$1,875	\$ 1,875	\$1300
10c	Cabernet Franc	\$1,676	\$ 1,676	\$1300
10d	Merlot	\$1,894	\$ 1,894	
10e	Sirah, Shiraz and Syrah	\$2,164	\$ 2,164	
10f	Dornfelder, experimental red vinifera, Limberger, Malbec, Nebbiolo, Petite Sirah, Petit Verdot, Pinot Meunier, Sangiovese and St. Laurent	\$1,366	\$ 1,366	
	Distilling	\$125	\$ 125	
	Sherry	\$300	\$ 300	

Value of Crop Purchased

TABLE III – Farm Gate Value of Grapes Sold for Processing



Licence Fees

In the aggregate, licence fees for the 2010-2011 fiscal year represent approximately 1.5% of the total farm gate value of the crop, which is consistent with the 2009-2010 fiscal year at 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	2009	2010
1	Concord, Fredonia, Patricia, President, Suffolk Red and Van Buren	\$10.00	\$10.00
2	Niagara and Wiley White	\$10.00	\$10.00
3	Delaware, Elvira, Himrod, Sovereign Coronation, Veeblanc and Veeport	\$10.00	\$10.00
5	De Chaunac and Rosette	\$15.65	\$15.65
5a	Leon Millot and Marechal Foch	\$16.85	\$16.85
5b	Baco Noir, Castel, Chambourcin, Chancellor, GR7, Le Commandant and Villard Noir	\$17.50	\$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	\$13.95
7a	Seyval Blanc and Vidal 256	\$14.95	\$15.00
7b	Geisenheim hybrids, GM 311, GM 318 and GM 322	\$14.15	\$14.20
7c	Experimental white hybrid, Traminette, V65232 and White Amourensis	\$13.55	\$13.60
9	J. Riesling	\$22.75	\$22.90
9a	Auxerrois, Kerner, Scheurebe and Welsch Riesling	\$20.95	\$21.10
9b	Chardonnay Musque and Chardonnay	\$23.00	\$23.15
9c	Gewurztraminer	\$24.30	\$24.45
9d	Pinot Gris	\$24.70	\$24.85
9e	Sauvignon Blanc	\$24.45	\$24.60
9f	Aligote, Alsace Muscat, Chenin Blanc, experimental white vinifera, Gruner Veltliner, Italian Muscat, Melon de Bourgogne, Morio Muscat, Muscat Ottonel, Muscat Petit Le Grain, Pinot Blanc, Riesling Traminer, Savignin, Semillon and Viognier	\$21.20	\$21.35
10	Gamay and Zweigeltrebe	\$21.90	\$21.90
10a	Pinot Noir	\$28.40	\$28.40
10b	Cabernet Sauvignon	\$27.80	\$27.80
10c	Cabernet Franc	\$25.80	\$25.80
10d	Merlot	\$28.00	\$28.00
10e	Sirah, Shiraz and Syrah	\$30.70	\$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

Note: An amendment to the GGO 2010 Regulations reflect a \$2.00/tonne licence fee rebate for wineries that grow their own grapes.



PROMOTING OUR INDUSTRY: LEGISLATIVE WINE TASTING

Debbie Zimmerman, Debbie Murdza Inglis, Honourable Steve Peters, Speaker of the House

grapegrowersof

Production of Processed Grapes by Variety

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

	2006	2007	2008	2009	2010
Classes 1-3					
Concord	7,882	2,965	2,118	1,966	1,746
Elvira	61	53	49	60	12
Niagara	3,218	1,525	1,048	1,209	1,066
Miscellaneous 1-3	8	14	4	14	6
SUB-TOTAL (Labrusca)	11,169	4,557	3,219	3,249	2,830
Classes 5-6					
Baco Noir	2,753	2,596	2,105	2,867	2,750
Chambourcin	584	463	608	421	488
De Chaunac	363	298	462	304	403
Marechal Foch	1,042	959	884	802	879
New York Muscat	70	57	55	38	19
Rosette	154	111	30	-	-
Villard Noir	81	69	68	64	69
Miscellaneous 5-6	208	214	128	201	251
SUB-TOTAL (Blue/Red French hybrids)	5,255	4,767	4,340	4,697	4,859
Classes 7-7c					
S.V. 23-512	494	405	357	223	233
Seyval Blanc	1,296	927	894	874	650
Vidal 256	11,065	8,994	10,288	9,906	11,836
GM 311	24	668	788	413	464
GM 318	1,466	648	981	410	439
GM 322	32	100	145	133	42
Miscellaneous 7-7c	157	224	51	17	23
SUB-TOTAL (White French Hybrids)	14,534	11,966	13,504	11,976	13,687
SUB-TOTAL (Hybrids)	19,789	16,733	17,844	16,673	18,546

