

COMMENTS FROM THE CHAIR



The 2009 crop totalled 59.7 thousand tons down 15% from 2008. Processing grape sales were down 17%. Fresh market sales increased 6% to 2,331 tons (2,190 – 2008). These estimates do not include grapes left unharvested.

There were approximately 170 tons (20,000 masters) of Coronation grapes which were surplus to market demand. Most fresh grape growers were able to harvest a “first pick” but some were not able to harvest the remainder of the crop.

I am pleased to report that as a result of a new promotion initiative, which was partially funded by the Ontario Market Investment Fund (OMIF), dealers were able to increase their sales to Ontario retailers by 50%. Sales to Ontario retailers represented 27% of the total volume (up from 14% in both 2007 and 2008). The Board plans to expand on their efforts to Ontario during 2010 while continuing to support their programs in the rest of Canada.

Sales must continue to increase in order to be able to market the expected increase in supplies as recently planted vines come into production. We estimate that the Coronation grape volume could increase to 2,800 tons in 2010 (2,300 – 2009) provided markets can be secured.

Of interest, one dealer was able to develop a niche market for organic Coronation grapes as well as a market for certain varieties of wine grapes for fresh consumption. We expect that these efforts will be continued in 2010. We congratulate the growers and dealers involved for their innovation.

Although harvest started about one week later than 2008, maturity was very likely two weeks later and a percentage of the early harvest should have been held off for several more days. Grape harvest is particularly difficult to predict. The Board uses accumulated heat unit data over several years along with bloom dates and veraison timing to make their harvest predictions. This information is provided to our retail partners so that they can include Ontario grapes in their marketing programs. Retailers need at least three week lead time to include Ontario grapes in their flyer ads. They did their part but unfortunately we were a few days off in our harvest prediction.

On other fronts, your Board continues to be actively involved in government programming design including Agri-Invest, Agri-Stability, Agri-Renewal and Agri-Insurance. Other initiatives included the Orchard and Vineyard Transition Program (OVTP) which provides funding for the removal of outdated and unmarketable varieties and funding for Strategic Planning. Their final report is expected early in 2010.

The CHC On-Farm Food Safety Program (CanadaGAP) has now been accredited by CFIA and adopted by our retail partners. Loblaws, for one, is insisting that all their suppliers (including growers) be audited under the CanadaGAP Program or risk losing market share.

In closing, I extend my thanks to the directors of the Fresh Grape Board and the Growers' Committee for their support and dedication throughout the past year. I also thank the staff of Grape & Tender Fruit (Ontario) Ltd. for conducting the affairs of the Board in an effective and efficient manner again this year.

Larry Hipple
Chair

FORTY-FOURTH ANNUAL REPORT ONTARIO FRESH GRAPE GROWERS' MARKETING BOARD

**TABLE 1
ONTARIO GRAPE PRODUCTION
2005 - 2009**

	2005	2006	2007	2008	2009	% Change
Market	tons	tons	tons	tons	tons	'09 vs '08
Processed	28836	70743	61826	62625	52317	-16%
Fresh Sales	2150	2485	2262	2190	2331	+6%
Direct Grower Sales	3000	5500	5000	5500	5000	-10%
TOTAL	33986	78728	69088	70315	59648	-15%

Note: Grapes left unharvested or purchased as surplus are not included in this table.

The total 2009 crop was down 15% from 2008 and down 8% from the previous five-year average (64,508 tons - 2004 – 2008). Sales of grapes for processing were down 16% to 52,317 tons. Fresh market sales were up 6% from 2008. Sovereign Coronation sales were up 9%. Direct grower sales are a best estimate of the volume of grapes sold by growers direct to consumers for fresh eating and/or wine making.

**TABLE 2
GRAPE PRODUCTION PROJECTIONS BY VARIETY
SALES TO APPOINTED DEALER-SHIPPERS**

YEAR	ANNUAL PLANTING	TOTAL ACRES	ACRES IN PRODUCTION VINES+3 YRS.	SOV.COR. TONS/ ACRE	SOV.COR. VOLUME TONS	FREDONIA TONS	OTHER TONS	TOTAL TONS
Pre-96	27,500	30			A	B	C	(A+B+C)
1996	18,000	50			60	1555	312	1927
1997	12,500	64			74	1617	301	1992
1998	20,000	86	30	4.4	132	1302	326	1760
1999	50,000	141	50	6.7	333	1397	220	1950
2000	38,000	183	64	7.6	486	1223	202	1911
2001	36,000	223	86	8.5	732	747	185	1664
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			428	5.3	2271	0	60	2331
Average Yield (2005-2009)				5.6				

