

COMMENTS FROM THE CHAIR



The 2010 crop totalled 66,000 thousand tons, up 12% from 2009. Processing grape sales were up 13%. Fresh market sales decreased by 17% to 1,926 tons (2,331 – 2009). Individual grower production of Coronation grapes varied wildly, ranging from a modest increase to a fairly sharp decrease. Fredonia's are now almost a thing of the past.

The total acreage of Coronation grapes has remained steady as removals have offset new plantings over the past two years. Several growers have now exited the industry, both in Niagara as well as South Western Ontario.

One major retailer required their grapes packed in 2-litre lidded plastic baskets. They paid an additional \$1.50 per 8x2 to cover the extra container costs. Unfortunately, growers were unable to recover their additional harvesting costs. I am pleased to report that all major retailers have agreed to accept the more traditional 2-litre clamshell in 2011.

Retailers are also demanding that fresh grapes be pre-cooled prior to shipment. Many fresh grape growers do not have cold storage facilities. For those growers, shippers had to cool the grapes in their storage prior to shipment. These, coupled with demands for growers to adopt the CanadaGAP On-Farm Food Safety standards, are adding to the complexity of fresh grape production.

Due to the reduced crop, the Fresh Grape Incentive Program came in under budget and the Board was able to reduce their fees downward by 40¢ per master and provide a rebate to growers in that amount.

The "Fifteen-Year Comprehensive Strategic Plan" for the Ontario Tree Fruit and Fresh Grape Industry was completed and released in March, 2010. A "Strategic Plan Implementation Committee", made up of growers, shippers, retailers and government representatives, has been established and is mandated to implement the plan. Many of the recommendations which were doable within the industry's resources have now been implemented. These included minimum quality standards, pre-cooling requirements and systems, food safety program implementation as well as packaging reviews and testing.

Harvest started about two weeks earlier than 2009 and, despite the early start, quality was very good. Retailers need at least three weeks lead time in order to include Ontario grapes in their flyer ads. Grape harvest dates are 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 methodology serves as a reasonable indicator but it's not perfect.

A new two-year research project was started in 2010 to determine the effects of leaf removal on maturity dates and brix levels. The goal is to develop methods of improving quality levels (brix) to avoid some of the maturity problems experienced in the past. Dave Lambert heads up this project, Ken Slingerland serves as the project lead and Sarah Marshall plays an administrative role. Many thanks to the research team and the participating growers.

In closing, I extend my thanks to the directors and to the Growers' Committee members 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-FIFTH ANNUAL REPORT ONTARIO FRESH GRAPE GROWERS' MARKETING BOARD

**TABLE 1
ONTARIO GRAPE PRODUCTION
2006 - 2010**

	2006	2007	2008	2009	2010	% Change
Market	tons	tons	tons	tons	tons	'10 vs '09
Processed	70743	61826	62625	52317	59080	13%
Fresh Sales	2485	2262	2190	2331	1926	-17%
Direct Grower Sales	5500	5000	5500	4500	5000	11%
TOTAL	78728	69088	70315	59148	66006	12%

The 2010 crop was up 12% from 2009 and 6% from the previous five-year average (62,353 tons - 2005 – 2009). Sales of grapes for processing were up 13% to 59,080 tons. Fresh market sales were down 17%. 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-SHIPPIERS**

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	0	460	428	5.3	2271	0	60	2331
2010	(5,000)	455	450	4.0	1841	40	45	1926
Average Yield (2006-2010)				5.2				

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
2006 - 2010**

	2006	2007	2008	2009	2010	% Change
MARKETED BY:	tons	tons	tons	tons	tons	'10 vs '09
Niagara Dealers	2280	2084	2025	2192	1824	- 17%
S.W. Ontario Dealers	140	116	110	56	22	- 61%
Licensed Growers	68	62	45	83	80	- 4%
TOTAL	2488	2262	2190	2331	1926	- 17%
NET RETURNS/TON	\$1,214	\$1,358	\$1,214	\$1,180	\$1,280	

NET FARM GATE VALUE

**TABLE 4
NET FARM GATE VALUE OF FRESH GRAPES
2006 - 2010**

YEAR	NET FARM GATE VALUE	AVERAGE RETURN* PER TON	VOLUME TONS
2010	\$2,465,280	\$1,280	1,926
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

*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
2006 - 2010**

YEAR	CORONATION	FREDONIA	CONCORD	COMBINED
2010	\$1,282	\$1,258	\$1,258	\$1,280
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

*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-SHIPPERS
2006 – 2010**

YEAR	CORONATION	CLASS 11*	OTHER	TOTAL
2010	1,841	40	45	1,926
2009	2,271	-	60	2,331
2008	2,035	110	-	2,145
2007	2,000	170	30	2,200
2006	2,020	400	-	2,420

