

ONTARIO WINE
APPELLATION AUTHORITY



ANNUAL REPORT
2023

2023 ANNUAL REPORT

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1. Message from the Chair

The Ontario Wine Appellation Authority ensures that Ontario consumers can rely on high standards and clearly defined origin for their VQA wine choices.

We are launching our new five-year strategic plan with reflection on the successes and challenges faced by OWAA over the past several years and excited about the fresh opportunity to achieve our potential.

This Strategic Plan sets out an aspirational roadmap for our consumers, our appellations, our wines, and for OWAA's role in keeping the appellation system dynamic, trusted and relevant.

We are deeply committed to our foundational obligation to assure "truth-in-labelling" for wine consumers, but success goes far beyond that. We intend to forge a path where Ontario's wine appellation system is the chosen entry point for wine consumers to identify authentic, world-class wines of origin.

Ontario's wine industry is growing and maturing with new wines and new wine growing regions emerging. Government continues to transform the wine retail landscape and modernize its relationship with us. Collaborating and engaging with them and our industry stakeholders will be critical to our success and to the success of the industry.

Ontarians are naturally connected to our local wines. Our consumers - and our wines - live here, grow here, thrive here. Together with our consumers, winemakers and our many other stakeholders we will continue to innovate and build on an inclusive and trusted model.

My thanks and appreciation to my colleagues on the Board of Directors for their wise counsel and to our Executive Director for her support to the Board to help us make the best decisions we can. I also want to recognize all of our staff for their professionalism and efficiency in continuing to uphold our commitment to consumers and government that VQA wines are compliant with the regulations and embody the authenticity we stand for.

To my fellow VQA wineries, and our many stakeholders in the wine, grape, education and hospitality industries and government, thank you for continuing to support our appellation system. I will look forward to the future with optimism and a glass of VQA wine!

Brian Schmidt
President and Chair

2. Corporate Overview

The Ontario Wine Appellation Authority (OWAA), previously operated as VQA Ontario. In 2021, the corporate brand was changed to better reflect the regulatory mandate and consumer-driven objectives of the organization. The organization was incorporated in November 1998 to implement the Vintners Quality Alliance Act, 1999 (VQA Act). The VQA Act was proclaimed on June 29, 2000 and the responsibility to administer the Act was delegated to OWAA. This date marked the beginning of a regulated “appellation of origin” system to govern the composition, standards and labelling of Ontario wines of origin. OWAA maintains consumer trust and the integrity of local wine appellations by enforcing winemaking and labelling standards and educating consumers about the authenticity of appellation.

OWAA operates under an Administrative Agreement with the Minister of Public and Business Service Delivery. A modernized Agreement signed in March 2023 sets a new course for governance and accountability obligations through standardized reporting and performance indicators.

Participation in Ontario’s appellation system is voluntary, and wineries are not required to obtain VQA certification to produce and sell wine in Ontario. However, all Ontario wineries who wish to use regulated VQA label claims must be certified to relevant standards. The focus of OWAA is on label integrity and certification and as such, it does not represent the commercial interests of the Ontario wine industry nor does it market VQA wines.

3. Vision, Mission and Values

VISION	
Consumers trust Ontario’s wine appellation system to make informed decisions on the wines they drink	

MISSION	
Ensure value, integrity and authenticity, in Ontario’s evolving appellation system and diverse wine landscape	

VALUES	
Transparency and Fairness	Carry out statutory authority with transparency and fairness and uphold high ethical standards.
Accountability	Accountable for its decisions and engage in effective and fair dispute mediation to resolve conflict.
Firmness and Responsibility	Discharge regulatory responsibility firmly to ensure consumers can rely on label integrity for all VQA wines.
Responsiveness	Conduct operations openly, providing stakeholders with access to information and timely responses to inquiries. Promote the value and benefits of VQA appellations and wines.
Effectiveness	Carry out efficient and cost-effective operations, pursue service improvements and burden reduction.

STRATEGY			
ENGAGE	EVOLVE	EDUCATE	EXECUTE
our stakeholders	our regulatory framework	our consumers	our mandate

4. Governance and Strategic Oversight

As a provincial regulator, OWAA is accountable to the Government of Ontario, consumers and to its industry stakeholders. Within this accountability framework, OWAA guides its business through a 5-year strategic plan, executed through its annual business plans. OWAA’s Board of Directors provides strategic and financial leadership, developing strategic goals for the organization, leading engagement with government, industry, and sector stakeholders and overseeing management’s execution of strategy. Both the strategic plan and the annual business plan are approved by the Board and reviewed by MPBSD to ensure continued alignment with governing legislation and regulation.