1. 900 Vines per acre
2. Tons per acre = Actual Yields Div. By Acres of Vines 4 Years and Older
3. Vine sales obtained from area nurseries

FRESH MARKET VOLUMES

**TABLE 3
FRESH GRAPES REPORTED TO THE BOARD
2005 - 2009**

	2005	2006	2007	2008	2009	% Change
MARKETED BY:	tons	tons	tons	tons	tons	'09 vs '08
Niagara Dealers	1976	2280	2084	2025	2192	+ 8%
S.W. Ontario Dealers	109	140	116	110	56	- 49%
Licensed Growers	65	68	62	45	83	+ 84%
TOTAL	2150	2488	2262	2190	2331	+ 6%
NET RETURNS/TON	\$1,260	\$1,214	\$1,358	\$1,214	\$1,180	

NET FARM GATE VALUE

**TABLE 4
NET FARM GATE VALUE OF FRESH GRAPES
2005 - 2009**

		AVERAGE RETURN*	VOLUME
YEAR	NET FARM GATE VALUE	PER TON	TONS
2009	\$2,750,580	\$1,180	2,331
2008	\$2,658,660	\$1,214	2,190
2007	\$3,071,796	\$1,358	2,262
2006	\$3,016,790	\$1,214	2,485
2005	\$2,790,000	\$1,260	2,150

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

NET RETURNS BY VARIETY

**TABLE 5
NET RETURNS* PER TON BY VARIETY
2005 – 2009**

YEAR	CORONATION	FREDONIA	CONCORD	COMBINED
2009	\$1,180	-	-	\$1,180
2008	\$1,226	\$1,060	-	\$1,214
2007	\$1,368	\$1,214	\$1,214	\$1,358
2006	\$1,228	\$1,148	-	\$1,214
2005	\$1,300	\$1,185	\$1,112	\$1,260

*Returns are net of dealer commissions, Board fees and container costs.

FRESH GRAPE VOLUME BY VARIETY

**TABLE 6
FRESH GRAPE VOLUME, BY VARIETY,
MARKETED BY DEALER-SHIPPIERS
2005 – 2009**

YEAR	CORONATION	CLASS 11*	OTHER	TOTAL
2009	2271	-	60	2331
2008	2035	110	-	2145
2007	2000	170	30	2200
2006	2020	400	-	2420
2005	1340	500	250	2090

*Class 11 - Fredonia

WEEKLY RECEIPTS BY APPOINTED DEALER-SHIPPIERS

**TABLE 7
SCHEDULE OF FRESH GRAPE WEEKLY RECEIPTS
2005 - 2009**

WEEKLY PERIOD	2005	2006	2007	2008	2009
Aug. 10-18	15298	18670	20593	4639	350
Aug. 19-25	50727	51004	64487	51348	20045
Aug. 26-Sept. 1	52518	59150	58536	88212	105982
Sept. 2 - 8	33299	40068	34111	55512	62434
Sept. 9 -15	31189	33397	19652	25407	30059
Sept. 16-22 & On	9129	16588	27549	27952	46575
TOTALS	190867	218877	224929	252478	265444

FRESH GRAPE SALES BY CONTAINER TYPE

**TABLE 8
ONTARIO DEALER-SHIPPIERS
FRESH GRAPE SALES BY CONTAINER TYPE
2005 - 2009**

YEAR	4x3 Litre	18x1 Litre	8x2 Litre	12x1 Pound	10x1.5 Litre
2009	-	30676	201432	8500	20923
2008	-	-	181538	-	70940
2007	6740	-	89755	7231	130572
2006	-	-	87578	-	137551
2005	-	-	95257	-	98407

FRESH GRAPE PRICING

**TABLE 9
FRESH GRAPE PRICE DETERMINATION ORDERS
2009**

Order #	Effective	Sovereigns	Sovereigns	Other	Other
		10x1.5 Litre	8x2 Litre	10x1.5 Litre	8x2 Litre
Order #1	August 26	\$17.15	\$17.15	\$17.15	\$17.15
Order #2	September 2	\$16.15	\$16.15	\$16.15	\$16.15
Order #3	September 22	\$14.15	\$14.15	\$14.15	\$14.15

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.

