

**Ontario Fresh Grape Growers Marketing
Board
47th Annual Report
Year Ending December 31, 2012**



ONTARIO FRESH GRAPE GROWERS' MARKETING BOARD

2012 - 2013 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. Catharines
Torrie Warner	District 4 - Town of Lincoln - East of Vineland Townline Road
Orest Gulka	District 6 - Grimsby, West Lincoln & Wentworth

2012 - 2013 GROWERS' COMMITTEE

Larry Hipple	Torrie Warner
Dave Lambert	Orest Gulka
Robin Reimer	Howard Colcuc
Adolf Reddecopp	Eric Willms
Bart Huisman	

2012 - 2013 STAFF

Shared Staff (with Ontario Tender Fruit Producers)

Secretary Manager	Sarah Marshall
Assistant Secretary Manager	Larissa Osborne

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

Treasurer	Maureen Connell
Office Manager	Sylvana Lagrotteria
Receptionist	Morag Tait

COMMENTS FROM THE CHAIR



The 2012 growing season was one of the oddest in years for Ontario fresh grape growers. First, March brought record breaking warm temperatures which were only to be doused by several April frosts resulting in severe crop losses for many tree fruit producers. Although the grape vines fared somewhat better through spring conditions, the summer drought and a prolonged heat wave resulted in a smaller fresh grape harvest that began two weeks early. Despite this year's odd growing conditions, Ontario's 2012 fresh grape crop was one of exceptional quality with consumers reporting this year's crop as ripe, sweet and very flavourful.

The 2012 harvest, as mentioned, was a smaller crop with decreased fresh market sales of 1,510 tons down 26% from 2,037 tons in 2011. Retail pricing, for the most part, held at around \$3.99 with some variability between retailers. Movement and sales of Ontario fresh grapes in 2012 was swift and inventories were manageable throughout the season.

As in 2011, regular earned incentive strategies continued to run throughout the 2012 marketing season. In 2012, the Fresh Grape Board also put into place two additional incentive offers: an "Enhanced Volume Incentive" to encourage retailers to purchase increased volumes over and above 2011 grape purchases, as well as a "Special Grape Freight Incentive" designed to stimulate additional feature activity for Ontario grapes both in the Atlantic and Western Provinces of Canada.

Fresh grape 2012 promotional activities saw the launch of our new website as a joint initiative with the Ontario Tender Fruit Producers and entered into the realm of social media using Facebook and Twitter 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 placing Ontario fresh grapes at the front of retail stores during peak season. I would like to acknowledge OMAFRA and Foodland Ontario for their continued "Buy Local" support.

My sincere thanks go to the Board of Directors and the Growers' Committee members for their continued dedication and commitment to the Ontario Fresh Grape Growers. I would also like to extend my appreciation to the staff of Tender Fruit and Grape & Tender Fruit (Ontario) Ltd. for their ongoing efforts on behalf of our members.

The Ontario Fresh Grape Growers Marketing Board looks forward to a successful year ahead for our industry in 2013 and beyond.

A handwritten signature in black ink, appearing to read "Larry Hipple", written in a cursive style.