OWAA is governed by a 13-member Board of Directors and operates with a full and part-time staff of 6 professionals. Members of the Board have no direct involvement in regulatory operations. The governance structure reflects the principles of self-management, with three-quarters of the Board of Directors elected from the regulated community. Representation and engagement with our regulated community is key to ensuring the Authority is current with consumer and industry trends and can maintain relevant and effective regulation.

Members of the Board of Directors comprise:

- 9 individuals elected from the regulated industry representing small, medium and large wineries with regional distribution among Ontario’s three primary wine growing appellations,
- 1 individual who is a senior official or other person approved by the Minister of Public and Business Service Delivery
- 1 individual who is a Director of Grape Growers Ontario
- 1 individual who is a Director or Officer of the Ontario Restaurant, Hotel and Motel Association
- The immediate past-chair

Elected Directors serve for a 3-year term commencing with their election at an Annual Meeting of Members, and may stand for re-election. Appointed Directors serve at the pleasure of the appointing organization and serve an indefinite term subject to their continued affiliation with the office linked to their appointment.

A Nominating Committee is established each year to review skills represented on the Board, gaps that need to be filled, and upcoming vacancies. The Committee strives to identify candidates that result in a balance of skills and experience, such as governance and strategy, business management, viticulture and winemaking, customer service and marketing. Other factors, including diversity, equity and inclusion, geographical representation and consumer insights are also taken into account.

5. Director's Code of Conduct

Director's Duty

A director's duty is owed first and foremost to the corporation. A director, including an ex-officio director, must act in the best interests of the corporation, with honesty, good faith and avoiding conflicts of interest. For the Ontario Wine Appellation Authority (the Appellation Authority), the standard of care is variable in nature; each director's liability will reflect his or her own personal knowledge and expertise.

Director's Conduct

The director shall:

- Uphold the purpose of the VQA Act and the vision, mission and goals of the Appellation Authority
- Maintain independence and objectivity
- Conduct himself or herself with a sense of fairness, ethics and personal integrity and hold the public interest paramount at all times
- Maintain autonomy from the administration of the rules and regulations under the *Vintners Quality Alliance Act, 1999*
- Be honest about and disclose any real or perceived conflicts of interest to the Board in a timely fashion
- Dedicate sufficient time to the Director's role and make all reasonable efforts to be properly informed about the business of the Appellation Authority
- Participate in Board deliberations and respect and support decisions made by the Board

Conflicts of Interest

General

A director must act scrupulously to avoid actual, perceived and potential conflicts of interest. Conflicts may arise where a director's personal, professional or business interests conflict with that of the corporation. Conflicts may also arise where the director may be in a position to obtain confidential information that could be used for personal or professional gain or to further the interest of another organization.

Disclosure

If a director is aware of, or believes that an actual, perceived or potential conflict may exist, the director must immediately disclose the conflict and the nature of the conflict to the Chair of the Board. Every director who is in any way directly or indirectly interested in a matter of policy, regulation, proposed contract or other similar instrument shall declare his or her interest at a meeting of directors.

Abstention from Meetings/Voting

Following the disclosure of a conflict of interest, and when the Board agrees it is appropriate, the director with the declared conflict shall not attend or be involved in any Board discussion giving rise to the conflict and the director with the declared conflict must abstain from any vote of the directors on the issue.

Determination of Conflict

If a director is unsure of whether he or she has a conflict of interest on an issue, he or she may wish to obtain independent legal advice on the matter or he or she may wish to put the matter before the Board for its consideration. If the majority of the Board believes that the director has an actual, perceived or potential conflict of interest, the Board will declare a conflict of interest on behalf of the Director and guide his or her participation accordingly.

Confidentiality

In carrying out his/her duties and responsibilities, the director will become knowledgeable to sensitive information of a private, confidential or proprietary nature relating to the Appellation Authority's current and planned activities. No director will disclose any information of a confidential or proprietary nature outside the corporation, either during or after their tenure as a board member.

Except where noted, all materials provided to directors to support Board decision-making are confidential. Any information related to winery members that is not considered to be within the public domain is confidential and shall not be disclosed.

Directors with Affiliations within the Wine Industry

A director on the board by virtue of a winery affiliation shall be suspended if that winery is charged with an offence under the VQA Act and shall resign if the winery is convicted of such an offence, or if the winery membership in the Appellation Authority is revoked for any reason. Winery directors should make their best efforts not to become directly involved in ongoing enforcement actions involving a winery they are employed with.

Directors shall uphold the spirit and intent of the VQA Act and Regulations and shall not knowingly participate in any activity or business transaction that contradicts the intent and purpose of the legislation or brings the Appellation Authority into disrepute.

