

Ontario Fresh Grape Growers' Marketing Board



**50th Annual Report
Year ending December 31st, 2015**



ONTARIO FRESH GRAPE GROWERS' MARKETING BOARD

2015 - 2016 BOARD OF DIRECTORS

Chair

Dave Lambert District 1 – Town of Niagara-on-the-Lake

Vice Chair

David Hipple District 2 – Rest of Ontario

Directors

| | |
|-----------------|--|
| Adolf Reddecopp | District 1 – Town of Niagara-on-the-Lake |
| Howard Colcuc | District 1 – Town of Niagara-on-the-Lake |
| Robin Reimer | District 2 – Rest of Ontario |
| Torrie Warner | District 2 – Rest of Ontario |
| Jim Juras | Director at Large |

2015 - 2016 GROWERS' COMMITTEE

Dave Lambert
David Hipple
Jim Juras
Robin Reimer
Adolf Reddecopp

Torrie Warner
Howard Colcuc
Bart Huisman
Fred Meyers

2015 - 2016 STAFF

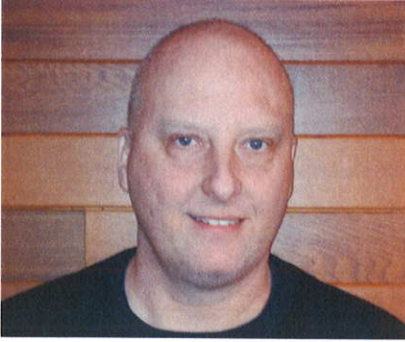
Shared Staff with Ontario Tender Fruit Growers

Sarah Marshall
Larissa Osborne

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

Maureen Connell
Sylvana Lagrotteria
Kelle Neufeld

COMMENTS FROM THE CHAIR



January 2016

Ontario's main table grape variety, Sovereign Coronation, demonstrated yet again that it is Ontario winter hardy with vines and grapes holding up exceptionally well, resulting in another average sized crop for 2015. Harvest started almost a week earlier than 2014 and with good quality and strong demand, this year's grape crop sold early.

In 2015, the Ontario Fresh Grape Growers continued with a number of promotional and research activities to help ensure a dependable high quality product continues to be available to our buyers.

With funding from the Local Food Fund and support from Foodland Ontario, we were able to offer a comprehensive promotional program in collaboration with the Ontario Tender Fruit Growers. 2015 promotions included a heightened social media platform, in-store sampling events and point of sale material as well as consumer awareness advertising leading up to and throughout the season.

In 2015, the Ontario Fresh Grape Growers was approved for funding to continue research initiatives to extend postharvest storage of Ontario Coronation table grapes. This newest project looks to broaden access to markets both locally and in other jurisdictions by providing innovative technology to extend storage life, improve storage quality as well as transportability. Government support is crucial to the future success of our industry and we thank the provincial and federal government for making these important initiatives possible.

New variety development is vital in ensuring we are providing our buyers with products to meet consumer demand. With funding received from Agriculture and Agri-Food Canada through the AgriInnovation program and in partnership with Vineland Research and Innovation Centre and Vinetech, the fresh grape industry continues to scout for and bring in new seedless varieties to Ontario for testing. Existing local varietal trials are also continuing with 2015 providing the second year of evaluations of several promising seedless selections that have been identified for further market potential.

2015 marked the second year of stable in-season pricing for Ontario fresh grapes helping to ensure consistent quality and equalized net returns to growers. Pricing was held for the season at \$19 minimum per master which was up from the previous year's price of \$18 per master. I am pleased to report that positive results were realized, movement was brisk, and all available grapes were sold again this year.

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.

Respectfully submitted,

Dave Lambert
Chair

A handwritten signature in dark ink, appearing to read "Dave Lambert", written in a cursive style. The signature is positioned to the right of the printed name and title.