Larry Hipple
Chair

ONTARIO FRESH GRAPE GROWERS' MARKETING BOARD **47TH ANNUAL REPORT**



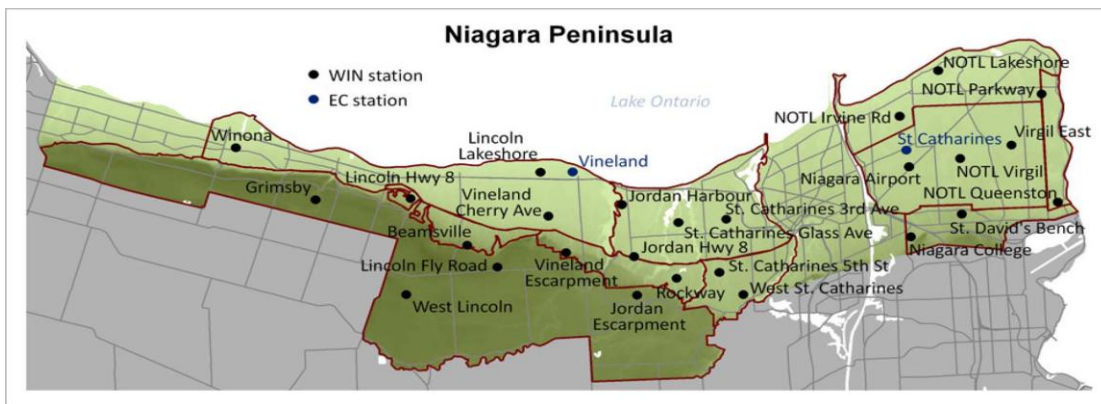
2012 Growing Season Weather Report

OVERVIEW

Vines entered bud break in good shape following a mild winter. The spring of 2012 was similar to the favourably warm spring of 2010, assisting in pushing maturation a couple weeks ahead of normal. On the negative side, however, daily minimums in late April fell well below normal and dipped between -2°C and -4°C at many of the Niagara stations, without the use of wind machines. Grapes came through the event relatively unscathed, while apples and tender fruit suffered a greater impact.

One of the most positive aspects of the 2012 growing season was the consistently hot and dry summer conditions. High temperatures and extremely below-normal rainfall during the spring and summer led to suitable soil moisture conditions for established vines, although irrigation became a necessity for some. The high accumulation of growing degree days mirrored the favourable 2010 growing season and enabled the majority of the harvest to be completed before the rain and cold set in.

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:



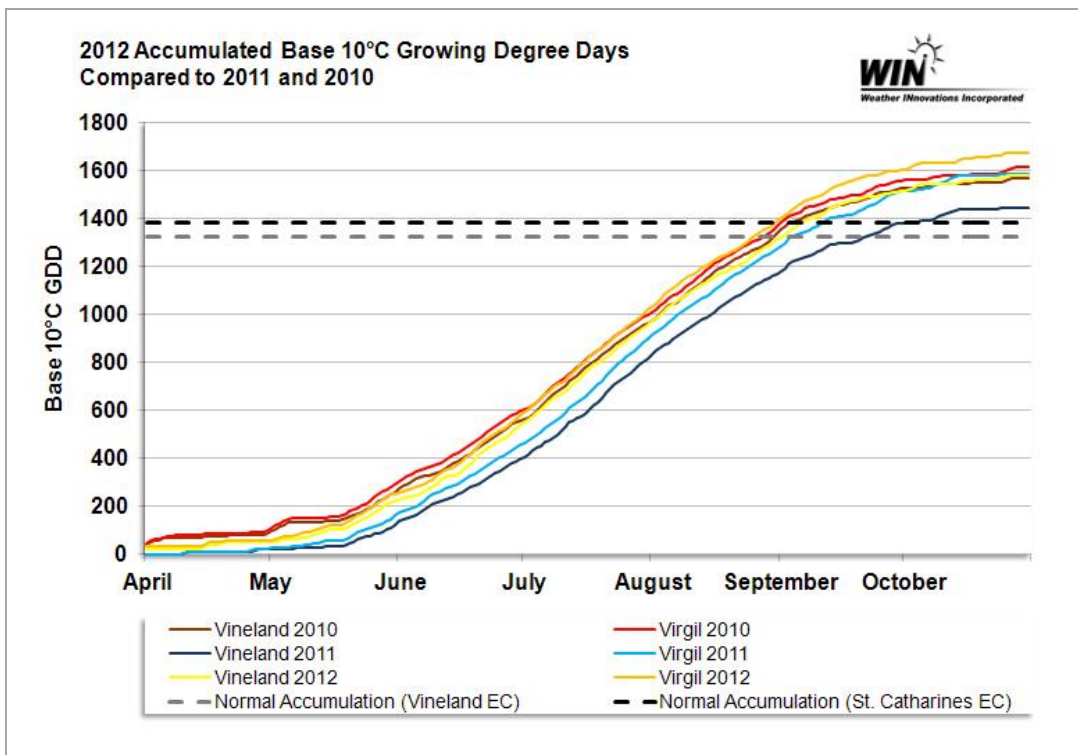
TEMPERATURE AND GROWING DEGREE DAYS

It was an early and hasty start to the growing season due to extremely warm March temperatures. Accordingly, overnight lows in April repeatedly threatened to dip into critical ranges, particularly for tender fruit. Wind machines went into action frequently to provide frost protection. The most critical frost event occurred on April 28 and 29, with most stations reporting lows between -2°C and -4°C (without the use of wind machines).