*Class 11 - Fredonia

FRESH GRAPE DISTRIBUTION

**TABLE 7
FRESH GRAPE DISTRIBUTION THROUGH DEALER-SHIPPERS
(2007 – 2010)**

Zone	2010	%	2009	%	2008	%	2007	%
Ontario	58000	28%	78000	29%	36000	14%	31000	14%
Quebec	145000	65%	169000	64%	195200	77%	178500	78%
Atlantic	4000	2%	6000	2%	2200	1%	2500	1%
West	11000	5%	7500	3%	11000	4%	0	0%
Export	0	0%	4500	2%	7600	3%	16000	7%
TOTAL	218000	100%	265000	100%	252000	100%	228000	100%

WEEKLY RECEIPTS BY APPOINTED DEALER-SHIPPERS

**TABLE 8
SCHEDULE OF FRESH GRAPE WEEKLY RECEIPTS
2006 - 2010**

WEEKLY PERIOD	2006	2007	2008	2009	2010
Aug. 8 -16	12622	20593	4667	0	58318
Aug. 17 - 23	37506	44886	27789	4855	76296
Aug. 24 - 30	48515	57047	86580	87167	42675
Aug. 31 - Sept. 6	51666	39828	65037	82490	27904
Sept. 7 -13	38900	31165	33962	32328	10343
Sept. 14 - 20	27170	33206	17700	30341	2279
Sept. 21 & Later	2498	1757	16743	28263	0
TOTALS	218877	228482	252478	265444	217812
Average Container Weight	21 Lb.	19.2 Lb.	17 Lb.	17 Lb.	17 Lb.

FRESH GRAPE SALES BY CONTAINER TYPE

**TABLE 9
ONTARIO DEALER-SHIPPERS
FRESH GRAPE SALES BY CONTAINER TYPE
2006 - 2010**

YEAR	4x3 Litre	18x1 Litre	8x2 Litre	12x1 Pound	10x1.5 Litre
2010	-	-	198122	4649	15861
2009	-	30676	201432	8500	20923
2008	-	-	181538	-	70940
2007	6740	-	89755	7231	130572
2006	-	-	87578	-	137551

FRESH GRAPE PRICING

**TABLE 10
FRESH GRAPE PRICE DETERMINATION ORDERS
2010**

Order #	Effective	Sovereigns 10x1.5 Litre	Sovereigns 8x2 Litre	Sovereigns 8x2 Lidded	Other 8x2 Litre
Order #1	August 9	\$17.15	\$17.15	\$18.65	\$17.15
Order #2	August 16	\$16.15	\$16.15	\$17.65	\$16.15

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

2010 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 19 – 25	\$.25	Flat rate for a one-week ad
Week 2	August 26 - September 1	\$.50	Week 2 of a two-week ad
Week 3	September 2 – 8	\$.75	Weeks 2 & 3 of a three-week ad
Week 4	September 9 – 15	\$1.00	Weeks 2 - 4 of a four-week ad

The Incentive Program is financed through licence fees and service charges. The 2010 rate was originally 96¢ per master with 66¢ earmarked for the incentive program. Due to the smaller than expected crop, the Board was able to reduce the incentive rate to 26¢, a reduction of 40¢ per master. The incentive program component of the fee and all incentive payments are accounted for in a special account. Shortages and/or surpluses are carried forward into future programs.

PROMOTION AND MARKET DEVELOPMENT PROGRAMS

**TABLE 11
PROMOTION & MARKET DEVELOPMENT PROGRAMS
2006 – 2010**

YEAR	DOLLARS SPENT	% OF FEES COLLECTED	CROP VOLUME (TONS)	DOLLARS PER TON
2010	\$71,001	56%	1,926	\$36.86
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

In an attempt to build on the success of the 2009 promotion initiatives which resulted in a 50% increase in sales to Ontario retailers, the 2010 campaign was dedicated to in-store consumer sampling at two hundred major Ontario retail outlets. Although overall grape sales only increased marginally, the program is credited with helping to maintain Ontario sales at 28% of the total fresh grapes volume (see Table 7) The Board very much appreciated the support received from the Ontario Market Investment Fund (OMIF) which provided 50% funding towards the cost of the 2010 program.

Respectfully Submitted.

Adrian Huisman
Manager

ONTARIO FRESH GRAPE GROWERS' MARKETING BOARD

2010 - 2011 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

INDEPENDENT AUDITORS' REPORT

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, 2010 and the statements of revenues, expenses and unrestricted net assets; revenues, expenses and restricted net assets; and cash flows for the year then ended, 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 generally accepted accounting principles, 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 whether the financial statements are free of 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 entity'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 entity'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.