ONTARIO FRESH GRAPE GROWERS' MARKETING BOARD 50TH ANNUAL REPORT

FRESH MARKET VOLUMES

TABLE 1
FRESH MARKET VOLUMES REPORTED TO THE BOARD
2011 - 2015

| MARKETER | 2011 Tons | 2012 Tons | 2013 Tons | 2014 Tons | 2015 Tons | % Change 2015 vs 2014 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|--------------------------------------|
| Niagara Dealers | 1,951 | 1,483 | 1,915 | 1,861 | 1,847 | -0.8% |
| S.W. Ontario Dealers | 1 | - | - | - | - | 0.0% |
| Licensed Producers | 85 | 27 | 81 | 76 | 92 | 21.1% |
| TOTAL | 2,037 | 1,510 | 1,996 | 1,937 | 1,939 | 0.1 % |

2015 fresh market volumes reported to the Board were up slightly 0.1% from 2014 and 3.1% from the previous five-year average (1,881 - 2010–2014).

AVERAGE NET RETURNS

TABLE 2
AVERAGE NET RETURNS FOR SALES THROUGH ONTARIO DEALER-SHIPPERS
2011 – 2015

| YEAR | NET FARM GATE VALUE | AVERAGE RETURN* PER TON | VOLUME TONS |
|-------------|----------------------------|------------------------------------|------------------------|
| 2015 | \$2,848,074 | \$1,542 | 1,847 |
| 2014 | \$2,903,160 | \$1,560 | 1,861 |
| 2013 | \$2,795,900 | \$1,460 | 1,915 |
| 2012 | \$2,135,520 | \$1,440 | 1,483 |
| 2011 | \$2,563,614 | \$1,314 | 1,951 |

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

Average net returns to producers selling through appointed dealers are down 1% in 2015 from the previous year and up 9% from the previous five-year average (\$1,411/ton - 2010 – 2014).

GROSS FARM GATE VALUE

TABLE 3
GROSS FARM GATE VALUE OF FRESH GRAPES
2013 - 2015

| FRESH MARKET | 2013 VOLUME TONS | 2014 VOLUME TONS | 2015 VOLUME TONS | % CHANGE '15 vs '14 | 2013 VALUE \$ | 2014 VALUE \$ | 2015 VALUE \$ | % CHANGE '15 vs '14 |
|-------------------------|---------------------------------|---------------------------------|---------------------------------|------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------------|
| Grapes | 1,996 | 1,937 | 1,939 | 0.1% | \$4,097,671 | 4,178,810 | 4,382,140 | 5% |

FRESH GRAPE PRODUCTION

**TABLE 4
2015 GPS MAPPED FRESH GRAPE PRODUCTION BY DISTRICT**

| Variety | District 1 | District 2 | District 3 | District 4 | District 5/6 | Grand Total |
|--------------------|-------------------|-------------------|-------------------|-------------------|---------------------|--------------------|
| Fredonia | | 2.13 | 14.49 | 15.72 | 3.07 | 35.41 |
| Himrod | 2.07 | 0.08 | 0.02 | | | 2.17 |
| Patricia | | | | 2.87 | | 2.87 |
| Sovereign | 255.62 | 11.39 | 23.99 | 4.00 | 0.14 | 295.14 |
| Van Buren | 0.6 | | | 0.42 | | 1.02 |
| Experimental Fresh | 1.48 | | | | | 1.48 |
| Grand Total | 259.77 | 13.60 | 38.50 | 23.02 | 3.21 | *338.09 |

*estimated that GPS mapped acreage represents 70% of total production

Above Districts are based on Grape Growers of Ontario definition:

District 1 = Niagara on the Lake

District 2 = St. Catharines

District 3 = Town of Lincoln

District 4 = Grimsby/West Lincoln

District 5 = Southwestern Ontario, Brant, Chatham-Kent, Essex, Middlesex, Norfolk, Oxford, Eastern Ontario

FRESH GRAPE GROWERS BY DISTRICT

**TABLE 5
NUMBER OF GROWERS REGISTERED WITH THE BOARD
2015**

| DISTRICT | REGION | GROWER NUMBERS | COMMITTEE NUMBERS |
|-----------------|---|-----------------------|--------------------------|
| District 1 | Town of Niagara-on-the-Lake | 46 | 5 |
| District 2 | All other areas including St. Catharines, Lincoln and Grimsby | 44 | 5 |
| Total | | 90 | 10 |