Temperatures remained steadily above normal from May through August. All stations accumulated over twice as many days over 30°C compared to the seasonal normal. Consistently hot conditions throughout the summer months led to a steady and greater-than-normal accumulation of growing degree days. The high degree day accumulation can be attributed in particular to May, June and July, where average daily maximums were several degrees above normal. Niagara Airport accumulated the highest seasonal total of 1698 growing degree days. While

high daytime temperatures prevailed, cool nights characterized the months of August and September leading into the harvest.

It was both an abrupt start and finish to the 2012 growing season with the arrival of an early fall frost. Many stations fell below -2°C during the night of October 12th -13th. The following graphs illustrate these temperature attributes:



PRECIPITATION

A very dry winter, spring, and summer, followed by a wetter-than-normal fall, encapsulates the 2012 growing season in Niagara, resulting in below-normal seasonal rainfall accumulations. Near-normal rainfall in April was followed by significantly below-normal totals from May through August at most locations. As of the end of July, Niagara West and East averaged only 56 and 64% of normal rainfall accumulation, respectively. The persistent combination of heat and lack of rainfall led many grape growers to turn to irrigation.

The fall months brought change with above-normal rainfall totals in September and October. The Niagara region received a staggering 6-7 inches of rainfall in October. However, 3-4 inches of this total were the result of the combination of a cold front and remnants of Hurricane Sandy and did not fall until the last 5 days of the month.

Seasonal rainfall amounts ranged from 72 mm below normal at Vineland Escarpment to 122 mm above normal at St. David's Bench. However, the timing of the precipitation is always particularly noteworthy. The driest months were throughout, with only a few extreme rainfall events during September and late October leading to high monthly and seasonal totals. Fortunately, the high seasonal accumulation of growing degree days enabled the majority of the 2012 grape harvest to be completed before the rain and cold set in.

FRESH MARKET VOLUMES

**TABLE 1
FRESH MARKET VOLUMES REPORTED TO THE BOARD
2008 - 2012**

	2008	2009	2010	2011	2012	% Change
MARKETER	Tons	Tons	Tons	Tons	Tons	2012 vs 2011
Niagara Dealers	2,025	2,192	1,824	1,951	1,483	-24%
S.W. Ontario Dealers	110	56	22	1	-	-100%
Licensed Producers	45	83	80	85	27	-68%
TOTAL	2,190	2,331	1,926	2,037	1,510	-26%
NET RETURNS/TON	\$1,214	\$1,180	\$1,280	\$1,314	\$1,440	10%

2012 fresh market volumes reported to the Board were down 26% from 2011 and down 29% from the previous five-year average (2,149 tons - 2007 – 2011). Conversely, net returns per ton are up 10% from the previous year and up 13% versus the previous five-year average (\$1,269/ton - 2007 – 2011).

NET FARM GATE VALUE

**TABLE 2
NET FARM GATE VALUE OF FRESH GRAPES
2008 - 2012**

		AVERAGE RETURN*	VOLUME
YEAR	NET FARM GATE VALUE	PER TON	TONS
2012	\$2,174,400	\$1,440	1,510
2011	\$2,676,618	\$1,314	2,037
2010	\$2,465,280	\$1,280	1,926
2009	\$2,750,580	\$1,180	2,331
2008	\$2,658,660	\$1,214	2,190

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

GROSS FARM GATE VALUE

**TABLE 3
GROSS FARM GATE VALUE OF FRESH GRAPES
2008 - 2012**

FRESH MARKET	2010 VOLUME TONS	2011 VOLUME TONS	2012 VOLUME TONS	% CHANGE '12 vs '11	2010 VALUE \$	2011 VALUE \$	2012 VALUE \$	% CHANGE '12 vs '11
Grapes	1,926	2,037	1,510	-26%	\$3,705,000	\$4,004,000	\$3,153,000	-21%