	2006	2007	2008	2009	2010
Classes 9-9f					
Auxerrois	246	193	206	155	126
Chardonnay and Chardonnay Musque	6,507	7,858	8,712	6,292	6,900
Gewurztraminer	1,181	1,207	1,415	919	902
J. Riesling	4,623	5,123	6,786	5,407	6,088
Pinot Blanc	120	142	126	137	119
Pinot Gris	953	1,101	1,270	919	1,275
Sauvignon Blanc	1,695	1,391	1,810	1,257	1,272
Miscellaneous 9-9f	522	472	518	437	349
SUB-TOTAL (White Vinifera)	15,847	17,487	20,843	15,523	17,031
Classes 10-10f					
Cabernet Franc	5,167	5,206	5,952	3,547	4,532
Cabernet Sauvignon	3,413	3,527	3,906	1,842	2,772
Gamay	1,707	1,543	1,640	1,232	1,244
Merlot	3,785	4,097	4,326	2,733	3,846
Pinot Noir	1,959	2,078	1,789	1,998	1,908
Shiraz, Sirah, Syrah	551	564	625	408	547
Zweigeltrebe	444	322	388	241	298
Miscellaneous 10-10f	347	201	248	149	193
SUB-TOTAL (Red Vinifera)	17,373	17,538	18,874	12,150	15,340
SUB-TOTAL (Vinifera)	33,220	35,025	39,717	27,673	32,371
TOTAL HYBRID & VINIFERA	53,009	51,758	57,561	44,346	50,917
GRAND TOTAL	64,178	56,315	60,780	47,595	53,747



2010 CUVÉE AWARD

Bill Schenck presents the 2010 Excellence in Viticulture Cuvée Award to Albrecht Seeger for best red vinifera.



NIAGARA WINE FESTIVAL

City of St. Catharines Mayor's Grape Stomp Sponsored by GGO

Wine Grape Sugar Testing Program

The Wine Grape Sugar Testing Program was coordinated by Errol McKibbin of McKibbin Associates, a privately-owned company acting as third party tester. The total number of samples tested in 2010 increased to 4,244 from 3,835 in 2009. The number of wineries/processors serviced by this program was 138. 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 2010 increased by 10.3% from 436 in 2009 to 481 in 2010.

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

		2006	2007	2008	2009	2010
District 1	Town of Niagara-on-the-Lake	176	174	171	154	163
District 2	City of St. Catharines	64	57	49	45	45
District 3	Town of Lincoln	183	174	155	141	157
District 4	Town of Grimsby, Township of West Lincoln and City of Hamilton	52	41	32	29	28
District 5	Southwestern Ontario	30	32	34	29	36
District 6	Prince Edward County	33	40	43	38	52
TOTAL		538	518	484	436	481

Wine Sales in Ontario

TABLE VII below shows the five-year history of wine sales in Ontario. Total wine sales in Ontario grew by 2.4% to 151 million litres in 2010. Ontario wine sales increased by 1.5% to 58 million litres. Imported wine sales increased by 3.1% to 92 million litres, while out-of-province wine sales in Ontario decreased by 21.2% to 0.54 million litres. Market share for Ontario wines decreased slightly to 38.6%.

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

	2006	2007	2008	2009	2010
Ontario wine sold in Ontario*	52,190	54,083	56,118	57,507	58,364
Annual change	1.8%	3.6%	3.8%	2.5%	1.5%
Imported wine sold in Ontario	78,856	83,888	87,112	89,409	92,207
Annual change	4.6%	6.4%	3.8%	2.6%	3.1%
Out-of-province sales in Ontario	807	757	756	684	539
Annual change	-13.8%	-6.2%	-0.1%	-9.5%	-21.2%
Total wine sold in Ontario	131,853	138,729	143,986	147,600	151,110
Annual change	3.3%	5.2%	3.8%	2.5%	2.4%
Market share of Ontario wines in Ontario	39.6%	39.0%	39.0%	39.0%	38.6%

Ontario Wine Sold in Ontario for 2008-09 has been revised by LCBO.
Fiscal Year April 1 to March 31 (statistical data provided by the LCBO)
*Includes sales through LCBO, Winery Retail Stores, Direct Delivery to Licensees, embassies, airlines and industrial sales.