Directors that have fiduciary duties to another organization, such as a trade organization, shall ensure that confidentiality of information is maintained between the organizations and must declare any conflict of duty that may arise due to their affiliation with another organization.

Separation from Regulatory Operations

Directors shall not become involved in any way with the administration of regulatory operations such as membership, inspections, investigations, audits or wine evaluation and testing. Directors should not comment on the interpretation of the regulations or provide advice as to compliance. Under no circumstances should directors interfere with or attempt to influence specific regulatory decisions made by staff.

General Conduct

Duty to Public

Directors should remind themselves frequently that the Appellation Authority is a public authority rooted in a consumer protection statute. Decisions must be made with consideration of the public interest and benefit and with a high standard of transparency and fairness to the wine industry.

Attendance at Meetings

Directors are expected to make every effort to attend Board meetings and other meetings related to their duties on the Board. Directors should not miss more than 2 meetings in any given year.

Public Representation

Directors must not act as public spokespersons for the Board unless formally designated by the Board to do so. Directors shall uphold the decisions of the Board and the policies of the corporation in all public forums, Directors shall not engage in behavior which undermines the reputation, effectiveness or financial viability of the corporation.

6. Board of Directors

March 31, 2023

OFFICERS	DIRECTORS
<p>Brian Schmidt (6) Vineland Estates Winery <i>President and Chair, Ontario Wine Appellation Authority</i></p>	<p>Greg Berti (6) Andrew Peller Ltd</p>
<p>Dan Sullivan (3) Rosehall Run Vineyards <i>Vice-Chair, Ontario Wine Appellation Authority</i></p>	<p>Amelie Boury (3) Chateau des Charmes</p>
<p>Derek Cartlidge (6) Colio Estate Wines <i>Treasurer, Ontario Wine Appellation Authority</i></p>	<p>Nadia Senchuk (4) Leaning Post Wines</p>
<p>Louise Engel (6) Featherstone Estate Winery <i>Secretary, Ontario Wine Appellation Authority</i></p>	<p>Paul Speck (5) Henry of Pelham Family Estate Winery</p>
	<p>Tony Elenis (5) Ontario Restaurant, Hotel and Motel Association</p>
	<p>Mary Shenstone (6) Ontario Government</p>
	<p>Kevin Watson (4) Grape Growers of Ontario</p>
	<p>Ken Douglas (6) Thirteenth Street Winery <i>Past Chair, Ontario Wine Appellation Authority</i></p>
	<p>Vacant</p>

Attendance at Board meetings: Six Board meetings were held in 2022-2023. The number of Board meetings each Director attended is indicated beside their name. One position became vacant in October 2022.

STAFF and STATUTORY APPOINTMENTS
<p>Laurie Macdonald, Executive Director Katherina Radcliffe, Director, Wine Standards and Communications Peter Harris, Director, Audit and Compliance (Designated Inspector) Susan Piovesan, IT Systems Administrator, Compliance Officer (Designated Inspector) Tricia Ramnath, Wine Testing Coordinator, Administrative Assistant Stan Loree, Accountant Dan Keere, Investigator (Contract, Designated Inspector/Investigator)</p>

