

**Ontario Fresh Grape Growers'
Marketing Board**



**48th Annual Report
Year ending December 31st, 2013**

ONTARIO FRESH GRAPE GROWERS' MARKETING BOARD

2013 - 2014 BOARD OF DIRECTORS

Chair

Larry Hipple District 5 - Town of Lincoln - West of Vineland Townline Road

Vice Chair

Dave Lambert District 2 - Town of Niagara-on-the-Lake

Directors

Robin Reimer	Director at Large
Adolf Reddecopp	District 2 - Town of Niagara-on-the-Lake
Bart Huisman	District 3 - City of St. Catharine's
Torrie Warner	District 4 - Town of Lincoln - East of Vineland Townline Road
Orest Gulka	District 6 - Grimsby, West Lincoln & Wentworth

2013 - 2014 GROWERS' COMMITTEE

Larry Hipple
Dave Lambert
Robin Reimer
Adolf Reddecopp
Bart Huisman

Torrie Warner
Orest Gulka
Howard Colcuc
Eric Willms

2013 - 2014 STAFF

Shared Staff (with Ontario Tender Fruit Producers)

Secretary Manager
Assistant Secretary Manager

Shared Staff (with Grape & Tender Fruit (Ontario) Ltd)

Treasurer
Office Manager
Receptionist

Sarah Marshall
Larissa Osborne

Maureen Connell
Sylvana Lagrotteria
Morag Tait



COMMENTS FROM THE CHAIR



With closer-to-normal temperatures through most of the growing season, as compared to the previous year and with ample rainfall, the 2013 fresh grape harvest was a larger crop with exceptional quality. At 2,080 tons, 2013 fresh market sales were up 38% from 2012 sales of 1,510 tons and up 2% from 2011 sales. Overall farm gate value was also higher at a little over \$4.3 million. This year's more typical temperatures also resulted in more normal harvest timing for the 2013 crop which was about two weeks later than 2012's recorded harvest. With an abundance of fresh grapes, shippers continued to market supplies well into September and early October in an attempt to clean up the crop.

Ontario blue grape sales started off strong through to the end of August and then became sluggish towards the end of the season. Unfortunately, several tons were not received by shippers due to the lack of sales in the latter half of the season. Most shippers regulated their receipts in order to keep inventories manageable. Coronation acreage has been slowly decreasing over the past several years as growers and shippers attempt to balance production with sales opportunities.

In 2013 promotion activities included participation in several joint initiatives with the Tender Fruit Board including heightened social media interaction using the website, Facebook, Twitter and Pinterest to promote and communicate recipes and "in season" messaging to consumers. The Ontario Fresh Grape Growers also continued its participation, for another year, towards the promotional retail display bins and the retail display contest which have proven to be successful marketing tools in highlighting Ontario fresh grapes at the front of retail stores during peak season. I would like to acknowledge the Ontario Ministry of Agriculture and Food and Foodland Ontario for their continued "Buy Local" support.

This year also marked the beginning of several fresh grape research initiatives looking at such concepts as applied treatments to increase berry size, colour and maturity, as well as researching options to prolong the quality of grapes held in storage. The Fresh Grape Board continues to represent the interests of all Ontario growers through exploration of new available varieties, both here locally in Niagara as well as further afoot in other jurisdictions. The support provided by the Ontario Ministry of Agriculture and Food, Agriculture and Agri-Food Canada, the Agricultural Adaptation Council and the Vineland Research and Innovation Centre is recognized and greatly appreciated.

This has been a difficult year for many of us as we mourn the loss of a long-standing staff member, friend and supporter of our industry, Wayne Roberts.

I would like to extend my thanks to the Board of Directors, the Growers' Committee and the staff for their continued support and dedication through this past year.

Finally, I take this opportunity to announce that I will not be seeking re-election to the Fresh Grape Board. After 14 years as Chair of the Ontario Fresh Grape Growers' Marketing Board, I will step down and pass the honour to another worthy member. It has been my pleasure and privilege to work with many dedicated directors, committee members, growers and staff over the years. As the industry moves forward there will undoubtedly be challenges, old and new, however I have confidence that those who will follow will work together to successfully meet these challenges as they arise. It has been an honour to serve this dedicated industry.

A handwritten signature in black ink, appearing to read "Larry Hipple". The signature is stylized and cursive.