VQA versus Non-VQA Sales

TABLE VIII below shows VQA versus non-VQA sales in Ontario to March 31, 2010. VQA sales in Ontario increased 14.1% from 12.1 million litres in 2009 to 13.8 million litres in 2010. Non-VQA wine sales in Ontario decreased 1.9% from 45.3 million litres to 44.5 in 2010. VQA sales outside of Ontario decreased by 3.1% from 1.24 million litres in 2009 to 1.20 million in 2010.

TABLE VIII – VQA versus Non-VQA Sales in Ontario ('000 litres)

	2006	2007	2008	2009	2010
Ontario wine sold in Ontario*	52,190	54,083	56,118	57,507	58,364
Total VQA sales in Ontario**	9,874	9,127	10,394	12,142	13,856
Total non-VQA sales in Ontario	42,316	44,956	45,724	45,365	44,508
Total VQA sales outside Ontario**	897	818	1,067	1,243	1,204
Market share of VQA wines in Ontario	18.9%	16.9%	18.5%	21.1%	23.7%

Ontario Wine Sold in Ontario for 2008-09 has been revised by LCBO.
*Fiscal Year April 1 to March 31 (statistical data provided by the LCBO)
**VQA figures from VQA0 Annual Report – March 31, 2010



PRINCE EDWARD COUNTY WINEGROWERS ASSOCIATION TERROIR WINE FESTIVAL

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 (WCLA), which came into effect January 1, 2001, requires that Ontario wine contain a minimum of 30% Ontario grape content in 2010. The WCLA has been amended to 25% Ontario grape bottle content and a 40% average Ontario grape content for blended wine packaged on or after September 1, 2010. Wine imported for blending purposes increased by 66% from 15.3 million litres to 25.5 million litres. Concentrate increased by 161% from 1,728 equivalent tonnes to 4,512 equivalent tonnes. Grape juice is up 20% from 1,648 equivalent tonnes to 1,975 equivalent tonnes. In total, blending material was up 70% from 23,858 equivalent tonnes in 2009 to 40,493 equivalent tonnes in 2010.

TABLE IX – Blending Materials Imported into Ontario

	2006	2007	2008	2009	2010
Wine (litres)	32,882,685	36,406,730	25,178,128	15,361,137	25,504,088
Concentrate (equivalent tonnes) (@165 litres per tonne)	2,026.42	2,048.42	875.47	1,728.12	4,512.16
Grape Juice (equivalent tonnes) (@750 litres per tonne)	3,486.09	2,126.82	2,115.11	1,648.43	1,975.81

Statistical data provided by Alcohol and Gaming Commission of Ontario

Importation of Wine

TABLE X presents the quantity of importation of wine categories from 2006-2010. The total imports of all wine categories in Canada increased by 4.4% from the previous year to 285 million litres. Sparkling wine had the greatest growth from 2009 at 13.5% but still wine was the greatest contributor at 260 million litres.

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

	2006	2007	2008	2009	2010
Aperitif	1,000	964	928	851	808
Champagne	884	975	929	841	928
Miscellaneous wines	9,237	10,338	10,485	9,600	10,708
Port	2,456	2,342	2,153	1,958	1,921
Sherry	866	830	796	698	648
Sparkling wine (includes crackling table)	5,449	6,135	6,258	6,655	7,557
Still wine	213,343	232,932	241,525	249,849	260,023
Vermouth	2,666	2,677	2,589	2,471	2,352
TOTAL	235,901	257,193	265,663	272,923	284,945

Statistical data provided by Association of Canadian Distillers

Importation of Wine

TABLE XI shows the volume of still table wines by country of origin imported into Canada from 2006-2010 inclusive. In 2010 total importation of still table wines into Canada increased by 4.1% to 260 million litres compared to 249 million litres in 2009. Imports from South Africa were the only group to decrease. Italy is now the largest single importer into Canada followed by France and South America.