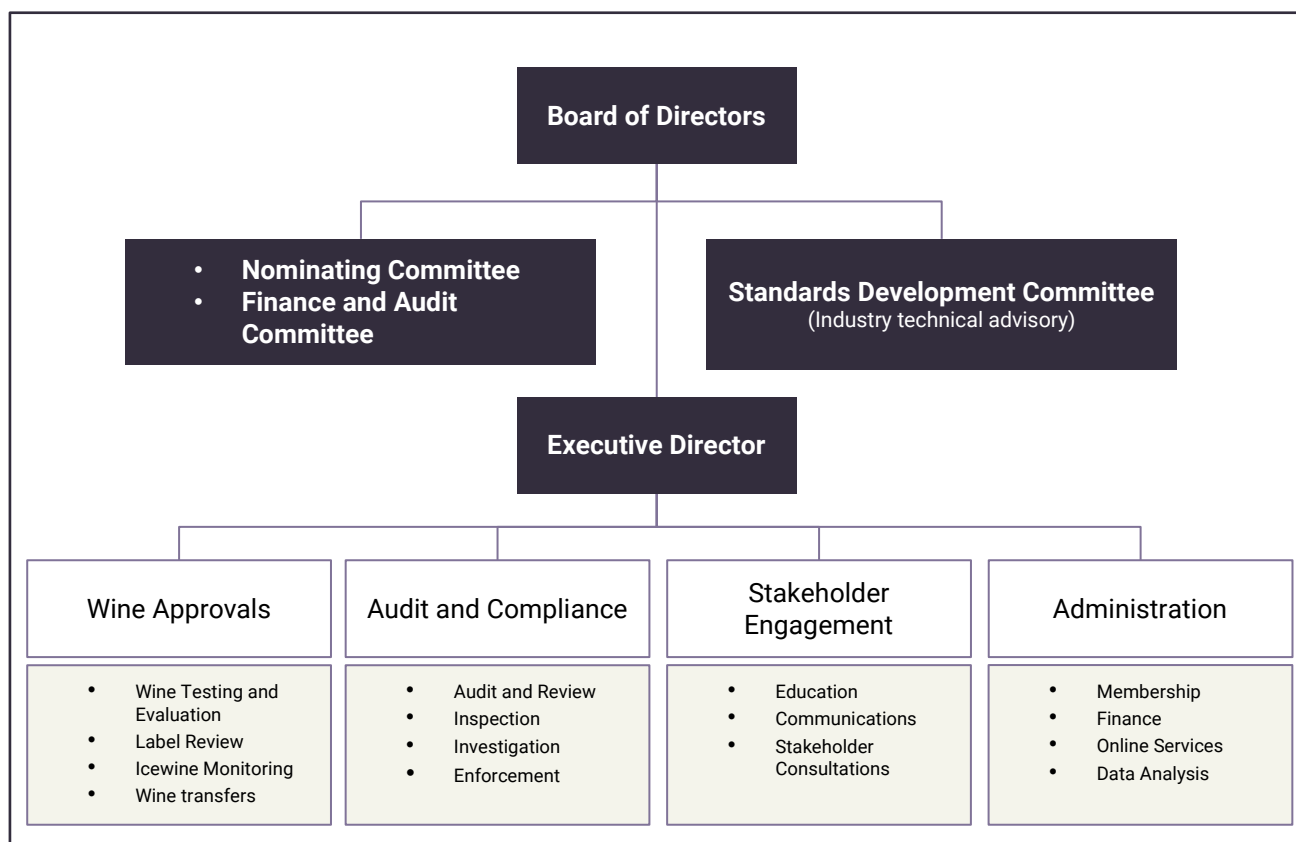
7. Mandate and Services

OWAA’s core mandate includes the following operating objectives:

- To establish, monitor and enforce an appellation of origin system in accordance with the VQA Act that allows consumers to identify wines on the basis of where the grapes are grown, the methods used in making the wine and other quality standards;
- To regulate the use of specified terms, descriptions and designations associated with the VQA appellation system;
- To act as the Wine Authority under the VQA Act, and to participate in discussions with government and other stakeholders which relate to wine standards;
- To inform, educate and work with the grape and wine sector, governments and the public to promote the value and benefits of VQA appellations of origin and VQA-certified wines.

OWAA meets this mandate by registering participating wineries, evaluating and approving wines that meet the wine standards and verifying compliance through testing, audit and inspection. OWAA supports its regulatory mandate with education programs, stakeholder engagement and a strong customer service ethic.

8. Organization Chart



9. Strategic Plan

As a provincial regulator, OWAA is accountable to the Government of Ontario, consumers and to its industry stakeholders. Within this accountability framework, OWAA guides its business through a 5-year strategic plan. This plan is executed through annual business plans setting out specific objectives to achieve the strategy. Each five-year cycle includes focused engagement with government, industry, related stakeholders, and consumers.

OWAA's Board of Directors takes the lead in understanding and setting the priorities for the organization with the full participation of its management team that develops specific deliverables each year in the business plan. Both the strategic plan and the business plan are presented and approved by the Board. Officials at MPBSD also review OWAA's plans to ensure continued alignment with our governing legislation and regulation.

To develop the 2023-2028 strategic plan, formal consultations were completed with government, regulated wineries, industry stakeholder groups, wine and hospitality educators and others involved in consumer research, wine marketing, hospitality and media. The consultations provided insights on consumer and industry opportunities to continually evolve and modernize Ontario's appellation system and the wine standards that support it. A survey of OWAA's wine industry stakeholders purposefully probed the value and the effectiveness of the Authority's operations. Their responses demonstrate high satisfaction with the service levels and operational management of the organization. They strongly support the value provided by a fair and well-managed appellation system that delivers label integrity for consumers and value for money to the regulated community.

- 74% of winery respondents say that Ontario's appellation system is essential for the industry to succeed
- 94% say OWAA regulates the right things, the right amount or should make only minor adjustments:
 - 37% say OWAA regulates the right things and the right amount
 - 35% say standards should be slightly relaxed
 - 22% say standards should be slightly tightened

10. Consumers

Consumer research shows high levels of awareness of the VQA certification and its basic assurance of origin and quality. Consumer trust in VQA wines remains high but further opportunity exists to increase consumer understanding of individual wine regions across the province of Ontario, the scope of the wine testing and certification, and the role of OWAA.