FRESH GRAPE DISTRIBUTION

**TABLE 6
FRESH GRAPE DISTRIBUTION THROUGH DEALER-SHIPPERS
(2011-2015)**

| Region | 2011 | 2012 | 2013 | 2014 | 2015 |
|---------------|-------------|-------------|-------------|-------------|-------------|
| Ontario | 36% | 27% | 31% | 39% | 38% |
| Quebec | 56% | 58% | 64% | 56% | 61% |
| Atlantic | 4% | 2% | 1% | 1% | 1% |
| West | 5% | 13% | 4% | 4% | 0% |

WEEKLY RECEIPTS BY DEALER-SHIPPERS

**TABLE 7
SCHEDULE OF FRESH GRAPE WEEKLY RECEIPTS
2011 - 2015**

| WEEKLY PERIOD | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|----------------|----------------|----------------|----------------|----------------|
| Aug. 3 – 9 | 880 | 42,648 | 8,352 | 0 | 40 |
| Aug. 10 – 16 | 33,011 | 47,039 | 30,248 | 200 | 18,638 |
| Aug. 17 – 23 | 56,804 | 40,082 | 54,258 | 41,662 | 55,048 |
| Aug. 24 – 30 | 45,413 | 37,399 | 50,983 | 67,549 | 72,114 |
| Aug. 31– Sept. 6 | 23,572 | 5,115 | 20,320 | 45,099 | 44,654 |
| Sept. 7 – 13 | 35,661 | | 14,024 | 30,222 | 18,449 |
| Sept. 14 – 20 | 26,702 | | 21,124 | 23,258 | 7,727 |
| Sept. 21 -27 | 7,539 | | 17,496 | 8,840 | 659 |
| Sept 29 –Oct 5 | | | 6,463 | 2,062 | |
| Oct 6 on | | | 2,045 | | |
| TOTALS (17 lb. equivalent units) | 229,582 | 172,775 | 225,313 | 218,892 | 217,329 |
| First Main Harvest Date (2500 units) | Aug 15 | Aug 5 | Aug 11 | Aug 18 | Aug 13 |
| Days from veraison | 19 | 20 | 16 | 17 | 19 |
| Days from bloom | 59 | 60 | 59 | 61 | 65 |
| Growing Degrees | 1053 | 1095 | 906 | 915 | 955 |

FRESH GRAPE SALES BY CONTAINER TYPE

**TABLE 8
ONTARIO DEALER-SHIPPERS
FRESH GRAPE SALES BY CONTAINER TYPE
2011 - 2015**

| CONTAINER | 2011 | 2012 | 2013 | 2014 | 2015 | % CHANGE 2015 VS. 2014 |
|--------------------|----------------|----------------|----------------|----------------|----------------|-----------------------------------|
| 8x2 L | 212,212 | 156,208 | 186,696 | 169,542 | 181,658 | 7% |
| 10x1.5 - #1 | 16,971 | 16,567 | 37,696 | 17,289 | 11,641 | -33% |
| other | 1,768 | 2,352 | 1,305 | 27,320 | 23,736 | -13% |
| Total Units | 230,951 | 175,127 | 225,697 | 214,151 | 217,035 | 1% |

FRESH GRAPE PRICING

**TABLE 9
FRESH GRAPE PRICE DETERMINATION ORDER
2015**

| | | All Classes | All Classes | All Classes | All Classes |
|----------|-------------|--------------|-------------|-------------|-------------|
| Order # | Effective | 10x1.5 Litre | 8x2 Litre | 6x3 Litre | 6x3 Lb |
| Order #1 | August 17th | \$19.20 | \$19.20 | \$19.20 | \$20.20 |

Note: 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 20¢ per master which is retained by the dealers to cover pallet rental and unloading fees.