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

	2006	2007	2008	2009	2010
Australia	40,329	42,965	42,394	40,025	40,338
Eastern Europe	1,045	858	583	630	634
France	52,275	53,841	53,334	49,954	50,019
Germany	4,051	4,302	4,361	4,304	4,396
Italy	43,178	47,175	48,657	49,406	51,820
Portugal	3,553	4,115	4,763	4,972	5,078
South Africa	6,655	7,764	7,971	8,903	8,624
South America	24,498	30,694	34,563	43,307	44,917
Spain	10,122	10,752	11,167	12,438	13,264
United States	22,999	25,803	28,644	31,080	34,841
Other Countries	4,638	4,663	5,089	4,830	6,092
TOTAL	213,343	232,932	241,526	249,849	260,023

Statistical data provided by Association of Canadian Distillers



GGO AWARD OF MERIT

Hugh Fraser, OMAFRA receives the GGO Award of Merit from Matthias Oppenlaender, GGO Vice Chair

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, 2001-2010 inclusive. The number of accounts decreased slightly from 292 to 288 in 2010. Claims decreased from 145 in 2009 to 90 in 2010. The dollar value of the claims decreased from \$3.8 million in 2009 to \$1.2 million in 2010.

TABLE XII – Crop Insurance

YEAR	NO. OF ACCOUNTS	NO. OF CLAIMS	TOTAL PREMIUMS* \$'000	TOTAL CLAIMS \$'000	PREMIUMS LESS CLAIMS \$'000
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
2010	288	90	6,668	1,223	5,445

* Total grower and government premiums

Orchard and Vineyards Transition Program

The OVTP program was a joint federal and provincial program to help grape, apple and tender fruit producers adapt to industry pressures and changing markets. Eligible participants received \$1,618.74 for every eligible acre removed. The 3-year program ran from 2008-2010. Within the grape commodity there were 2,648 acres removed which had a total payout of just under \$4.3 million dollars.

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 2010/2011 year include:

MEMBERSHIPS	AMOUNT
Agricultural Adaptation Council	\$ 150
Canadian Horticultural Council	6,800
Grimsby and District Chamber of Commerce	233
Lincoln Chamber of Commerce	225
Niagara-on-the-Lake Chamber of Commerce	200
Ontario Agri-Food Education Inc.	500
Ontario Agricultural Commodity Council	500
Ontario Fruit & Vegetable Growers' Association	20,000
Ontario Federation of Agriculture	500
President's Council	250
St. Catharines - Thorold Chamber of Commerce	306
St. Catharines Club	573
British Columbia Grape Growers Association	150
TOTAL	\$ 30,387

SPONSORSHIPS	AMOUNT
Cuvee Award	\$ 5,000
Grape King	2,500
Grape Stomp	280
In Stride Productions - Niagara Running Series	1,500
Lincoln Agricultural Society	200
Lincoln Chamber of Commerce - OBAA	100
Niagara Grape and Wine Festival - 2010 Niagara Wine Festival	20,000
Niagara Peninsula Fruit and Vegetable Growers' Association	500
Official Guide to Wineries of Ontario	3,800
Ontario Wine Awards	2,500
Prince Edward County Winegrowers Association - Terroir Wine Festival	8,000
Southwestern Ontario Vintners Association - Lake Erie North Shore Wine Festival	10,000
International Cool Climate Chardonnay Celebration	50,000
TOTAL	\$ 104,380



SHORES OF ERIE INTERNATIONAL WINE FESTIVAL

Promotional Expenses

In 2010, the Grape Growers of Ontario's promotional expenditures increased with two new initiatives; a sponsorship commitment to the International Cool Climate Chardonnay Celebration and a new Grape Growers of Ontario promotion initiative to tell the locally grown story which received 50% promotional grant funding through the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) Ontario Market Investment Fund. 2010 also marked the completion of the GGO's sponsorship commitment towards the establishment of Niagara College's GGO Wine Tasting Room. Grower members from Prince Edward County as well as South Western Ontario were promoted in 2010 through sponsorships to the Prince Edward County Wine Association and the South Western Ontario Vintners Association. The Grape Growers of Ontario continued with a series of activities such as the annual Media Day, the Grape Stomp and Wine Tasting at the Legislative Assembly of Ontario. Congratulations to Pillitteri Estates Winery whose wines were chosen as the official wines to be served at the Ontario Legislature for 2011. The Grape Growers of Ontario continues to be a proud sponsor of the Niagara Grape and Wine Festival.

