

COMMENTS FROM THE CHAIR



January 2015

Despite temperatures dipping well below -20 degrees on several occasions during the winter of 2014, our main variety - Sovereign Coronation, demonstrated that it is Ontario winter hardy and the vines and grapes held up exceptionally well, resulting in an average sized crop.

In 2014, the Ontario Fresh Grape Growers initiated a number of activities to help increase net returns and ensure a consistent high quality product was available to our buyers.

Funding was received through the Local Food Fund for promotion and in collaboration with the Ontario Tender Fruit Producers, a comprehensive program was launched which included social media, in-store point of sale material and consumer awareness advertising leading up to and throughout the season.

Pricing started and was held at the \$18 minimum per master level to ensure consistent quality and equalized net returns to growers. I am happy to report that positive results were realized, movement was brisk, and all available grapes were sold.

New variety development is crucial 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 has started scouting for and bringing in new seedless varieties to Ontario for testing. Existing varietal trials that have been replanted in grower test plots have also been evaluated for the first fruiting year and a few promising seedless selections have been identified for further market potential analysis in 2015.

Details on sales results are included with this annual report as well as summaries of current research projects. We greatly appreciate the funding that we have received both federally and provincially to execute these projects.

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,

A handwritten signature in dark ink, appearing to read 'Dave Lambert', written in a cursive style.

Dave Lambert
Chair

ONTARIO FRESH GRAPE GROWERS' MARKETING BOARD 49TH ANNUAL REPORT

FRESH MARKET VOLUMES

TABLE 1
FRESH MARKET VOLUMES REPORTED TO THE BOARD
2010 - 2014

	2010	2011	2012	2013	2014	% Change
MARKETER	Tons	Tons	Tons	Tons	Tons	2014 vs 2013
Niagara Dealers	1,824	1,951	1,483	1,915	1,861	-3%
S.W. Ontario Dealers	22	1	-	-	-	
Licensed Producers	80	85	27	81	76	-6%
TOTAL	1,926	2,037	1,510	1,996	1,937	-3%

2014 fresh market volumes reported to the Board were down 3% from 2013 and 4% from the previous five-year average (1,944 - 2009–2013).

AVERAGE NET RETURNS

TABLE 2
AVERAGE NET RETURNS FOR SALES THROUGH ONTARIO DEALER-SHIPPERS
2010 – 2014

		AVERAGE RETURN*	VOLUME
YEAR	NET FARM GATE VALUE	PER TON	TONS
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
2010	\$2,334,720	\$1,280	1,824

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

Average net returns to producers selling through appointed dealers are up 6.8% in 2014 from the previous year and up 17% versus the previous five-year average (\$1,335/ton - 2009 – 2013).

GROSS FARM GATE VALUE

TABLE 3
GROSS FARM GATE VALUE OF FRESH GRAPES
2012 - 2014

	2012	2013	2014	%	2012	2013	2014	%
FRESH MARKET	VOLUME TONS	VOLUME TONS	VOLUME TONS	CHANGE '14 vs '13	VALUE \$	VALUE \$	VALUE \$	CHANGE '14 vs '13
Grapes	1,510	1,996	1,937	-3%	\$3,153,000	\$4,097,671	4,178,810	2%

FRESH GRAPE PRODUCTION

**TABLE 4
2014 GPS MAPPED FRESH GRAPE PRODUCTION BY DISTRICT**

Variety	District 1	District 2	District 3	District 4	District 5	Grand Total
Fredonia		2.13	14.49	15.72	3.07	35.41
Himrod	2.07	0.08	1.17			3.32
Patricia				2.87		2.87
Sovereign	207.79	12.41	24.74	4.01		248.95
Van Buren	0.6			0.42		1.02
Grand Total	210.46	14.62	40.4	23.02	3.07	*291.57

Above Districts 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

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

FRESH GRAPE GROWERS BY DISTRICT

**TABLE 5
NUMBER OF GROWERS REGISTERED WITH THE BOARD
2014**

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
(2010-2014)**

Region	2010	2011	2012	2013	2014
Ontario	35%	36%	27%	31%	39%
Quebec	56%	56%	58%	64%	56%
Atlantic	2%	4%	2%	1%	1%
West	7%	5%	13%	4%	4%

WEEKLY RECEIPTS BY DEALER-SHIPPERS

**TABLE 7
SCHEDULE OF FRESH GRAPE WEEKLY RECEIPTS
2010 - 2014**

WEEKLY PERIOD	2010	2011	2012	2013	2014
Aug. 4 – 10	27,745	880	42,648	8,352	0
Aug. 11 – 17	43,438	33,011	47,039	30,248	200
Aug. 18 – 24	74,373	56,804	40,082	54,258	41,662
Aug. 25 – 31	38,625	45,413	37,399	50,983	67,549
Sept 1– 7	25,934	23,572	5,115	20,320	45,099
Sept. 8 – 14	8,762	35,661		14,024	30,222
Sept. 15 – 21		26,702		21,124	23,258
Sept. 22 -28		7,539		17,496	8,840
Sept 29 –Oct 5				6,463	2,062
Oct 6 on				2,045	
TOTALS	218,887	229,582	172,775	225,313	218,892
First Main Harvest Date (2500 units)	Aug 7	Aug 15	Aug 5	Aug 11	Aug 18
Days from veraison	19	19	20	16	17
Days from bloom	64	59	60	59	61
Growing Degrees	1038	1053	1095	906	915