Larry Hipple
Chair

ONTARIO FRESH GRAPE GROWERS' MARKETING BOARD 48TH ANNUAL REPORT

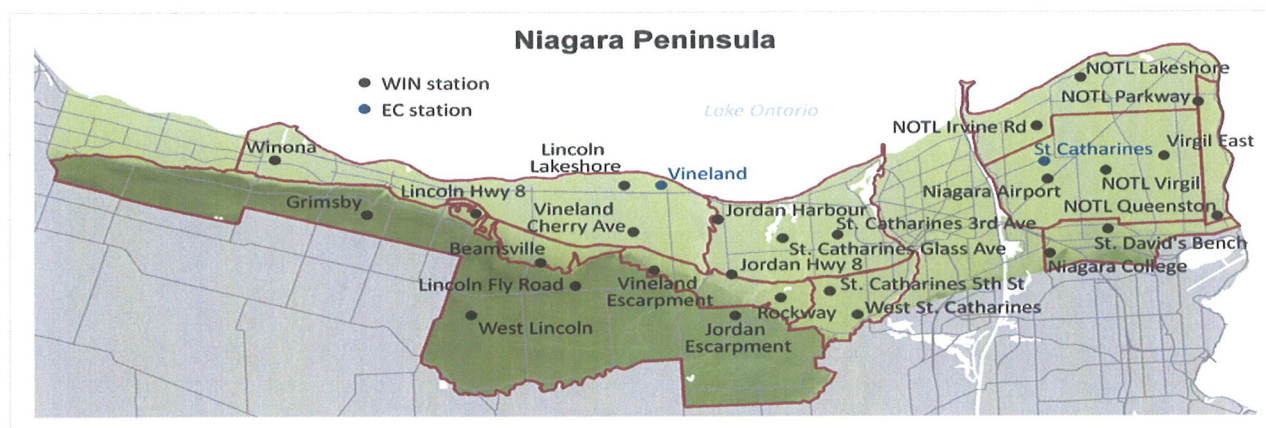


2013 Growing Season Weather Report

OVERVIEW

The 2013 growing season in the Niagara appellation was a more characteristic vintage, following a few consecutive seasons of above-normal heat units. Daytime temperatures typically averaged above normal, while overnight lows often fell below normal. Vines entered the spring with seasonal March, April and May temperatures. Above-normal rainfall during the summer led to high soil moisture conditions for established vines and supplemental irrigation was not required. The onset of the harvest was welcomed with a warm and dry September but above-normal rainfall returned in October. These 2013 conditions attributed to above-normal yields and typical disease pressure.

The following report examines all of these attributes, dividing the Niagara stations into “Niagara West” and “Niagara East” in order to suitably illustrate all stations and sub-appellations. Two Environment Canada locations were used for the 30-year normals: Vineland Rittenhouse for the western stations and St. Catharines Airport for the eastern stations. The locations of the stations referred to in this report are shown in the following map:



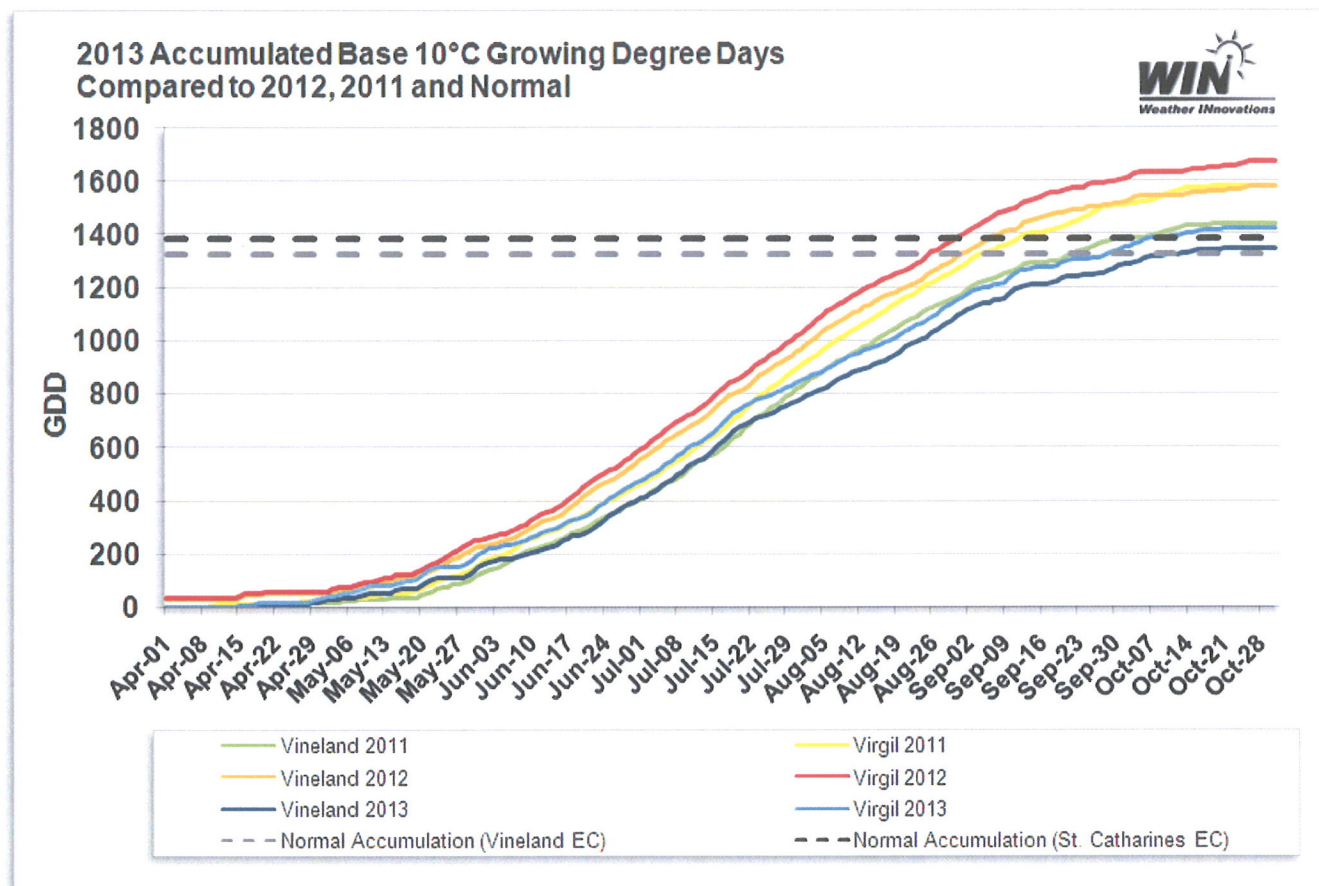
TEMPERATURE AND GROWING DEGREE DAYS

Closer-to-normal March, April and May temperatures, as compared to the previous year, resulted in a much more normal launch to the growing season. Although day-time highs were slightly higher than normal throughout these months, overnight lows averaged below normal. June and July temperatures remained near-normal, with only one extremely hot and humid week between July 14th and 19th, where daily maximum temperatures exceeded 30°C. August, September and October transitioned into above-normal daytime temperatures but cool nights; appropriate conditions for ripening grapes.

The lack of daytime highs exceeding 30°C and the recurring near-normal temperatures throughout a majority of the growing season led to a steady and near-normal progression of heat unit

accumulation. Queenston accumulated the highest seasonal total of 1531 growing degree days. All stations accumulated a near-normal number of days over 30°C, unlike the previous few growing seasons where all stations accumulated over twice as many days over 30°C compared to the seasonal normal. The following graphs illustrate these temperature attributes:

PRECIPITATION



The 2013 growing season can be summarized as having typical spring and fall precipitation but excessive June and July rainfall. The growing season commenced with 20% above normal April rainfall; however, the majority occurred during 5 consecutive wet days from April 8-12. The month of May brought minimal rainfall until the end of the month when 2 inches of rain fell within 2 days.

Excessive rainfall continued after May's month-end, occurring at least every other day apart from a 3-day consecutive dry period from June 3-5 and a 5-day consecutive dry period from June 17-21. As a result, June accumulated nearly twice the normal total! The month of July followed with an 8-day consecutive hot and dry period from July 11th to 18th, followed by intense thunderstorms during the overnight hours between July 19th and 20th. These thunderstorms brought between 2-4 inches of rainfall and hail to various parts of Niagara. Consequently, July rainfall averaged 1.5 times the normal amount.

Below-normal rainfall in August was a welcome change, with most stations experiencing a 12-day period without any rainfall from August 14th to 25th. Consequently, August rainfall averaged 90% of normal across Niagara. Below-normal and infrequent rainfall followed in September; in fact, two-thirds of the monthly total (approximately 2 inches) occurred on September 21 alone. Frequent

rainfall events returned in October resulting in 160% of normal precipitation. Consequently, the October harvest period was challenging as compared to the favourable September harvest conditions. The high June and July rainfall totals led to excess vigor but also contributed to higher yields. Seasonal rainfall amounts ranged from 39 mm above normal at Virgil to 229 mm above normal at Rockway.