2009 EARNED MARKETING INCENTIVE PROGRAM

The purpose of the incentive program payments is to encourage major Canadian retailers to feature Ontario grapes throughout the peak grape harvest while maintaining uniform prices. The incentive periods and rates were as follows:

Week	Dates Applicable	Rates	Conditions
Week 1	August 25 – Sept. 1	\$.25	Flat rate for a one-week ad
Week 2	September 2 – 8	\$.50	Week 2 of a two-week ad
Week 3	September 9 – 15	\$.75	Weeks 2 & 3 of a three-week ad
Week 4	September 16 – 22	\$1.00	Weeks 2 – 4 of a four-week ad
Week 5	September 23 – 29	\$1.00	Weeks 2 – 5 of a five-week ad

The Incentive Program is financed through licence fees and service charges. In 2009, the Board charged 80¢ per 8x2 and 10x1.5. In each case 55¢ was earmarked to finance the incentive programs. Dealers who exported grapes received the incentive component of the Board fee to assist them in their export marketing programs. The Incentive Program component of the fee and all incentive payments are accounted for in a special "Incentive Program" account. Shortages and/or surpluses are recorded annually and carried forward into future programs.

PROMOTION AND MARKET DEVELOPMENT PROGRAMS

**TABLE 10
PROMOTION & MARKET DEVELOPMENT PROGRAMS
2005 – 2009**

YEAR	DOLLARS SPENT	% OF FEES COLLECTED	CROP VOLUME (TONS)	DOLLARS PER TON
2009	\$80,780	38%	2,331	\$34.65
2008	\$58,563	26%	2,190	\$26.74
2007	\$44,463	26%	2,262	\$19.66
2006	\$40,847	27%	2,488	\$16.44
2005	\$20,183	25%	2,150	\$ 9.39

The 2009 promotion budget was targeted at the Ontario market and included a consumer awareness component and retail flyer advertising support. In addition, strong support was provided by Foodland Ontario through retail display contests and radio tags. The programs contributed to a 50% sales increase to participating Ontario retailers. The Ontario market represented 27% of the total sales of Ontario table grape sales (up from 14% in both 2007 and 2008). The Ontario Market Investment Fund (OMIF) provided 50% funding towards the cost of the Ontario promotion.

A major Quebec retailer gave away a free 1 litre clamshell of Coronation grapes to each customer who purchased \$70 worth of groceries. Over 540,000 were given out during the promotion period. This was the second year of their program. In 2008, they gave away a similar number of 1.5 litre clams but decided to go with the 1 litre size in order to satisfy their budget restrictions.

Respectfully Submitted.

Adrian Huisman
Manager

ONTARIO FRESH GRAPE GROWERS' MARKETING BOARD

2009 - 2010 DIRECTORS

District 1 - City of Niagara Falls, Welland and the Town of Pelham

Director elected at large

Robin Reimer	3788 Quarry Road, Beamsville	L0R 1B2	905-563-8370
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District 2 - Town of Niagara-on-the-Lake

Dave Lambert	R.R. 2, Niagara-on-the-Lake	L0S 1J0	905-984-3182
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Adolf Reddecopp	233 Line 2, Niagara-on-the-Lake	L0S 1J0	905-651-5633
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District 3 - City of St. Catharines

Bart Huisman	R.R. 1, St. Catharines	L2R 6P7	905-682-7078
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District 4 - Town of Lincoln - East of Vineland Townline Road

Doug Funk	R.R. 1, Jordan	L0R 1S0	905-562-4207
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District 5 - Town of Lincoln - West of Vineland Townline Road

Larry Hipple	4275 Maplegrove, Beamsville	L0R 1B0	905-562-4861
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District 6 - Grimsby, West Lincoln & Wentworth

Orest Gulka	R.R. 1, Grassie	L0R 1M0	905-643-9496
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Officers:

Chair	Larry Hipple
Vice-Chair	Dave Lambert
Secretary-Treasurer	Adrian Huisman

ONTARIO FRESH GRAPE GROWERS' MARKETING BOARD

STATEMENT OF FINANCIAL POSITION

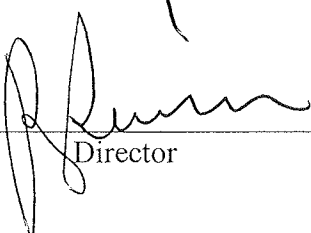
AS AT DECEMBER 31, 2009

	<i>2009</i>	<i>2008</i>
ASSETS		
Current		
Cash	\$ 18,996	\$ 44,539
Guaranteed investment certificate	60,193	61,990
Accounts receivable	13,232	3,784
Grants receivable	58,397	7,286
Prepaid expenses	<u>363</u>	<u>1,708</u>
	\$ <u>151,181</u>	\$ <u>119,307</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	<u>\$ 2,161</u>	<u>\$ 7,124</u>
NET ASSETS		
RESTRICTED		
Marketing incentive program (<i>note 3</i>)		
Balance, beginning of year	(3,771)	11,098
Transfers from service charges and licence fees	144,668	178,173
Incentive program expense	<u>(120,468)</u>	<u>(193,042)</u>
Balance (deficiency), end of year	<u>20,429</u>	<u>(3,771)</u>
UNRESTRICTED		
Balance, beginning of year	115,954	109,278
Excess of Revenues over Expenses for the Year	<u>12,637</u>	<u>6,676</u>
Balance, end of year	<u>128,591</u>	<u>115,954</u>
	\$ <u>151,181</u>	\$ <u>119,307</u>