11. Key Stakeholder Relationships

Key Stakeholders	How OWAA works with its Key Stakeholders
Consumers	<p>OWAA is a publicly accountable organization. It protects wine consumers through wine testing, inspections and audits to establish claims of origin, and when necessary, enforcement actions to ensure accurate labelling with respect to the wine in the bottle. OWAA ensures consumers can rely on label integrity and make informed purchase choices.</p>
Regulated Industry	<p>OWAA works closely with industry stakeholders, through its regulated wineries, grape growers and related organizations, to ensure VQA regulations and procedures are reasonable, valued, and support a competitive and credible foundation for the industry. OWAA also promotes improved awareness and understanding of Ontario’s wines and winegrowing regions, the appellation system, and its value to both consumers and producers.</p>
Government	<p>As an administrative authority working under statutory delegation from the Minister of Public and Business Service Delivery, OWAA works with government to achieve its goals consistent with a modern governance framework and the aims of the VQA Act. OWAA maintains accountability to the Ministry through strong lines of communication and works closely with other Ministries and Agencies involved in wine issues. OWAA also collaborates with national and international bodies in trade discussions related to wine standards to promote global recognition and acceptance of Ontario’s VQA appellation system.</p>
Other Stakeholders	<p>OWAA works closely with institutions that provide wine education, wine marketing and support services to the industry, as well as with hospitality, media, wine influencers and highly engaged consumers.</p>



12. Message from the Executive Director

The next five years offer significant opportunities to continue our evolution as a modern, relevant and accountable regulator.

At the close of a very active and turbulent few years, we are embarking on an ambitious new five-year plan. In addition to our deliberate strategy to adopt new initiatives from 2018 to 2023, the global health crisis required OWAA to react and respond to many unanticipated challenges. Critical regulatory operations, including tasting panels and on-site winery audits were brought in-house due to external contractor limitations on offering in-person services. The retail environment and winery engagement with consumers was transformed overnight and many opportunities for consumers to visit wine regions and taste the wines in the place they are grown disappeared.

Notwithstanding the temporary disruption, consumers continue to shift towards premium, local and sustainable wines. New options to educate consumers have emerged. Many are moving seamlessly between virtual and real engagement with our appellations. There remains a strong desire to know more about the provenance of the wine they drink, and how it was made. Being able to trust information presented on the label is more important than ever.

Outreach to our many stakeholders in government, in our regulated community, and to consumers indicate high levels of awareness and satisfaction with OWAA's service levels and day to day operations. While the pandemic strained the organizational capacity, the expansion of infrastructure to deliver tasting panels and a fully integrated audit and inspection program is complete. Work on building capacity and reach to support appellation education is in progress.

Our aim continues to be offering exceptional value for consumers and all of our stakeholders, with minimal burden to our ratepayers.

The next five-years will see the continued evolution of our appellation system and standards, governance modernization through the implementation of a new Administrative Agreement with the Ontario government, and a heightened awareness of the importance of appellation origin as a defining feature of premium wine.

Laurie Macdonald
Executive Director

13. 2022 Vintage Report

Lake Erie North Shore - Prince Edward County - Niagara Peninsula

*A year **BIG** on quality*

By all accounts, the quality of grapes in 2022 was exceptional across the board. Unfortunately, the 2022 crop was small, producing on average, just 50% of the yield of previous years. Vintage dated wines from 2022 will be highly sought-after for both their quality and scarcity. Wine outlook for the 2022 vintage is excellent.

Heading into 2022, wineries and growers in the Niagara Region were dealing with significant vine and root damage, the result of wet weather in the fall of 2021 followed by a sudden cold snap at the end of harvest last year. Many vineyards did not have the opportunity to fully dry out before winter came with a deep freeze. Reports indicate that damage was widespread with varieties like Pinot Gris, Pinot Noir, Merlot and Sauvignon Blanc most affected.

The new year got off to a very cold start, with extreme cold temperatures throughout January across the province. In southern Ontario, where most vineyards are located, it was the coldest January since 2015. Moving into February, the weather was variable with big swings in temperature, from unseasonably warm, to cooler than average, with heavy precipitation in the form of both snow and rain across winegrowing regions at the end of the month. Lake Erie North Shore fared better through the winter, experiencing warmer temperatures than Niagara.

March gave a preview of spring, with warm weather and some melting, only to have winter re-emerge for a second act. April continued the theme, with colder than usual temperatures.