CONCLUSION

The 2013 growing season was a reminder of an average heat unit growing season, noteworthy for its suitably high but not extreme summer temperatures and seasonably warm fall. The growing degree day accumulation was close to normal but behind growing seasons in recent memory. Above-normal daytime temperatures prevailed on the whole, with cooler-than-normal overnight temperatures. Typical precipitation occurred throughout the spring and fall but the summer months experienced above-normal rainfall. The harvest began with seasonably warm and dry September conditions, followed by a more challenging wet October. This growing season produced high yields which lead to an abundance of high quality fresh grapes in Niagara.

FRESH MARKET VOLUMES

**TABLE 1
FRESH MARKET VOLUMES REPORTED TO THE BOARD
2009 - 2013**

	2009	2010	2011	2012	2013	% Change
MARKETER	Tons	Tons	Tons	Tons	Tons	2013 vs 2012
Niagara Dealers	2,192	1,824	1,951	1,483	1,999	35%
S.W. Ontario Dealers	56	22	1	-	-	0%
Licensed Producers	83	80	85	27	81	200%
TOTAL	2,331	1,926	2,037	1,510	2,080	38%

2013 fresh market volumes reported to the Board were up 38% from 2012 and up 4% from the previous five-year average (1,998 tons - 2008–2012).

AVERAGE NET RETURNS

**TABLE 2
AVERAGE NET RETURNS FOR SALES THROUGH ONTARIO DEALER-SHIPPERS
2009 – 2013**

		AVERAGE RETURN*	VOLUME
YEAR	NET FARM GATE VALUE	PER TON	TONS
2013	\$2,918,540	\$1,460	1,999
2012	\$2,135,520	\$1,440	1,483
2011	\$2,563,614	\$1,314	1,951
2010	\$2,334,720	\$1,280	1,824
2009	\$2,586,560	\$1,180	2,192

*Returns are net after deducting all shipper commissions, board fees, and container costs.

Average net returns to producers selling through appointed dealers are up 1% in 2013 from the previous year and up 14% versus the previous five-year average (\$1,286/ton - 2008 – 2012).

GROSS FARM GATE VALUE

**TABLE 3
GROSS FARM GATE VALUE OF FRESH GRAPES
2011 - 2013**

FRESH MARKET	2011 VOLUME TONS	2012 VOLUME TONS	2013 VOLUME TONS	% CHANGE '13 vs '12	2011 VALUE \$	2012 VALUE \$	2013 VALUE \$	% CHANGE '13 vs '12
Grapes	2,037	1,510	2,080	38%	\$4,004,000	\$3,153,000	\$4,309,000	37%

FRESH GRAPE PRODUCTION

**TABLE 4
ESTIMATED FRESH GRAPE PRODUCTION PER ACRE BY VARIETY**

YEAR	ESTIMATED ANNUAL PLANTING/ REMOVALS	EST. TOTAL ACRES	ESTIMATED ACRES IN PRODUCTION	SOV.COR. TONS/ ACRE	SOV.COR. VOLUME TONS	FREDONIA TONS	OTHER TONS	TOTAL TONS
					A	B	C	(A+B+C)
Pre-'03		234	141					
2003	75,000	317	183	7.1	1300	750	80	2130
2004	45,000	367	223	7.2	1610	550	100	2260
2005	25,000	395	234	5.7	1340	500	250	2090
2006	30,000	428	317	6.1	2020	400	-	2420
2007	20,000	450	367	5.5	2000	170	30	2200
2008	10,000	460	395	5.4	2080	110	-	2190
2009	-	460	428	5.3	2271	-	60	2331
2010	(5,000)	455	444	4.1	1841	40	45	1926
2011	(5,000)	450	449	4.5	2025	-	12	2037
2012	(15,600)	433	429	3.5	1496	-	14	1510
2013	2,300	436	429	4.8	2080	-	-	2080
Average Yield (2009-2013)				4.5				