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, 2010, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

St. Catharines, Ontario
February 8, 2011

MacGillivray (St. Catharines)
CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

ONTARIO FRESH GRAPE GROWERS' MARKETING BOARD

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STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2010

	2010	2009
ASSETS		
Current		
Cash	\$ 9,203	\$ 18,996
Guaranteed investment certificates	100,358	60,193
Accounts receivable	13,158	13,232
Grants receivable	32,985	58,397
Prepaid expenses	<u>1,412</u>	<u>363</u>
	<u>\$ 157,116</u>	<u>\$ 151,181</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ <u>1,500</u>	\$ <u>2,161</u>
NET ASSETS		
Unrestricted	128,692	128,591
Restricted	<u>26,924</u>	<u>20,429</u>
	<u>\$ 157,116</u>	<u>\$ 151,181</u>

Approved on behalf of the Board



Director



Director



ONTARIO FRESH GRAPE GROWERS' MARKETING BOARD

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STATEMENT OF REVENUES, EXPENSES AND UNRESTRICTED NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2010

	2010	2009
Revenues		
Service charges	\$ 122,156	\$ 202,511
Producer licence fees	<u>5,056</u>	<u>8,035</u>
	127,212	210,546
Appropriated to marketing incentive program (note 3)	<u>(58,782)</u>	<u>(144,668)</u>
	68,430	65,878
Interest	933	554
OF&VGA rebate	-	3,545
Research and promotion grants (note 4)	<u>63,956</u>	<u>68,807</u>
	<u>133,319</u>	<u>138,784</u>
Expenses		
Audit	1,900	1,800
Directors' and committee fees	7,630	9,375
Food safety initiative	2,300	2,700
Legal	502	263
Liability insurance	1,773	1,904
Memberships	650	650
Office	707	477
Promotion	71,001	80,780
Research	20,240	-
Shared costs (note 5)	19,140	20,400
Travel	<u>7,375</u>	<u>7,798</u>
	<u>133,218</u>	<u>126,147</u>
Excess of Revenues over Expenses for the Year	101	12,637
Fund Balance - Beginning of the year	<u>128,591</u>	<u>115,954</u>
Fund Balance - End of the year	<u>\$ 128,692</u>	<u>\$ 128,591</u>



ONTARIO FRESH GRAPE GROWERS' MARKETING BOARD

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**STATEMENT OF REVENUES, EXPENSES AND RESTRICTED NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<i>2010</i>	<i>2009</i>
Revenues		
Appropriated service charges	\$ 56,659	\$ 139,168
Appropriated producer licence fees	<u>2,123</u>	<u>5,500</u>
	<u>58,782</u>	<u>144,668</u>
Expenses		
Incentive program expense	<u>52,287</u>	<u>120,468</u>
Excess of Revenues over Expenses for the Year	6,495	24,200
Fund Balance - Beginning of the year	<u>20,429</u>	<u>(3,771)</u>
Fund Balance - End of the year	\$ <u>26,924</u>	\$ <u>20,429</u>



ONTARIO FRESH GRAPE GROWERS' MARKETING BOARD

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STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2010

	2010	2009
Cash Flows from Operating Activities		
Excess of revenues over expenses for the year - unrestricted	\$ 101	\$ 12,637
Excess of revenues over expenses for the year - marketing incentive program	6,495	24,200
Changes in non-cash working capital		
Accounts receivable	74	(9,448)
Grants receivable	25,412	(51,111)
Prepaid expenses	(1,049)	1,345
Accounts payable and accrued liabilities	(661)	(4,963)
	<u>30,372</u>	<u>(27,340)</u>
Cash Flows from Investing Activities		
Redemption of guaranteed investment certificate	60,193	61,990
Purchase of guaranteed investment certificate	(100,358)	(60,193)
	<u>(40,165)</u>	<u>1,797</u>
Decrease in Cash	(9,793)	(25,543)
Cash - Beginning of year	<u>18,996</u>	<u>44,539</u>
Cash - End of year	\$ <u>9,203</u>	\$ <u>18,996</u>



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

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

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

Guaranteed investment certificates are classified as held-to-maturity

Accounts receivable are classified as loans and receivables

Accounts payable and accrued liabilities are classified as other liabilities.

(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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

(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.

(e) Capital expenditures

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

3. MARKETING INCENTIVE PROGRAM

The funds raised for this program in 2010 in the amount of \$58,782 (2009 - \$144,668) were generated by a levy on producers included in service charges and licence fees. The \$52,287 (2009 - \$120,468) marketing incentive expense was paid out to qualifying retailers to encourage sales through additional features on fresh grapes.

4. RESEARCH AND PROMOTION GRANTS

	2010	2009
Fresh Grape Market Development	\$ 39,576	\$ 68,807
Canopy Management, Coronation	20,240	-
OF & VGA Promotion Grant	4,140	-
	<u>\$ 63,956</u>	<u>\$ 68,807</u>

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 \$1,700 per month.

6. FINANCIAL INSTRUMENTS

The Board's financial instruments consist of cash, guaranteed investment certificates, accounts receivable, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Board is not exposed to significant interest, currency or credit risk from these financial instruments and that the fair values of its financial instruments approximate their carrying values.

7. 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.