FRESH GRAPE SALES BY CONTAINER TYPE

**TABLE 8
ONTARIO DEALER-SHIPPERS
FRESH GRAPE SALES BY CONTAINER TYPE
2010 - 2014**

CONTAINER	2010	2011	2012	2013	2014	% CHANGE 2014 VS. 2013
8x2 L	198,122	212,212	156,208	186,696	169,542	-9%
10x1.5 - #1	15,861	16,971	16,567	37,696	17,289	-54%
other	4,649	1,768	2,352	1,305	27,320	1993%
Total Units	218,632	230,951	175,127	225,697	214,151	-5%

FRESH GRAPE PRICING

**TABLE 9
FRESH GRAPE PRICE DETERMINATION ORDER
2014**

		Coronation	Coronation	Other
Order #	Effective	10x1.5 Litre	8x2 Litre	8x2 Litre
Order #1	August 18th	\$18.20	\$18.20	\$18.20

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.

2014 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 2014, 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 16 th -Sept 5 th	\$.50
Week 4-6	Sept 6 th – Sept 26 th	\$1.00

The Incentive Program is financed through licence fees. Licence fees for 2014 decreased from 2013 at 62¢ per master (90¢ - 2013). 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
2010 – 2014**

YEAR	DOLLARS SPENT	% OF FEES COLLECTED	CROP VOLUME (TONS)	DOLLARS PER TON
2014	\$9,475	7%	1,937	\$ 4.89
2013	\$9,835	5%	1,996	\$ 4.93
2012	\$11,475	10%	1,510	\$ 7.60
2011	\$13,975	9%	2,037	\$ 6.86
2010	\$27,285	21%	1,926	\$14.17

The Fresh Grape Board coordinated their 2014 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 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 2014, including:

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

In the 2nd year of this project, continued evaluation of the impacts of GA and ABA alone and together on Sovereign Coronation and Skookum Seedless table 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 will be available in 2015.

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 VRIC direct from the field & cooled using a forced air cooling system; all grapes were from the same vineyard. A final report with findings will be available in 2015.

Worker Safety

In partnership with the tender fruit, apple and wine grape growers, a comprehensive worker safety program and guides were developed by Worker Safety Prevention Services (WSPS) through the establishment of standard operating procedures relative to the horticultural industry. Workshops to assist growers will be occurring in early 2015 and resources continue to be developed in languages based on the needs of seasonal agricultural workers. The industry greatly values a safe work environment for their employees and will continue to provide relevant resources.



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

In November, 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.

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 on 48 varieties of table grapes owned by the University of Guelph and the Ministry of Agriculture with propagative rights assigned locally. 2014 provided the first clusters for observation and a few promising seedless green and red varieties were targeted for further evaluation in 2015.

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, 2014, 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, 2014 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, 2014, and the results of its operations and its cash flows for the years ended December 31, 2014 in accordance with Canadian accounting standards for not-for-profit organizations.

Grant Thornton LLP

St. Catharines, Canada
January 29, 2015

Chartered Accountants
Licensed Public Accountants

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

Year ended December 31	2014	2013
Revenues		
Service charges	\$ 132,741	\$ 211,711
Producer licence fees	<u>3,899</u>	<u>8,121</u>
	136,640	219,832
Appropriated to marketing incentive program (Note 3)	<u>(71,332)</u>	<u>(154,090)</u>
	65,308	65,742
Repayment of 2013 service charges	<u>(2,674)</u>	<u>-</u>
	62,634	65,742
Interest	2,594	2,009
Research grant (Note 4)	<u>24,952</u>	<u>24,320</u>
	<u>90,180</u>	<u>92,071</u>
Expenses		
Audit	3,300	2,800
Directors' and committee fees	9,165	11,515
Legal	-	176
Liability insurance	1,777	1,777
Memberships	1,150	1,150
Office	486	726
Promotion	9,475	9,735
Research (Note 4)	30,193	28,179
Shared costs (Note 5)	24,000	24,000
Travel, meetings and conventions	<u>9,078</u>	<u>6,962</u>
	<u>88,624</u>	<u>87,020</u>
Excess of revenues over expenses for the year	1,556	5,051
Fund balance, beginning of the year	<u>146,739</u>	<u>141,688</u>
Fund balance, end of the year	<u>\$ 148,295</u>	<u>\$ 146,739</u>

See accompanying notes to the financial statements.