Note: Vine sales obtained from area nurseries

FRESH GRAPE GROWERS BY DISTRICT

**TABLE 5
NUMBER OF GROWERS REGISTERED WITH THE BOARD
2013**

DISTRICT	REGION	GROWER NUMBERS	COMMITTEE NUMBERS
District 1	Town of Niagara-on-the-Lake	49	5
District 2	St. Catharines and Niagara South	15	2
District 3	Lincoln - East of Vineland Townline Road	16	2
District 4	Lincoln - West of Vineland Townline Road	13	2
District 5	Grimsby, West Lincoln, Wentworth and the Rest of Ontario	10	1
Total		103	12

FRESH GRAPE DISTRIBUTION

**TABLE 6
FRESH GRAPE DISTRIBUTION THROUGH DEALER-SHIPPERS
AVERAGE CONTAINER WEIGHT – 17 LB EQUIVALENTS
(2009 – 2013)**

Zone	2009	%	2010	%	2011	%	2012	%	2013	%
Ontario	78,000	29%	58,000	28%	70,000	30%	51,000	29%	73,000	31%
Quebec	169,000	64%	145,000	65%	146,000	63%	107,000	62%	151,000	64%
Atlantic	6,000	2%	4,000	2%	6,000	3%	4,000	2%	1,000	1%
West	7,500	3%	11,000	5%	8,000	4%	12,000	7%	10,000	4%
Export	4,500	2%	-	-%	-	-%	-	-%	-	-%
TOTAL	265,000	100%	218,000	100%	230,000	100%	174,000	100%	235,000	100%

WEEKLY RECEIPTS BY APPOINTED DEALER-SHIPPERS

**TABLE 7
SCHEDULE OF FRESH GRAPE WEEKLY RECEIPTS
2009 - 2013**

WEEKLY PERIOD	2009	2010	2011	2012	2013
Aug. 1 – 8	-	19,000	-	33,000	-
Aug. 9 – 15	-	36,000	15,000	49,000	22,000
Aug. 16 – 22	5,000	79,000	61,000	40,000	41,000
Aug. 23 – 29	65,000	37,000	46,000	36,000	72,000
Aug. 30 - Sept. 5	98,000	32,000	26,000	14,000	30,000
Sept. 6 – 12	37,000	13,000	36,000	-	15,000
Sept. 13 – 19	29,000	2,000	34,000	-	13,000
Sept. 20 - 26	31,000	-	12,000	2,000	27,000
Sept. 27 and later	-	-	-	-	15,000
TOTALS	265,000	218,000	230,000	174,000	235,000
Average Container Weight	17 Lb.	17 Lb.	17 Lb.	17 Lb.	17 Lb.

FRESH GRAPE SALES BY CONTAINER TYPE

**TABLE 8
ONTARIO DEALER-SHIPPERS
FRESH GRAPE SALES BY CONTAINER TYPE
2009 - 2013**

YEAR	18x1 Litre	8x2 Litre	12x1 Pound	10x1.5 Litre
2013	-	194,259	1,300	40,051
2012	-	156,208	2,352	16,567
2011	-	212,212	1,768	16,971
2010	-	198,122	4,649	15,861
2009	30,676	201,432	8,500	20,923

FRESH GRAPE PRICING

**TABLE 9
FRESH GRAPE PRICE DETERMINATION ORDERS
2013**

Order #	Effective	Coronation 10x1.5 Litre	Coronation 8x2 Litre	Other 8x2 Litre
Order #1	August 19	\$18.15	\$18.15	\$18.15
Order #2	September 16	\$16.15	\$16.15	\$16.15

Note: Grapes received by a dealer, which were not shipped during the week they were received, were sold at the prevailing prices for the following week. By agreement with the Board, dealers are allowed to pool their receipts and sales on a weekly basis or over a longer period depending on their unique circumstances. Prices include 15¢ per master which is retained by the dealers to cover pallet rental costs.

2013 EARNED MARKETING INCENTIVE PROGRAM

The purpose of the incentive program is to encourage major Canadian retailers to feature Ontario fresh grapes throughout the peak of the grape harvest while maintaining uniform prices. In 2013, Fresh Grape Growers continued to offer the regular Grape Incentive Program according to the parameters set out in the chart below. The incentive periods and rates were as follows:

Week	Ad Weeks	Rates	Conditions
Week 1	August 20 – 26	\$.25	Flat rate for a one-week ad
Week 2	August 27– September 2	\$.50	Week 2 of a two-week ad
Week 3	September 3 – 9	\$.75	Weeks 2 & 3 of a three-week ad
Week 4	September 10 – 16	\$1.00	Weeks 2 - 4 of a four-week ad

The Fresh Grape Board also continued to offer the “Grape Freight Incentive” program designed to stimulate additional feature activity for Ontario grapes both in the Eastern Atlantic Provinces and Western Provinces of Canada. In 2013, a “Special \$1.00 Off Incentive” was introduced to encourage individual retailer banners to place ads during peak production periods and further increase overall grape purchases and movement of inventories.