TABLE XIII – Promotion Expenses

	2008/2009	2009/2010	2010/2011
Promotions, Sponsorship & Public Relations	\$69,900	\$69,749	\$64,708
Niagara College – GGO Wine Tasting Room	10,000	7,500	-
Miscellaneous – Wines	8,074	13,195	6,868
SUB-TOTAL	\$87,974	\$90,444	\$71,576
Niagara Grape & Wine Festival and Grape King's Crowning	19,780	23,508	23,510
International Cool Climate Chardonnay Celebration	-	-	50,000
Grape Growers of Ontario promotion (OMIF)	-	-	6,937
TOTAL	\$107,754	\$113,952	\$152,023



GRAPE KING INSTALLATION

Wendy and Howard Staff;
Gary Burroughs, Regional Chair

Education and Research

ONTARIO GRAPE AND WINE RESEARCH INC.

Research continues to be an integral part of the Grape Growers of Ontario's 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, Wine Council of Ontario and Winery & Grower Alliance of Ontario, long-term funding for the organization and industry lead research is underway. Currently, OGWRI has 8 projects approved that transcend key industry disciplines- viticulture, oenology and market research, including:

- 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

The GGO works closely with employees from the Ontario Ministry of Agriculture, Food & Rural Affairs (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 and procedures.

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.

In 2010, the GGO was actively involved in the 8th Annual Minor Use Priority Setting Workshop in Ottawa to lobby AAFC and the PMRA to fund and approve strategic minor use issue negotiations.

NEW PRODUCTS OR LABEL EXPANSION REGISTERED IN 2010 INCLUDED:

- **QUINTEC** (quinoxifen) – novel chemistry for control of powdery mildew;
- **MICROTHIOL** (sulphur) for powdery mildew control;
- **CONFINE** (phosphorus acid) emergency registration (to be renewed in 2011) for downy mildew;
- **PRISTINE** (pyraclostrobin + boscalid) label expansion to include anthracnose;
- **ENTRUST** (organic spinosad) for grape berry moth;
- **ASSAIL** (acetamiprid) label expansion for Japanese beetle and phylloxera;
- **RIPCORD** (cypermethrin) reduced PHI to 2 days.

THE GGO HAD REPRESENTATION ON VARIOUS COMMITTEES SUCH AS:

- The Multi-coloured Asian Lady Beetle (MALB) Working Group;
- The National Steering Committee on Grape Vine Imports;
- Fruit Technical Working Group;
- The Reduced Risk Working Groups including the Guthion Transition Study Group;
- OFVGA Research Priorities Committee.

Harvesting Innovation for Growth and Sustainability of the Canadian Grape and Wine Industry



CCOVI ANNOUNCEMENT

DIAP Funding Announcement at CCOVI: Jack Lightstone, President Brock University; Debbie Inglis, CCOVI Director; Rick Dykstra MP; Matthias Oppenlaender; Debbie Zimmerman; Michael Metson, AAFC

The Grape Growers of Ontario was successful in attaining \$1.9 million in funding through industry and Agriculture and Agri-Food Canada's (AAFC) Developing Innovative Agri-Products initiative to directly support the grape and wine industry.

Thank you to our federal representative, Rick Dykstra, for his assistance in obtaining this funding. The project is a collaboration between AAFC, the Grape Growers of Ontario and Brock's Cool Climate Oenology and Viticulture Institute (CCOVI).

THE APPLICATION COVERED THREE KEY ACTIVITIES TO BRING VITAL RESOURCING TO OUR AGRICULTURAL SECTOR TO:

- (i) Gain research expertise in strategic areas of viticulture (grapevine physiology in winter hardiness) and oenology (wine flavour chemistry) and to provide better industry access to technology and expertise to assist in implementing innovation for the grape and wine industry.
- (ii) Develop outreach services to the industry to assist in the implementation and transfer of new technology and innovations to users.

- (iii) Secure operating funds to address key industry priorities of optimizing grapevine winter hardiness for the Canadian climate while at the same time ensuring premium fruit production for high quality wine production.