2015 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 2015, Fresh Grape Growers continued to offer the regular Grape Incentive Program as well as a freight incentive in eastern (\$1.00) and western (\$1.50) provinces. Depending on the region, retailers had ad requirements in order to qualify. The incentive periods and rates were as follows:

| Week | Dates | Rates |
|----------|---|--------|
| Week 1-3 | August 15 th -Sept 4 th | \$.50 |
| Week 4-7 | Sept 5 th – Oct 2 nd | \$1.00 |

The Incentive Program is financed through licence fees. Licence fees for 2015 increased from 2014 at 84¢ per 17 lb. master (62¢ - 2014). 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
2011 – 2015**

| | DOLLARS | % OF TOTAL BOARD FEES | CROP VOLUME | \$ |
|------|----------|-----------------------|-------------|---------------------|
| YEAR | SPENT | COLLECTED | (TONS) | PER 17 LB CONTAINER |
| 2015 | \$10,475 | 5% | 1,939 | \$.046 |
| 2014 | \$9,475 | 7% | 1,937 | \$.042 |
| 2013 | \$9,835 | 5% | 1,996 | \$.042 |
| 2012 | \$11,475 | 10% | 1,510 | \$.065 |
| 2011 | \$13,975 | 9% | 2,037 | \$.058 |

The Fresh Grape Board coordinated their 2015 promotion efforts with those of the Tender Fruit Board through in-store sampling, website and social media communication efforts and “front of store” retail display bins. The Board appreciates the support of Foodland Ontario who provided “Buy Local” communications and promotions throughout the fresh grape marketing season.

RESEARCH INITIATIVES

The Fresh Grape Board supported several research projects in 2015, including:

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

This project provided two years of continued evaluations of the impacts and interactions of GA and ABA on Sovereign Coronation and Skookum Seedless table grapes. Treated grapes were analyzed for their effect 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. A final report with findings was released in 2015 and made available on the website www.ontariotenderfruit.ca.

Evaluation of Methods to Extend Postharvest Storage of Ontario Coronation Table Grapes

After establishing the correct application and storage protocols in the initial study in 2013, a 2014 complete replicated trial was completed. The 2014 work plan focused only on evaluating sulphur pad concentrations – control vs. dual and single release pads. Quality evaluations took place at intervals of 3, 5 & 7 weeks and looked at desiccation, sulphur damage from too high a concentration, decay and overall weight loss. Grapes need to be cooled before sulphur pads introduced (0 to -1°C storage) and the rate of cooling (forced air vs. regular cold storage) is important. Grapes for this project were delivered to Vineland Research and Innovation Centre direct from the field & cooled using a forced air cooling system; all grapes were from the same vineyard. A final report with findings was released in 2015 and made available on the website www.ontariotenderfruit.ca.

Sulphur Dioxide Fumigation Protocol for Ontario Grapes

This successive project, approved for GF2 funding in 2015, will further previous research initiatives to extend postharvest storage of Ontario Coronation table grapes through the development of a sulphur dioxide fumigation protocol. Under this project individual pallets of fruit will be fumigated in a closed environment with fruit quality evaluations occurring at scheduled weekly intervals. The objectives of this project are to further the Ontario fresh grape industry in accessing markets both locally and in other jurisdictions by providing innovative technology to extend storage life, improve storage quality and transportability and offer a wider marketing window.

Worker Safety

In partnership with the Ontario tender fruit, apple and grape growers, a comprehensive worker safety program and guides were developed by Worker Safety Prevention Services (WSPS) as well as the establishment of standard operating procedures relative to the horticultural industry. Workshops to assist growers were held in 2015 with supporting resources posted on industry websites and the FruitTracker system. Each industry greatly values a safe work environment for their employees and will continue to provide relevant resources to growers.



New Variety Development in Tree Fruit and Fresh Grape Sectors in Canada

In 2014, funding for a new research program focusing on changing and improving the product mix for Ontario tender fruit and fresh grape growers was announced by the federal government.

Vineland Research and Innovation Centre is scouting the world for fresh grape varieties better-adapted to our local climate as well as evaluating plum, peach, nectarine and apricot trees from the University of Guelph's breeding program in terms of superior varieties that meet consumer preferences. In 2015, several promising new grape varieties from other jurisdictions were evaluated, continued evaluations will take place over the next few years to determine their potential for Ontario's fresh grape industry.

The government of Canada is supporting the development of new Canadian tree fruit and fresh grape varieties through the AgriInnovation Program as part of the Growing Forward 2 initiative. This four-year \$590,000 research program is a collaborative effort between Vineland, the Ontario Fresh Grape, Tender Fruit Producers and the University of Guelph with additional support provided by VineTech Canada.