The Incentive Program is financed through licence fees and service charges. Licence fees for 2013 increased from 2012 at 90¢ per master with 63¢ (28¢ - 2012) earmarked for the incentive program. The incentive program component of the fee and all incentive payments are accounted for in a separate incentive fund account. Shortages and/or surpluses are carried forward into future programs.



PROMOTION AND MARKET DEVELOPMENT PROGRAMS

**TABLE 10
PROMOTION & MARKET DEVELOPMENT PROGRAMS
2009 – 2013**

YEAR	DOLLARS SPENT	% OF FEES COLLECTED	CROP VOLUME (TONS)	DOLLARS PER TON
2013	\$9,835	5%	2,080	\$ 4.73
2012	\$11,475	10%	1,510	\$ 7.60
2011	\$13,975	9%	2,037	\$ 6.86
2010	\$27,285	21%	1,926	\$14.17
2009	\$11,973	6%	2,331	\$ 5.14

The Fresh Grape Board coordinated their 2013 promotion efforts with those of the Tender Fruit Board through website and social media communication efforts and “front of store” retail display bins. The Board very much appreciates the assistance received from OMAF’s Foodland Ontario who provides invaluable support through “Buy Local” communications and promotions throughout the fresh grape marketing season.



RESEARCH INITIATIVES

The Fresh Grape Board supported several research projects in 2013, including:

CAAP 0506: Impacts of Abscisic Acid (ABA) and Gibberellic Acid (GA) on Maturation and Quality of Ontario Table Grapes

This project was conducted with specific objectives in looking at the impacts of GA and ABA alone and together on Sovereign Coronation and Skookum Seedless table grapes, more specifically the impacts of several concentrations of GA and ABA on berry size, cluster weight, and overall yields as well as the impact of these treatments on berry composition, particularly color and anthocyanins in Sovereign Coronation. The project included analysis with respect to treatment impacts on sensory aspects of both cultivars and treatment impacts on harvest date. This study concluded that GA can lead to an overall positive increase in yield and berry size but with some decreases in Brix and colour/anthocyanins, while ABA may lead to an improvement of colour/anthocyanins and decreases in titratable acidity. The final report recommends that these treatments be considered for future market use, however, continued trials and evaluations should follow this initial study to reaffirm and build a historical database on the efficacy of GA and ABA on table grapes in the Niagara region.



Agriculture and
Agri-Food Canada

Agriculture et
Agroalimentaire Canada

Investment in this project has been provided by Agriculture and Agri-Food Canada through the Canadian Agricultural Adaptation Program (CAAP). In Ontario this program is delivered by the Agricultural Adaptation Council.

OFIP 027: Evaluation of Methods to Extend Postharvest Storage of Ontario-grown Coronation Fresh Table Grapes

The primary objective of this project in 2013 was to investigate the typical methods used currently in the table grape industry to successfully store fruit and to apply a selection of these methods to the storage of Sovereign Coronation table grapes in Ontario. In addition to the method(s) selected, Vineland's novel storage system was included as a treatment, as it has shown potential in the ability to reduce mold development during storage. Our goal in 2013 was to apply the selected treatments and conduct a preliminary investigation into the response of Sovereign Coronation table grapes. A complete replicate trial will be conducted in 2014 using the most promising treatments.



This project was funded in part through Growing Forward 2, a federal-provincial-territorial initiative. The Agricultural Adaptation Council assists in the delivery of Growing Forward 2 in Ontario.

New Variety Evaluations

New Varieties from Other Jurisdictions

Vineland Research and Innovations Centre (VRIC), in collaboration with Vinetech Canada Ltd. and the Ontario Fresh Grape Growers, are endeavoring to introduce new table grape varieties for testing in Canadian conditions. Elite table grape varieties will be sourced from diverse production regions and tested on VRIC's farm under CFIA regulations and inspection conditions. In addition, introduced vines will be used to make strategic crosses between high quality fresh grapes and adapted, cold tolerant grapes. Consumer profiling, sensory and chemical analysis of fruit plus agronomic performance of grapevines will form the basis for selection and advancing to commercialization. A full breeding plan proposal has been submitted to the federal AgriScience program.