PROJECT OUTPUTS:

Two scientists were hired at CCOVI in 2010 to support growers and winemakers whose work will focus on industry driven priorities:

- Jim Willwerth– a viticulturist specialized in grapevine cold hardiness
- George Kotseridis - an oenologist specialized in grape and wine flavour chemistry

KEY OUTREACH ACTIVITIES INCLUDED:

- March 2010, Analytical Services launched at CCOVI to provide vital juice and wine analysis to assist growers and winemakers in assessing juice and/or wine quality;
- August 2010, Preharvest sampling program initiated to track key grape quality factors through the ripening period until harvest. Four varieties (Chardonnay, Riesling, Cabernet Franc and Cabernet Sauvignon) at four different sites across the Niagara Peninsula were sampled each week and data made available on CCOVI's website (www.brocku.ca/ccovi);
- November 2010, Launch of VineAlert - an advanced cold hardiness database at www.ccovi.ca/vine-alert. Grapevine bud hardiness is recorded for different grape varieties and locations throughout the dormant season in the Niagara Peninsula, Lake Erie North Shore and Prince Edward County. Data is displayed in a user-friendly format and available to growers to assist them in determining when protective actions are warranted to mitigate the impact against cold weather events. The site also provides bud survival data to assist growers in developing vineyard management strategies;

- Training sessions for VineAlert in the Niagara Peninsula, Lake Erie North Shore and Prince Edward County were offered to grape growers between December 2010 and February 2011.

FUTURE INNOVATION AND SKILLS DEVELOPMENT:

This project provides resources for the next two years to further expand research and outreach needs for our industry.

- Continued research on factors impacting grapevine cold hardiness to develop a Best Practices guideline for the Ontario grape industry;
- Grower and Winery workshops tailored to industry issues to facilitate knowledge transfer;
- Continued research support to develop value added products and services to the Ontario industry to enhance our global competitiveness.



2010 CELEBRITY LUNCHEON

Bill George Jr., GGO Chair with Olympic Bronze Medalist Joannie Rochette at the Celebrity Luncheon



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

Independent Auditors' Report

To the Members of
 Grape Growers of Ontario

We have audited the accompanying financial statements of Grape Growers of Ontario, which comprise the statement of financial position as at January 31, 2011, and the statements of internally restricted net assets, operations and unrestricted net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Grape Growers of Ontario as at January 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

St. Catharines, Ontario
 March 2, 2011

CHARTERED ACCOUNTANTS
 LICENSED PUBLIC ACCOUNTANTS

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 Box 848, St. Catharines, ON L2R 6Z6
 T: 905.682.8363 • F: 905.682.2191
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GRAPE GROWERS OF ONTARIO STATEMENT OF FINANCIAL POSITION AS AT JANUARY 31, 2011

	2011	2010
ASSETS		
Current		
Cash	\$ 56,972	\$ 346,902
Guaranteed investment certificates	2,751,381	2,727,675
Accounts receivable	117,736	114,227
Contributions receivable (note 12)	111,292	85,858
Prepaid expenses	5,306	32,109
Due from Grape & Tender Fruit (Ontario) Limited (note 3)	84,677	76,922
	3,127,364	3,383,693
Investments (note 4)	191,847	191,847
Software (note 5)	\$ 21,210	-
	\$ 3,340,421	\$ 3,575,540
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 277,923	\$ 375,987
Ontario Grape and Wine Research Inc. contribution payable (note 6)	249,539	295,724
Deferred contributions (note 12)	59,338	-
	586,800	671,711
Commitment (note 7)		
NET ASSETS		
Unrestricted		
Invested in Grape & Tender Fruit (Ontario) Limited	191,847	191,847
Available for operations	720,375	788,646
	912,222	980,493
Internally Restricted		
Research and Promotion Fund	841,399	923,336
Operational reserve	1,000,000	1,000,000
	1,841,399	1,923,336
	\$ 3,340,421	\$ 3,575,540

Approved on behalf of the Board

Director

Director

See Accompanying Notes to the Financial Statements

GRAPE GROWERS OF ONTARIO
STATEMENT OF INTERNALLY RESTRICTED NET ASSETS
FOR THE YEAR ENDED JANUARY 31, 2011

	2011	2010
RESEARCH AND PROMOTION FUND		
Expenses		
International Cool Climate Chardonnay Celebration	\$ (50,000)	\$ -
Weather monitoring and network program	(25,000)	-
Grape Growers of Ontario promotion	(6,937)	-
	(81,937)	-
Fund Balance - Beginning of year	923,336	923,336
Fund Balance- End of year	\$ 841,399	\$ 923,336