New Varieties Locally

Evaluation of material continues, with guidance and expertise provided by Dr. Helen Fisher, from 48 varieties of table grapes owned by the University of Guelph and the Ministry of Agriculture with propagative rights assigned locally. In 2015 the industry continued to observe several of the most promising seedless green and red varieties. Varieties were evaluated looking at the fruit clusters as well as the vines with 14 varieties selected to continue into the third year of trials in 2016.

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, 2015, and the statements of revenues, expenses and unrestricted net assets, marketing incentive program revenues, expenses and fund balance; and cash flows for the year ended December 31, 2015 and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

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, 2015, and the results of its operations and its cash flows for the year ended December 31, 2015 in accordance with Canadian accounting standards for not-for-profit organizations.

Grant Thornton LLP

St. Catharines, Canada
January 25, 2016

Chartered Professional Accountants
Licensed Public Accountants

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

| Year ended December 31 | 2015 | 2014 |
|--|--------------------------|-------------------|
| Revenues | | |
| Licence fees | \$ 192,846 | \$ 136,640 |
| Appropriated to marketing incentive program (Note 3) | <u>(128,618)</u> | <u>(71,332)</u> |
| | 64,228 | 65,308 |
| Repayment of 2013 licence fees | <u>-</u> | <u>(2,674)</u> |
| | 64,228 | 62,634 |
| Interest | 2,966 | 2,594 |
| Promotions funding | 1,530 | - |
| Research grant (Note 4) | <u>12,466</u> | <u>24,952</u> |
| | <u>81,190</u> | <u>90,180</u> |
| Expenses | | |
| Audit | 4,300 | 3,300 |
| Directors' and committee fees | 7,960 | 9,165 |
| Liability insurance | 1,777 | 1,777 |
| Memberships | 1,150 | 1,150 |
| Office | 688 | 486 |
| Promotion | 10,475 | 9,475 |
| Research (Note 4) | 16,352 | 30,193 |
| Shared costs (Note 5) | 24,000 | 24,000 |
| Travel, meetings and conventions | <u>8,649</u> | <u>9,078</u> |
| | <u>75,351</u> | <u>88,624</u> |
| Excess of revenues over expenses for the year | 5,839 | 1,556 |
| Fund balance, beginning of the year | <u>148,295</u> | <u>146,739</u> |
| Fund balance, end of the year | <u>\$ 154,134</u> | <u>\$ 148,295</u> |

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

| Year ended December 31 | 2015 | 2014 |
|--|--------------------|---------------------|
| Revenues | | |
| Appropriated licence fees | \$ 128,618 | \$ 71,332 |
| Repayment of 2013 licence fees | <u> -</u> | <u> (6,249)</u> |
| | <u>128,618</u> | <u>65,083</u> |
| Expenses | | |
| Incentive program expense (Note 3) | <u>87,421</u> | <u>117,282</u> |
| Excess (deficiency) of revenues over expenses for the year | 41,197 | (52,199) |
| Fund balance, beginning of the year | <u>29,015</u> | <u>81,214</u> |
| Fund balance, end of the year | \$ <u>70,212</u> | \$ <u>29,015</u> |

Ontario Fresh Grape Growers' Marketing Board Statement of Financial Position

| December 31 | 2015 | 2014 |
|---|---------------------|----------------------|
| Assets | | |
| Current | | |
| Cash | \$ 225,943 | \$ 65,947 |
| Guaranteed investment certificate | - | 115,000 |
| Accounts receivable (Note 6) | 3,316 | 1,359 |
| Grants receivable (Note 4) | - | 17,904 |
| Prepaid expenses | <u>1,442</u> | <u>1,442</u> |
| | \$ 230,701 | \$ 201,652 |
| Liabilities | | |
| Current | | |
| Accounts payable and accrued liabilities (Note 7) | \$ 6,285 | \$ 24,342 |
| Deferred grant revenue (Note 4) | <u>70</u> | <u>-</u> |
| | <u>6,355</u> | <u>24,342</u> |
| Net assets | | |
| Unrestricted | 154,134 | 148,295 |
| Marketing incentive program (Page 4) | <u>70,212</u> | <u>29,015</u> |
| | \$ 230,701 | \$ 201,652 |