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-'02	36,000	223						
2002	10,000	234	141	4.5	641	720	150	1511
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	0	2420
2007	20,000	450	367	5.5	2000	170	30	2200
2008	10,000	460	395	5.4	2080	110	0	2190
2009	0	460	428	5.3	2271	0	60	2331
2010	(5,000)	455	444	4.1	1841	40	45	1926
2011	(5,000)	450	449	4.5	2025	0	12	2037
2012	(15,600)	433	429	3.5	1496	0	14	1510
Average Yield (2008-2012)				4.6				

Note: Vine sales obtained from area nurseries

FRESH GRAPE DISTRIBUTION

**TABLE 5
FRESH GRAPE DISTRIBUTION THROUGH DEALER-SHIPPERS
AVERAGE CONTAINER WEIGHT – 17 LB EQUIVALENTS
(2008 – 2012)**

Zone	2008	%	2009	%	2010	%	2011	%	2012	%
Ontario	36,000	14%	78,000	29%	58,000	28%	70,000	30%	51,000	29%
Quebec	195,200	77%	169,000	64%	145,000	65%	146,000	63%	107,000	62%
Atlantic	2,200	1%	6,000	2%	4,000	2%	6,000	3%	4,000	2%
West	11,000	4%	7,500	3%	11,000	5%	8,000	4%	12,000	7%
Export	7,600	3%	4,500	2%	-	-%	-	-%	-	-%
TOTAL	252,000	100%	265,000	100%	218,000	100%	230,000	100%	174,000	100%

WEEKLY RECEIPTS BY APPOINTED DEALER-SHIPPERS

**TABLE 6
SCHEDULE OF FRESH GRAPE WEEKLY RECEIPTS
2008 - 2012**

WEEKLY PERIOD	2008	2009	2010	2011	2012
Aug. 1 – 8	-	-	19,000	-	33,000
Aug. 9 – 15	6,000	-	36,000	15,000	49,000
Aug. 16 – 22	29,000	5,000	79,000	61,000	40,000
Aug. 23 – 29	86,000	65,000	37,000	46,000	36,000
Aug. 30 - Sept. 5	65,000	98,000	32,000	26,000	14,000
Sept. 6 – 12	33,000	37,000	13,000	36,000	-
Sept. 13 – 19	17,000	29,000	2,000	34,000	-
Sept. 20 & Later	16,000	31,000	-	12,000	2,000
TOTALS	253,000	265,000	218,000	230,000	174,000
Average Container Weight	17 Lb.	17 Lb.	17 Lb.	17 Lb.	17 Lb.

FRESH GRAPE SALES BY CONTAINER TYPE

**TABLE 7
ONTARIO DEALER-SHIPPERS
FRESH GRAPE SALES BY CONTAINER TYPE
2008 - 2012**

YEAR	18x1 Litre	8x2 Litre	12x1 Pound	10x1.5 Litre
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
2008	-	181,538	-	70,940

FRESH GRAPE PRICING

**TABLE 8
FRESH GRAPE PRICE DETERMINATION ORDERS
2012**

		Coronation	Coronation	Other
Order #	Effective	10x1.5 Litre	8x2 Litre	8x2 Litre
Order #1	August 6	\$18.15	\$18.15	\$18.15
Order #2	August 13	\$17.15	\$17.15	\$17.15

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.

2012 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 2012, 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 13 – 19	\$.25	Flat rate for a one-week ad
Week 2	August 20 – 26	\$.50	Week 2 of a two-week ad
Week 3	August 27– September 2	\$.75	Weeks 2 & 3 of a three-week ad
Week 4	September 3 – 9	\$1.00	Weeks 2 - 4 of a four-week ad
Week 5	September 10 – 16	\$1.00	Weeks 2 – 5 of a five-week ad

In 2012, the Fresh Grape Board also introduced two additional incentive offers: an “Enhanced Volume Incentive” to encourage retailers to purchase increased volumes over and above 2011 grape purchases, as well as a “Special Grape Freight Incentive” designed to stimulate additional feature activity for Ontario grapes both in the Eastern Atlantic Provinces and Western Provinces of Canada.