GRAPE GROWERS OF ONTARIO
STATEMENT OF OPERATIONS AND UNRESTRICTED NET ASSETS
FOR THE YEAR ENDED JANUARY 31, 2011

	2011	2010
REVENUES		
Licence fees	\$ 1,122,458	\$ 974,147
Vertically integrated rebate	(23,973)	-
Appropriation for research and development (note 6)	(104,272)	(90,875)
	994,213	883,272
Government and industry funding for research and other projects	581,807	424,317
OFVGA member rebate	-	4,900
Interest and other income	34,744	72,732
	1,610,764	1,385,221

GRAPE GROWERS OF ONTARIO
STATEMENT OF OPERATIONS AND UNRESTRICTED NET ASSETS
FOR THE YEAR ENDED JANUARY 31, 2011

	2011	2010
EXPENSES		
Directors' fees, honoraria and benefits	85,423	102,285
Salaries and benefits (note 8)	480,165	503,585
Travel	57,726	45,703
Meetings and conventions	23,285	34,056
Bad debts	1,478	-
Office supplies and expenses	70,364	72,179
Postage	17,958	18,572
Telephone	21,728	24,811
Dues and subscriptions	14,157	10,368
Professional fees (note 9)	85,065	48,508
Utilities and maintenance	23,159	23,467
Building insurance and property taxes	14,904	14,688
Amortization	21,823	29,347
Festival	23,510	23,508
Assessment O.F. & V.G.A.	20,000	20,000
Research and other projects (note 12)		
Grape Growers funded portion	122,661	55,660
Government and industry funded portion	459,182	388,851
Promotional projects (note 12)		
Grape Growers funded portion	71,576	90,444
Government and industry funded portion	58,345	35,466
Professional development	11,977	12,975
Maintenance agreements	15,665	12,040
Labour issues co-ordinating committee	4,900	-
Loss (gain) on foreign exchange	1,602	(1,478)
Expense recoveries from other associations	(27,618)	(27,511)
	1,679,035	1,537,524
Deficiency of Revenues Over Expenses for the Year	(68,271)	(152,303)
Net Assets - Beginning of year	980,493	1,132,796
Net Assets - End of year	\$ 912,222	\$ 980,493

GRAPE GROWERS OF ONTARIO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JANUARY 31, 2011

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficiency of revenues over expenses for the year	\$ (68,271)	\$ (152,303)
Appropriated research expenses	(81,937)	-
Adjustments for non-cash items		
Amortization	10,610	11,111
	(139,598)	(141,192)
Changes in non-cash working capital		
Accounts receivable	(3,509)	(31,232)
Contributions receivable	33,904	(6,930)
Prepaid expenses	26,803	(14,737)
Accounts payable and accrued liabilities	(98,064)	(183,427)
Ontario Grape and Wine Research Inc. contribution payable	(46,185)	71,625
Due to Grape and Tender Fruit (Ontario) Limited	(7,755)	(28,400)
	(234,404)	(334,293)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(31,820)	-
(Increase) decrease in guaranteed investment certificates	(23,706)	58,479
	(55,526)	58,479
Decrease in Cash	(289,930)	(275,814)
Cash – Beginning of year	346,902	622,716
Cash – End of year	\$ 56,972	\$ 346,902

GRAPE GROWERS OF ONTARIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JANUARY 31, 2011

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.

GRAPE GROWERS OF ONTARIO
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JANUARY 31, 2011

(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.

3. RELATED PARTY TRANSACTIONS

The Grape Growers of Ontario have amounts receivable of \$84,677 (2010 - \$76,922) from Grape & Tender Fruit (Ontario) Limited, a related party. Expenses include a \$184,862 (2010 - \$194,110) charge for Grape Growers of Ontario share (50% (2010 - 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

	2011	2010
GRAPE & TENDER FRUIT (ONTARIO) LIMITED		
94 common shares	\$ 47	\$ 47
1,918 special shares	191,800	191,800
	\$ 191,847	\$ 191,847

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. SOFTWARE

	2011	2010
Computer software cost	\$ 31,820	\$ 63,333
Accumulated amortization	(10,610)	(63,333)
	\$ 21,210	\$ -

In the year, the cost and accumulated amortization related to the previous software version was written off.