New Varieties Locally

Dr. Helen Fisher is performing some new variety trials for fresh grapes viable for Ontario growers. The material being evaluated is owned by the University of Guelph and the Ministry of Agriculture with propagative rights assigned locally. 48 varieties of table grapes have been planted and are currently being monitored in the growth stage with 1-2 years to go before the fruit can be harvested for testing. 2014 will provide the first clusters for observation with further data collection and dissemination for 2015 and beyond.

Independent Auditor's Report

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To the Members of
Ontario Fresh Grape Growers' Marketing Board

We have audited the accompanying financial statements of the Ontario Fresh Grape Growers' Marketing Board, which comprise the statement of financial position as at December 31, 2013, and the statements of revenues, expenses and unrestricted net assets, marketing incentive program revenues, expenses and fund balance; and cash flows for the years ended December 31, 2013 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independent Auditor's Report (continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Ontario Fresh Grape Growers' Marketing Board as at December 31, 2013, and the results of its operations and its cash flows for the years ended December 31, 2013 in accordance with Canadian accounting standards for not-for-profit organizations.

Grant Thornton LLP

St. Catharines, Canada
January 24, 2014

Chartered Professional Accountants
Licensed Public Accountants

Ontario Fresh Grape Growers' Marketing Board Statement of Financial Position

December 31	2013	2012
Assets		
Current		
Cash	\$ 125,523	\$ 67,986
Guaranteed investment certificate (Note 3)	82,792	81,535
Accounts receivable (Note 4)	2,657	2,604
Grants receivable (Note 5)	18,741	-
Prepaid expenses	<u>1,442</u>	<u>1,417</u>
	<u>\$ 231,155</u>	<u>\$ 153,542</u>
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 6)	\$ <u>3,202</u>	\$ <u>9,423</u>
Net Assets		
Unrestricted	146,739	141,688
Marketing Incentive Program	<u>81,214</u>	<u>2,431</u>
	<u>\$ 231,155</u>	<u>\$ 153,542</u>

Approved on behalf of the Board



Director



Director

Ontario Fresh Grape Growers' Marketing Board Statement of Revenues, Expenses and Unrestricted Net Assets

Year ended December 31	2013	2012
Revenues		
Service charges	\$ 211,711	\$ 110,071
Producer licence fees	<u>8,121</u>	<u>2,436</u>
	219,832	112,507
Appropriated to marketing incentive program (Note 7)	<u>(154,090)</u>	<u>(49,742)</u>
	65,742	62,765
Interest	2,009	2,182
Research grant (Note 5)	<u>24,320</u>	<u>-</u>
	<u>92,071</u>	<u>64,947</u>
Expenses		
Audit	2,800	2,100
Directors' and committee fees	11,515	7,530
Legal	176	278
Liability insurance	1,777	1,777
Memberships	1,150	1,150
Office	726	312
Promotion	9,735	11,475
Research	28,179	-
Shared costs (Note 8)	24,000	24,000
Travel	<u>6,962</u>	<u>8,737</u>
	<u>87,020</u>	<u>57,359</u>
Excess of revenues over expenses for the year	5,051	7,588
Fund balance, beginning of the year	<u>141,688</u>	<u>134,100</u>
Fund balance, end of the year	<u>\$ 146,739</u>	<u>\$ 141,688</u>

**Ontario Fresh Grape Growers' Marketing Board
Statement of Marketing Incentive Program Revenues,
Expenses and Fund Balance**

Year ended December 31	2013	2012
Revenues		
Appropriated service charges	\$ 148,187	\$ 48,847
Appropriated producer licence fees	<u>5,903</u>	<u>895</u>
	<u>154,090</u>	<u>49,742</u>
Expenses		
Incentive program expense	<u>75,307</u>	<u>82,611</u>
Excess (deficiency) of revenues over expenses for the year	78,783	(32,869)
Fund balance, beginning of the year	<u>2,431</u>	<u>35,300</u>
Fund balance, end of the year	<u>\$ 81,214</u>	<u>\$ 2,431</u>