The Incentive Program is financed through licence fees and service charges. Licence fees for 2012 remained unchanged from 2011 at 63¢ per master with 28¢ (39¢ - 2011) 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.

FRESH GRAPE GROWERS BY DISTRICT

**TABLE 9
NUMBER OF GROWERS REGISTERED WITH THE BOARD
(2012)**

DISTRICT	REGION	GROWER NUMBERS	COMMITTEE NUMBERS
District 1	Town of Niagara-on-the-Lake	51	6
District 2	St. Catharines and Niagara South	15	2
District 3	Lincoln - East of Vineland Townline Road	17	2
District 4	Lincoln – West of Vineland Townline Road	15	2
District 5	Grimsby, West Lincoln, Wentworth and the Rest of Ontario	13	2
Total		111	14

PROMOTION AND MARKET DEVELOPMENT PROGRAMS

**TABLE 10
PROMOTION & MARKET DEVELOPMENT PROGRAMS
2008 – 2012**

YEAR	DOLLARS SPENT	% OF FEES COLLECTED	CROP VOLUME (TONS)	DOLLARS PER TON
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
2008	\$6,077	3%	2,190	\$ 2.78

The Fresh Grape Board coordinated their 2012 promotion efforts with those of the Tender Fruit Board through the launch of a new website, social media communication efforts and “front of store” retail display bins. The Board very much appreciates the assistance received from OMAFRA’s Foodland Ontario who provides invaluable support through “Buy Local” communications and promotions throughout the fresh grape marketing season.



Independent Auditor's Report

Grant Thornton LLP
Suite 1001
One St. Paul Street
St. Catharines, ON
L2R 6Z6

T +1 905 682 8363
F +1 905 682 2191
www.GrantThornton.ca

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, 2012, December 31, 2011 and January 1, 2011 and the statements of revenues, expenses and unrestricted net assets; marketing incentive program statement of revenues, expenses and fund balance; and cash flows for the years ended December 31, 2012 and December 31, 2011, 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 Ontario Fresh Grape Growers' Marketing Board as at December 31, 2012 and 2011, and January 1, 2011 and the results of its operations and its cash flows for the years ended December 31, 2012 and 2011 in accordance with Canadian accounting standards for not-for-profit organizations.

Grant Thornton LLP

St. Catharines, Canada
January 31, 2013

Chartered Accountants
Licensed Public Accountants

Ontario Fresh Grape Growers' Marketing Board
Statement of Financial Position

			January 1,
December 31	2012	2011	2011
ASSETS			
Current			
Cash	\$ 67,986	\$ 72,552	\$ 9,203
Guaranteed investment certificates	81,535	80,239	100,358
Accounts receivable (Note 4)	2,604	9,541	13,158
Grants receivable	-	8,048	32,985
Prepaid expenses	<u>1,417</u>	<u>1,917</u>	<u>1,412</u>
	<u>\$ 153,542</u>	<u>\$ 172,297</u>	<u>\$ 157,116</u>
LIABILITIES			
Current			
Accounts payable and accrued liabilities (Note 5)	\$ <u>9,423</u>	\$ <u>2,897</u>	\$ <u>1,500</u>
NET ASSETS			
Unrestricted	141,688	134,100	128,692
Marketing Incentive Program (Note 6)	<u>2,431</u>	<u>35,300</u>	<u>26,924</u>
	<u>\$ 153,542</u>	<u>\$ 172,297</u>	<u>\$ 157,116</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	2012	2011
Revenues		
Service charges	\$ 110,071	\$ 145,261
Producer licence fees	<u>2,436</u>	<u>5,997</u>
	112,507	151,258
Appropriated to marketing incentive program (Note 6)	<u>(49,742)</u>	<u>(93,668)</u>
	62,765	57,590
Interest	2,182	1,289
Research and promotion grants (Note 7)	<u>-</u>	<u>27,280</u>
	<u>64,947</u>	<u>86,159</u>
Expenses		
Audit	2,100	2,000
Directors' and committee fees	7,530	6,090
Legal	278	747
Liability insurance	1,777	1,772
Memberships	1,150	900
Office	312	253
Promotion	11,475	13,975
Research	-	24,130
Shared costs (note 8)	24,000	23,700
Travel	<u>8,737</u>	<u>7,184</u>
	<u>57,359</u>	<u>80,751</u>
Excess of Revenues over Expenses for the Year	7,588	5,408
Fund Balance - Beginning of the year	<u>134,100</u>	<u>128,692</u>
Fund Balance - End of the year	<u>\$ 141,688</u>	<u>\$ 134,100</u>