June was relatively warm and dry, with a few storms bringing a lot of rain all at once, but the weather was otherwise agreeable for grape growing. July showed much the same, including an intense heat wave at the end of the month that surprised international guests who came to Ontario for the International Cool Climate Wine Symposium. Luckily, sufficient precipitation came through at the right time.

At the end of summer, most regions could agree that the season was progressing well. August saw several storms roll through, with significant precipitation accumulating in a short time, followed by more hot and dry conditions.

Lake Erie North Shore saw ideal conditions – an abundance of sunshine and just enough rain when needed. Grape quality was excellent and, unlike other appellations in Ontario, Lake Erie North Shore reports 100% of normal harvest tonnage. It was the driest summer in 10 years, which meant little to no humidity or disease pressure. Reports indicate that red vinifera varieties are of especially good quality and should result in exceptional wines from the 2022 vintage.

Conditions in Prince Edward County closely mirrored Niagara Peninsula. Although many of the vines were protected by both soil and geotextiles, a significant drop in yield was experienced. Spring was cool, which slowed bud-break, and summer was warm and relatively dry. Heavy rain at the end of the summer forced some growers to pick a bit early, but then September evened out, allowing remaining grapes to hang and ripen.

Overall quality was very high, with Chardonnay from this vintage showing a great balance of acid, sugar and phenolic ripeness.

Harvest

Conditions for harvest were quite favourable, with wineries reporting a broad window of opportunity to bring in grapes. September was dry and reasonably warm, compared to last year, and enthusiastic growers made quick work of the relatively light harvest. Crop size was the main story, but fruit quality was excellent and the grapes that were brought in had winemakers wishing for more!

Icewine

For 2022, Icewine grape registrations total 763 estimated tonnes, down substantially from the previous year. With the total wine grape crop in Ontario roughly half of that harvested in 2021, grapes are in high demand for table wines. This has contributed to the reduction in grapes netted for Icewine.

Wine Outlook

Early reports indicate 2022 will be a banner year for quality wines across the Province. 2022 should be a vintage of exceptional quality – and limited quantity.

14. Strategic Objectives

ENGAGE	EVOLVE	EDUCATE	EXECUTE
<p>Enhance stakeholder relationships through active and regular interactions</p>	<p>Create a dynamic, inclusive and comprehensive VQA appellation system</p>	<p>Increase knowledge of Ontario’s VQA appellations and standards</p>	<p>Execute the strategy and mandate through strong governance and operational effectiveness</p>
<p>1.1 Further understanding of consumer needs and expectations</p> <p>1.2 Enhance stakeholder engagement to raise OWAA’s profile with stakeholders</p> <p>1.3 Strengthen and expand relationships with government stakeholders</p>	<p>2.1 Engage industry stakeholders to expand and further define Ontario’s appellation regions and identity</p> <p>2.2 Align the future state VQA grape varietal list with consumer and industry expectations</p> <p>2.3 Continue to update composition and labelling rules to reflect consumer needs and industry developments</p>	<p>3.1 Develop curriculum on Ontario appellations</p> <p>3.2 Create, enhance and deliver VQA wine education for college programs, and wine education guilds</p> <p>3.3 Expand education programs to the hospitality sector</p>	<p>4.1 Maintain a strong governance framework</p> <p>4.2 Monitor stakeholder satisfaction</p> <p>4.3 Deliver effective, results-oriented and cost-efficient service</p> <p>4.4. Be a trusted source of industry data</p>

15. Report on Activities and Performance Measures

Outcomes reported for the year ending March 31, 2023, or as at March 31, 2023 unless noted otherwise.

15.1 Stakeholders and Education

PERFORMANCE METRICS STAKEHOLDERS AND EDUCATION		
Measure	Target	Outcome
New Administrative Agreement with Minister of Public and Business Service Delivery	Complete by March 31, 2023	Completed
Enhanced communications with member wineries and industry stakeholders	<ul style="list-style-type: none"> 10 newsletters Industry events 	<ul style="list-style-type: none"> 12 newsletters 16 events
Increase knowledge and awareness of appellations and appellation system	<ul style="list-style-type: none"> New website Establish LinkedIn presence Establish YouTube channel 	<ul style="list-style-type: none"> New website launched July 2022 LinkedIn Profile established – 170 followers YouTube channel launched
Launch micro courses	<ul style="list-style-type: none"> Complete and release micro course(s) 	<ul style="list-style-type: none"> MasterClass launched September 2022 at George Brown College MasterClass launched on public website March 2023
Course certificate completions	200	520

15.2 Operations

PERFORMANCE METRICS OPERATIONS		
Measure	Target	Outcome
Number of OWAA members	195	192