GRAPE GROWERS OF ONTARIO
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JANUARY 31, 2011

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, 2009 and 2010 crops. These funds have been collected and will be transferred to OGWRI as expenses are incurred.

	2011	2010
Opening balance	\$ 295,724	\$ 224,099
Funds collected	104,272	90,875
Funds transferred	(150,457)	(19,250)
Ending balance	\$ 249,539	\$ 295,724

7. COMMITMENT

The Grape Growers of Ontario have made a commitment to provide \$100,000 to the Grape Growers of Ontario promotion project. The remaining commitment as of January 31, 2011 is \$93,064.

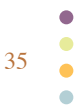
The Grape Growers of Ontario have made a commitment to provide \$100,000 to the International Cool Climate Chardonnay Celebrations, at a rate of \$50,000 per year. The remaining commitment as of January 31, 2011 is \$50,000.

8. SALARIES AND BENEFITS

	2011	2010
Total salaries and benefits	\$ 531,451	\$ 557,264
Recoveries:		
Project management	(43,486)	(47,179)
Ontario Grape and Wine Research Inc.	(7,800)	(6,500)
	\$ 480,165	\$ 503,585

9. PROFESSIONAL FEES

	2011	2010
Audit	\$ 14,400	\$13,300
Legal	28,209	35,208
Government relations, federal and provincial	42,456	-
	\$ 85,065	\$ 48,508



GRAPE GROWERS OF ONTARIO
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JANUARY 31, 2011

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 AND PROMOTION

Funds restricted for research and promotion 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.

11. FINANCIAL INSTRUMENTS

FAIR VALUE

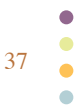
The Board's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities and an amount due from a related party. The carrying values of these instruments approximates their fair value.

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.

12. CONTRIBUTIONS FOR RESEARCH AND OTHER ACTIVITIES

	DEFERRED (RECEIVABLE) CONTRIBUTIONS FEBRUARY 1, 2010	GOVERNMENT/ INDUSTRY CONTRIBUTIONS RECEIVED 2010/11	EXPENSES 2010/11	GRAPE GROWERS OF ONTARIO PORTION 2010/11	DEFERRED (RECEIVABLE) CONTRIBUTIONS JANUARY 31, 2011
RESEARCH AND OTHER PROJECTS:					
Vitis Certification Project	\$ (34,104)	\$ 31,286	\$ 106,506	\$ 48,300	\$ (61,024)
Wind Machine Project	(37,909)	39,681	1,772	-	-
Harvesting Innovation for Growth and Sustainability	(30,279)	274,779	338,759	64,191	(30,068)
System and website enhancement	-	75,000	51,665	-	23,335
Control and location of bird control devices	-	22,115	19,895	-	2,220
Niagara Native Plant Cover	-	22,720	17,450	-	5,270
On-Farm Grape IPM Initiative	-	13,977	5,426	-	8,551
A Strategy for the Future	-	10,000	10,407	407	-
Grape and Wine Varietal Plan	-	-	20,200	-	(20,200)
	(102,292)	489,558	572,080	112,898	(71,916)
Non-Grant Funded Research				9,763	
Research Expense Funded by Grape Growers of Ontario				\$ 122,661	
PROMOTIONAL PROJECTS:					
Building Awareness for 100% Ontario Grown Grapes	16,376	10,917	27,293	-	-
Celebrity Luncheon	58	37,893	31,052	-	6,899
	16,434	48,810	58,345	-	6,899
Non-Grant Funded Promotion				71,576	
Promotional Expense Funded by Grape Growers of Ontario				\$ 71,576	
Grape Growers of Ontario Promotion	-	20,000	13,874	6,937	13,063
	\$ (85,858)				\$ (51,954)
Comprised of:					
Contributions receivable					\$ (111,292)
Deferred contributions					59,338
					\$ (51,954)





2010 *Grape King*

DR. DEBBIE MURDZA INGLIS

Dr. Debbie Inglis was crowned the 2010 Grape King on September 15, 2010 in her vineyard in Niagara-on-the-Lake.



Grape Growers
of ONTARIO

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