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

Year ended December 31	2012	2011
<hr/>		
Revenues		
Appropriated service charges	\$ 48,847	\$ 89,956
Appropriated producer licence fees	<u>895</u>	<u>3,712</u>
	<u>49,742</u>	<u>93,668</u>
Expenses		
Incentive program expense	<u>82,611</u>	<u>85,292</u>
Excess of Revenues over Expenses for the Year	(32,869)	8,376
Fund Balance - Beginning of the year	<u>35,300</u>	<u>26,924</u>
Fund Balance - End of the year	<u>\$ 2,431</u>	<u>\$ 35,300</u>

Ontario Fresh Grape Growers' Marketing Board

Statement of Cash Flows

Year ended December 31	2012	2011
Cash Flows from Operating Activities		
Excess of revenues over expenses for the year - unrestricted	\$ 7,588	\$ 5,408
Excess of revenues over expenses for the year - marketing incentive program	(32,869)	8,376
Changes in non-cash working capital		
Accounts receivable	6,937	3,617
Grants receivable	8,048	24,937
Prepaid expenses	500	(505)
Accounts payable and accrued liabilities	<u>6,526</u>	<u>1,397</u>
	<u>(3,270)</u>	<u>43,230</u>
Cash Flows from Investing Activities		
Redemption of guaranteed investment certificate	80,239	301,786
Purchase of guaranteed investment certificate	<u>(81,535)</u>	<u>(281,667)</u>
	<u>(1,296)</u>	<u>20,119</u>
(Decrease) Increase in Cash	(4,566)	63,349
Cash - Beginning of year	<u>72,552</u>	<u>9,203</u>
Cash - End of year	\$ <u>67,986</u>	\$ <u>72,552</u>

Ontario Fresh Grape Growers' Marketing Board

Notes to the Financial Statements

December 31, 2012

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 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.

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, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Ontario Fresh Grape Growers' Marketing Board

Notes to the Financial Statements

December 31, 2012

Financial instruments (continued)

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

Financial liabilities measure at amortized cost included trade accounts payable and accrued liabilities.

3. Impact of the change in the basis of accounting

The organization has elected to apply Canadian accounting standards for not-for-profit organizations.

These financial statements are the first financial statements for which the organization has applied Canadian accounting standards for not-for-profit organizations.

The financial statements for the year ended December 31, 2012 were prepared in accordance with the accounting principles and provisions set out in Section 1501, *First-time Adoption by Not-for-Profit Organizations*, for first-time adopters of this basis of accounting.

The impact of adopting these standards has not resulted in any material changes to the opening financial statement for the current or previous period.

4. Accounts receivable

	December 31 2012	December 31 2011	January 1 2011
Due from Ontario Tender Fruit Producers' Marketing Board	\$ 2,589	\$ 9,147	\$ 5,130
HST receivable	<u>15</u>	<u>394</u>	<u>8,028</u>
	<u>\$ 2,604</u>	<u>\$ 9,541</u>	<u>\$ 13,158</u>

5. Accounts payable

	December 31 2012	December 31 2011	January 1 2011
Trade payables	\$ 3,423	\$ 2,897	\$ 1,500
Due to Ontario Tender Fruit Producers' Marketing Board	<u>6,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 9,423</u>	<u>\$ 2,897</u>	<u>\$ 1,500</u>

6. Marketing incentive program

The funds raised for this program in 2012 in the amount of \$49,742 (2011 - \$93,668) were generated by a levy on producers included in service charges and licence fees. The \$82,611 (2011 - \$85,292) 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

December 31, 2012

7. Research and promotion grants

	2012	2011
Canopy Management, Coronation	\$ -	\$ 24,130
OF & VGA Promotion Grant	<u>-</u>	<u>3,150</u>
	<u>\$ -</u>	<u>\$ 27,280</u>

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 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.