Compliance		
Retail inspections completed	150	156
• Percent with non-compliance	Less than 5%	8%
Online and social media inspections completed	100	160
• Percent with non-compliance	Less than 5%	7%
Compliance reviews completed	100	113
• Percent with non-compliance	Less than 10%	3%
Compliance audits completed	50	73
• Percent with non-compliance	Less than 10%	5%
Compliance coaching	30 contacts	68
Label corrections requested/cautions issued	No target	49
Revoked approvals	No target	4
Compliance orders	No target	5
Provincial Offence charges	No target	0
Wine Approvals		
Applications completed	2000	2370
• Success rate	96%	98%
Chemical analysis		
• Completed within	95% within 15 days	98%
• Success rate	98%	97.3%
Sensory Analysis		
• Completed within	95% within 10 days	97.9%
• Success rate	96%	98.3%
Export certificates	On demand (no target)	1645 issued

15.3 Corporate

PERFORMANCE METRICS CORPORATE		
Measure	Target	Outcome
Service standards	24-hour response to all inquiries	99% within target
Online services availability all hours	96% in service	99% in service
Online services availability business hours	98% in service	100% in service
Operational capacity	No service suspensions	No service suspensions
Staff turnover	Minimal, 1 or less	0%
Succession plan	In place and current	Up to date
Financial reserve	>75% of annual operating expenses	Current reserve is equivalent to one year of operating expenses

16. Legislation, Bylaw and Policy Changes

The following amendments were made to Regulation 406 under the VQA Act, setting out standards for wine production, composition and labelling:

- Addition of Pecorino as an approved grape variety
- Amendment to minimum brix levels (ripeness) for the grape variety Semillon

Organizational policies were reviewed and amendments made to policies governing:

- Strategic Plan
- Complaints Policy
- Service Standards Policy

17. French Language Services:

OWAA provides French language services upon request. In 2022-23, OWAA received and responded to 1 inquiry in French from a member of the public.

18. Complaint Handling:

OWAA's Complaints Policy was updated in 2022 and a new feature added to the public website to facilitate submitting complaints online.

No complaints were received from consumers regarding VQA wines. No formal complaints were submitted by industry members or stakeholders related to services provided by OWAA.

19. Accessible Goods, Services and Facilities

OWAA provides access to goods, services or facilities pursuant to the Accessibility for Ontarians with Disabilities Act, 2005 (AODA). No inquiries were received related to accessible goods, services or facilities during the reporting period.

A new AODA compliant website was launched in July 2022.

20. Data and Statistics

20.1 Winery Participation

WINERY PARTICIPATION		
LARGE CLASS VQA Sales over 750,000 L	MEDIUM CLASS VQA Sales 100,000-750,000 L	SMALL CLASS VQA Sales less than 100,000 L
5	21	166
TOTAL WINERIES REGISTERED IN VQA PROGRAM 192		

20.2 VQA Wine Production Overview

All statistics are for the period of April 1, 2022 to March 31, 2023. These figures are based on wines approved during this period and are calculated using volumes declared at the time of submission for approval. Reported volumes may reflect wines that have not yet been released but will not reflect wines that may be finished but not yet submitted for approval. Statistics for previous years can be found at www.vqaontario.ca in past annual reports.

VQA WINE PRODUCTION OVERVIEW				
Wine Category	No. of Wines	Volume (9L cases)	Change from last year (volume)	Estimated grape tonnage
Table Wine	2058	2,471,607	-9%	30,682
Icewine	53	36,905	198%	1,898
Sparkling	174	267,758	42%	3,324
Late Harvest	20	10,089	7%	182
Other	24	4,764	139%	59
Total	2329	2,791,123	-5%	36,145

20.3 Appellation Designated Wines

This table includes all wines labelled with the stated appellation on the principal display panel. These wines must contain at least 85% content from the stated appellation. Wines labelled with one of the ten sub-appellations of the Niagara Peninsula or the South Islands sub-appellation of Lake Erie North Shore must contain 100% content from the stated sub-appellation. Production of wines labelled with Ontario increased sharply compared with its 35% share last year largely due to a combination of a significant increase in non-vintage wines (up 58%) and moderate increases in the use of hybrid grapes (3% share increase), both of which require declassification to the Ontario origin designation.

VQA WINE PRODUCTION BY APPELLATION DECLARATION		
Appellation	Cases (9L)	% of all VQA wines
Ontario	1,527,346	54.7%
Niagara Peninsula	859,257	30.8%
Sub-appellations	358,261	12.9%
Prince Edward County	28,875	1.0%
Lake Erie North Shore	17,384	0.6%

20.4 Grape varieties used in VQA wines

This table includes all VQA wines, including those labelled with grape variety content and those that do not declare the variety(ies) on the label. A total of 52 different grape varieties were used in VQA wines in this reporting period.