On behalf of the board



Director



Director

Ontario Fresh Grape Growers' Marketing Board

Statement of Cash Flows

| Year ended December 31 | 2015 | 2014 |
|--|-------------------|------------------|
| Increase (decrease) in cash | | |
| Operating | | |
| Excess of revenues over expenses for the year - unrestricted | \$ 5,839 | \$ 1,556 |
| Excess (deficiency) of revenues over expenses for the year | | |
| - marketing incentive program | 41,197 | (52,199) |
| Changes in non-cash working capital | | |
| Accounts receivable | (1,957) | 1,298 |
| Grants receivable | 17,904 | 837 |
| Accounts payable and accrued liabilities | (18,057) | 21,140 |
| Deferred grant revenue | 70 | - |
| | <u>44,996</u> | <u>(27,368)</u> |
| Investing | | |
| Redemption of guaranteed investment certificate | 115,000 | 82,792 |
| Purchase of guaranteed investment certificate | <u>-</u> | <u>(115,000)</u> |
| | <u>115,000</u> | <u>(32,208)</u> |
| Increase (decrease) in cash | 159,996 | (59,576) |
| Cash | | |
| Beginning of year | <u>65,947</u> | <u>125,523</u> |
| End of year | <u>\$ 225,943</u> | <u>\$ 65,947</u> |

Ontario Fresh Grape Growers' Marketing Board

Notes to the Financial Statements

December 31, 2015

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

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

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 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.

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.

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.

Impairment

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

Capital expenditures

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

Ontario Fresh Grape Growers' Marketing Board

Notes to the Financial Statements

December 31, 2015

2. Significant accounting policies (continued)

Use of estimates

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

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

3. Marketing incentive program

The funds raised for this program in 2015 in the amount of \$128,618 (2014 - \$71,332) were generated by a levy on producers included in licence fees. The \$87,421 (2014 - \$117,282) marketing incentive expense was paid out to qualifying retailers to encourage sales through additional features on fresh grapes.

4. Research grants

| | Deferred (Receivable) Grant Revenue <u>2014</u> | Government & Industry Funding <u>2015</u> | Research Expenses <u>2015</u> | Deferred (Receivable) Grant Revenue <u>2015</u> |
|--|--|--|-------------------------------------|--|
| GF2 - Sulphur dioxide fumigation protocol for Ontario grapes | \$ - | \$ 70 | \$ - | \$ 70 |
| GF2 - Evaluate the impacts and interactions of ABA & GA | (11,152) | 23,548 | 12,396 | - |
| OFIP - Evaluation of methods to extend post harvest storage of Ontario fresh grapes | <u>(6,752)</u> | <u>6,822</u> | <u>70</u> | <u>-</u> |
| | \$ (17,904) | \$ 30,440 | 12,466 | \$ 70 |
| Non-funded research | | | <u>3,886</u> | |
| | | | \$ 16,352 | |

Ontario Fresh Grape Growers' Marketing Board

Notes to the Financial Statements

December 31, 2015

5. 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.

6. Accounts receivable

| | <u>2015</u> | <u>2014</u> |
|---------------------------------------|-----------------|-----------------|
| Due from Ontario Tender Fruit Growers | \$ 2,525 | \$ - |
| HST receivable | <u>791</u> | <u>1,359</u> |
| | <u>\$ 3,316</u> | <u>\$ 1,359</u> |

7. Accounts payable and accrued liabilities

| | <u>2015</u> | <u>2014</u> |
|----------------|-----------------|------------------|
| Trade payables | \$ <u>6,285</u> | \$ <u>24,342</u> |
| | <u>\$ 6,285</u> | <u>\$ 24,342</u> |

8. Transactions with Ontario Tender Fruit Growers

The Ontario Fresh Grape Growers' Marketing Board and the Ontario Tender Fruit Growers are under common management and have significant common membership. The Ontario Tender Fruit Growers collects licence fees on behalf of the Ontario Grape Growers' Marketing Board which gives rise to the receivable balance.

9. Financial instruments

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.