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

Year ended December 31	2014	2013
Revenues		
Appropriated service charges	\$ 68,512	\$ 148,187
Appropriated producer licence fees	<u>2,820</u>	<u>5,903</u>
	71,332	154,090
Repayment of 2013 service charges	<u>(6,249)</u>	<u>-</u>
	<u>65,083</u>	<u>154,090</u>
Expenses		
Incentive program expense (Note 3)	<u>117,282</u>	<u>75,307</u>
(Deficiency) excess of revenues over expenses for the year	(52,199)	78,783
Fund balance, beginning of the year	<u>81,214</u>	<u>2,431</u>
Fund balance, end of the year	<u>\$ 29,015</u>	<u>\$ 81,214</u>

See accompanying notes to the financial statements.

Ontario Fresh Grape Growers' Marketing Board Statement of Financial Position

December 31	2014	2013
Assets		
Current		
Cash	\$ 65,947	\$ 125,523
Guaranteed investment certificate (Note 6)	115,000	82,792
Accounts receivable (Note 7)	1,359	2,657
Grants receivable (Note 4)	17,904	18,741
Prepaid expenses	<u>1,442</u>	<u>1,442</u>
	<u>\$ 201,652</u>	<u>\$ 231,155</u>
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 8)	\$ <u>24,342</u>	\$ <u>3,202</u>
	<u>24,342</u>	<u>3,202</u>
Net assets		
Unrestricted	148,295	146,739
Marketing incentive program (Page 4)	<u>29,015</u>	<u>81,214</u>
	<u>\$ 201,652</u>	<u>\$ 231,155</u>

On behalf of the board

 Director

 Director

See accompanying notes to the financial statements.

Ontario Fresh Grape Growers' Marketing Board

Statement of Cash Flows

Year ended December 31	2014	2013
(Decrease) increase in cash		
Operating		
Excess of revenues over expenses for the year - unrestricted	\$ 1,556	\$ 5,051
(Deficiency) excess of revenues over expenses for the year - marketing incentive program	(52,199)	78,783
Changes in non-cash working capital		
Accounts receivable	1,298	(53)
Grants receivable	837	(18,741)
Prepaid expenses	-	(25)
Accounts payable and accrued liabilities	<u>21,140</u>	<u>(6,221)</u>
	<u>(27,368)</u>	<u>58,794</u>
Investing		
Redemption of guaranteed investment certificate	82,792	81,535
Purchase of guaranteed investment certificate	<u>(115,000)</u>	<u>(82,792)</u>
	<u>(32,208)</u>	<u>(1,257)</u>
(Decrease) increase in cash	(59,576)	57,537
Cash		
Beginning of year	<u>125,523</u>	<u>67,986</u>
End of year	<u>\$ 65,947</u>	<u>\$ 125,523</u>

See accompanying notes to the financial statements.

Ontario Fresh Grape Growers' Marketing Board

Notes to the Financial Statements

December 31, 2014

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 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.

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, 2014

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 2014 in the amount of \$71,332 (2013 - \$154,090) were generated by a levy on producers included in service charges and licence fees. The \$117,282 (2013 - \$75,307) 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>2013</u>	Government & Industry Funding <u>2014</u>	Research Expenses <u>2014</u>	Deferred (Receivable) Grant Revenue <u>2014</u>
CAAP - Effects of ABA & GA on fresh grapes	\$ (18,741)	\$ 18,741	\$ -	\$ -
GF2 - Effects of ABA & GA on fresh grapes	-	-	11,152	(11,152)
OFIP - Post harvest storage of Ontario fresh grapes	-	<u>7,048</u>	<u>13,800</u>	<u>(6,752)</u>
	<u>\$ (18,741)</u>	<u>\$ 25,789</u>	24,952	<u>\$ (17,904)</u>
Non-funded research			<u>5,241</u>	
			<u>\$ 30,193</u>	

Ontario Fresh Grape Growers' Marketing Board

Notes to the Financial Statements

December 31, 2014

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. Guaranteed investment certificates

The Board has a guaranteed investment certificate that matures in 2015 and earns interest at 2.00% (2013 - 1.50%).

7. Accounts receivable

	<u>2014</u>	<u>2013</u>
Due from Ontario Tender Fruit Producers' Marketing Board	\$ -	\$ 2,552
HST receivable	<u>1,359</u>	<u>105</u>
	<u>\$ 1,359</u>	<u>\$ 2,657</u>

8. Accounts payable and accrued liabilities

	<u>2014</u>	<u>2013</u>
Trade payables	\$ 24,342	\$ 2,202
Due to Ontario Tender Fruit Producers' Marketing Board	<u>-</u>	<u>1,000</u>
	<u>\$ 24,342</u>	<u>\$ 3,202</u>

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.

10. 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.