Approved on behalf of the Board



 Director



 Director

See Accompanying Notes to the Financial Statements

ONTARIO FRESH GRAPE GROWERS' MARKETING BOARD

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STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2009

	2009	2008
Revenues		
Service charges	\$ 202,511	\$ 225,453
Producer licence fees	<u>8,035</u>	<u>3,716</u>
	210,546	229,169
Appropriated to marketing incentive program (note 3)	<u>(144,668)</u>	<u>(178,173)</u>
	65,878	50,996
Interest	554	3,752
OF&VGA rebate	3,545	-
Research and promotion grants	<u>68,807</u>	<u>52,486</u>
	<u>138,784</u>	<u>107,234</u>
Expenses		
Audit	1,800	1,700
Directors' and committee fees	9,375	6,550
Food safety initiative	2,700	2,550
Legal	263	-
Liability insurance	1,904	1,723
Memberships	650	650
Office	477	1,910
Promotion	80,780	58,563
Shared costs (note 4)	20,400	20,400
Travel	<u>7,798</u>	<u>6,512</u>
	<u>126,147</u>	<u>100,558</u>
Excess of Revenues over Expenses for the Year	\$ <u>12,637</u>	\$ <u>6,676</u>

See Accompanying Notes to the Financial Statements

ONTARIO FRESH GRAPE GROWERS' MARKETING BOARD

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STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2009

	2009	2008
Cash Flows from Operating Activities		
Excess of revenues over expenses for the year	\$ 12,637	\$ 6,676
Changes in non-cash working capital		
Accounts receivable	(9,448)	3,488
Grant receivable	(51,111)	10,765
Prepaid expenses	1,345	(300)
Accounts payable and accrued liabilities	(4,963)	2,892
Marketing incentive program	<u>24,200</u>	<u>(14,869)</u>
	<u>(27,340)</u>	<u>8,652</u>
Cash Flows from Investing Activities		
Redemption of guaranteed investment certificate	61,990	-
Purchase of guaranteed investment certificate	<u>(60,193)</u>	<u>(61,990)</u>
	<u>1,797</u>	<u>(61,990)</u>
(Decrease) Increase in Cash	(25,543)	(53,338)
Cash - Beginning of year	<u>44,539</u>	<u>97,877</u>
Cash - End of year	\$ <u>18,996</u>	\$ <u>44,539</u>

See Accompanying Notes to the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009

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 Board follows accounting principles generally accepted in Canada in preparing its financial statements.

The significant accounting policies used are as follows:

(a) Fund Accounting

The Board follows the 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.

(b) Investments

Investments are classified as held-to-maturity and are recorded at amortized cost.

(c) 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.

(d) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the period in which they become known. Actual results could differ from those estimates.

3. MARKETING INCENTIVE PROGRAM

The funds raised for this program in 2009 in the amount of \$144,668 (2008 - \$178,173) were generated by a levy on producers included in service charges and licence fees. The 120,468 (2008 - \$193,042) marketing incentive expense was paid out to qualifying retailers to encourage sales through additional features on fresh grapes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009

4. 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 \$1,700 per month.

5. FINANCIAL INSTRUMENTS

The Board continues to disclose and present financial instruments in accordance with Section 3861 "Financial Instruments - Disclosure and Presentation. Financial assets are classified as either "held-for-trading", "held-to-maturity", "available for sale" or "loans and receivables". Financial liabilities are classified as either "held for trading" or "other liabilities". Financial assets and liabilities classified as held-for-trading are measured at fair value with changes in fair value reported in the statement of operations. Financial assets classified as held-to-maturity or loans and receivables are subsequently measured at amortized cost using the effective interest rate method.

The Board has classified its financial instruments as follows:

Cash is classified as held-for-trading

Investments are classified as held-to-maturity

Accounts receivable are classified as loans and receivables

Accounts payable and accrued liabilities are classified as other liabilities.

6. CAPITAL MANAGEMENT**Unrestricted Fund:**

The Board's objective in managing the unrestricted fund capital is to maintain a sufficient level to provide for normal operating requirements. Normal requirements also includes maintaining sufficient funds to provide for an unanticipated short crop.

Marketing Incentive Program Fund:

The Board's objective in managing the Marketing Incentive Program fund is to disburse all funds raised for marketing in the current year. Any excess funds raised will be directed to fund marketing costs in the subsequent crop year.