Ontario Fresh Grape Growers' Marketing Board

Statement of Cash Flows

Year ended December 31	2013	2012
<hr/>		
Increase (decrease) in cash		
Operating		
Excess of revenues over expenses for the year - unrestricted	\$ 5,051	\$ 7,588
Excess of revenues over expenses for the year - marketing incentive program	78,783	(32,869)
Changes in non-cash working capital		
Accounts receivable	(53)	6,937
Grants receivable	(18,741)	8,048
Prepaid expenses	(25)	500
Accounts payable and accrued liabilities	(6,221)	6,526
	<u>58,794</u>	<u>(3,270)</u>
Investing		
Redemption of guaranteed investment certificate	81,535	80,239
Purchase of guaranteed investment certificate	(82,792)	(81,535)
	<u>(1,257)</u>	<u>(1,296)</u>
Increase (decrease) in cash	57,537	(4,566)
Cash		
Beginning of year	<u>67,986</u>	<u>72,552</u>
End of year	<u>\$ 125,523</u>	<u>\$ 67,986</u>

Ontario Fresh Grape Growers' Marketing Board

Notes to the Financial Statements

December 31, 2013

1. Nature of operations

The Board was established to regulate prices of grapes sold in the fresh grape market, as well as for the purposes of marketing and promoting fresh grapes in Ontario. It is incorporated by Letters Patent as a corporation without share capital under the laws of Ontario, and is exempt from income taxes under section 149(1)(e) of the Income Tax Act.

2. Significant accounting policies

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

Fund accounting

The Board follows the restricted fund method of accounting for contributions. Revenues and expenses related to the Marketing Incentive Program are reported in the Marketing Incentive Program Fund. All other revenues and expenses are reported in the unrestricted fund.

Revenue recognition

The Board has authority to collect service charges and licence fees under the provisions of the Farm Products Marketing Act. The Board operates a system of required reporting of crop sales by appointed dealer shippers and licensed producers and monitors the results of this reporting. Any additional revenues determined by the Board through this monitoring system are recorded when determined to be collectible.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations 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.

Capital expenditures

Capital expenditures are charged to operations in the year they are incurred.

Financial instruments

Ontario Fresh Grape Growers' Marketing Board initially measures its financial assets and financial liabilities at fair value. The Board subsequently measures all its financial assets and financial liabilities at amortized cost.

Ontario Fresh Grape Growers' Marketing Board

Notes to the Financial Statements

December 31, 2013

Financial instruments (continued)

Financial assets measured at amortized cost include cash, accounts receivable, and investments in guaranteed investment certificates.

Financial liabilities measured at amortized cost included accounts payable and accrued liabilities.

3. Guaranteed investment certificates

The Board has a guaranteed investment certificate that matures in 2014 and earns interest at 1.50% (2012 - 1.55%).

4. Accounts receivable

	2013	2012
Due from Ontario Tender Fruit Producers' Marketing Board	\$ 2,552	\$ 2,589
HST receivable	<u>105</u>	<u>15</u>
	<u>\$ 2,657</u>	<u>\$ 2,604</u>

5. Research grants

	2013
Effects of ABA & GA on Fresh Grapes	
Opening balance	\$ -
Eligible portion of grant expenditures	24,940
Grant proceeds	<u>(6,199)</u>
	<u>\$ 18,741</u>

6. Accounts payable and accrued liabilities

	2013	2012
Trade payables	\$ 2,202	\$ 3,423
Due to Ontario Tender Fruit Producers' Marketing Board	<u>1,000</u>	<u>6,000</u>
	<u>\$ 3,202</u>	<u>\$ 9,423</u>

7. Marketing incentive program

The funds raised for this program in 2013 in the amount of \$154,090 (2012 - \$49,742) were generated by a levy on producers included in service charges and licence fees. The \$75,307 (2012 - \$82,611) marketing incentive expense was paid out to qualifying retailers to encourage sales through additional features on fresh grapes.

Ontario Fresh Grape Growers' Marketing Board

Notes to the Financial Statements

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8. Shared cost commitment

The Ontario Fresh Grape Growers' Marketing Board shares office space and staff with Grape and Tender Fruit (Ontario) Limited at a cost of \$2,000 per month.

9. Transactions with Ontario Tender Fruit Producers' Marketing Board

The Ontario Fresh Grape Growers' Marketing Board and the Ontario Tender Fruit Producers' Marketing Board are under common management and have significant common membership. The Ontario Tender Fruit Producers' Marketing Board collects licence fees and service charges on behalf of the Ontario Grape Growers' Marketing Board which gives rise to the receivable balance. The amount due to the Ontario Tender Fruit Producers' Marketing Board in 2013 arose from the costs of a joint promotion initiative.

10. Financial instruments

Risks and concentrations

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



Ontario Fresh Grape Growers' Marketing Board

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