VQA WINE PRODUCTION BY GRAPE VARIETY	
Variety	% of total production (by volume)
Chardonnay	17%
Riesling	11%
Merlot	10%
Cabernet Franc	10%
Pinot Gris	9%
Vidal Blanc	8%
Pinot Noir	8%
Cabernet Sauvignon	6%
Baco Noir	6%
Sauvignon Blanc	5%
Gamay Noir	3%
Gewürztraminer	2%
Syrah	1%
Other	4%

Red grape varieties used in all VQA wines – 45%

White grape varieties used in all VQA wines – 55%

20.5 Table wines by colour

The table wine category includes white, red and rosé wines. The total volume of white, rosé and red wines produced declined slightly over the previous year. A large majority of red and white table wines continue to declare a grape variety or varieties on the label, while rosés are more likely to be labelled with a proprietary label that does not declare varietal content.

VQA WINE PRODUCTION BY COLOUR AND LABEL			
		Litres	Cases (9L)
White (49%)	Varietal	10,539,672	1,171,075
	Non-varietal	308,812	34,312
	Total white	10,848,484	1,205,387
Red (45%)	Varietal	9,068,741	1,007,638
	Non-varietal	849,065	94,340
	Total red	9,917,806	1,101,978
Rosé (6%)	Varietal	495,722	55,080
	Non-varietal	860,855	95,650
	Total rosé	1,356,577	150,730

20.6 Single-varietal table wines

The top four red and white varietals remain the same as in previous years. The gap between Chardonnay and other white varietals widened considerably with a 60 percent increase in Chardonnay and modest declines in the other white varietals. Single varietal Merlot moved from first to fourth in the list, with a 38% decline over last year.

This table includes the top four varieties used in wines that are labelled with a single grape variety. These wines must contain at least 85% of the stated variety.

VQA WINE PRODUCTION LABELLED WITH SINGLE GRAPE VARIETY (TOP VARIETIES)		
Variety	Litres	Cases (9L)
Chardonnay	3,384,900	376,100
Pinot Gris/Pinot Grigio	1,963,320	218,147
Riesling	1,436,304	159,589
Sauvignon Blanc	1,033,192	114,799
Pinot Noir	1,557,777	173,086
Baco Noir	1,143,257	127,029
Cabernet Franc	969,344	107,705
Merlot	831,903	92,434

20.7 Icewine

Icewine production was up substantially from the previous year's production of 12,400 cases, a record low volume year. Although up almost threefold, it is far from highs experienced in the late 2010's of over 100,000 cases.

ICEWINE PRODUCTION BY VARIETY		
Variety	Litres	Cases (9L)
Vidal Blanc	228,586	25,398
Riesling	72,023	8,003
Cabernet Franc	22,155	2,462
Pinot Noir	4,500	500
Cabernet Sauvignon	3,133	348
Others	1,750	194
Total	332,147	36,905

20.8 Specialty wine categories

The production volumes in specialty categories increased year over year, with Sparkling up over 40% and the Appassimento, Fortified category doubling.

VQA PRODUCTON - SPECIALTY WINE CATEGORIES		
	Litres	Cases (9L)
Late Harvest and Botrytis Affected	90,801	10,089
Appassimento, Vin de Cure, Fortified, and Liqueur wines	42,875	4,764
Sparkling wines	2,409,823	267,758
Skin Fermented White Wines	121,593	13,510

20.9 VQA Wine Sales

Year ending March 31, 2023

By Volume

VQA SALES BY VOLUME (LITRES)			
	2023	2022	% change
Winery Retail	6,739,180	7,179,639	-6.1
Licensees	3,662,211	2,204,304	+66.1
LCBO (shipped)	9,002,774	10,310,618	-12.7
Farmers Markets	44,305	49,595	-10.7
Other Provinces	1,111,045	1,063,240	+4.5
Export and Miscellaneous	924,297	772,670	+19.6
Total	21,483,812	21,580,066	-0.4

By Retail Value

VQA SALES BY RETAIL VALUE (\$)			
	2023	2022	% change
Winery Retail	186,255,656	189,411,022	-1.7
Licensees	62,012,200	40,637,122	+52.6
LCBO (shipped)	139,751,536	151,957,088	-8.0
Farmers Markets	878,635	972,458	-9.6
Other Provinces	17,653,675	15,430,600	+14.4
Export and Miscellaneous	33,179,449	25,234,929	+31.5
Total	439,731,151	423,643,219	+3.8

21. Risk Management

Risk management is incorporated into the Ontario Wine Appellation Authority's day to day management activities. In addition to reviewing regular status reports on risk identification and mitigation, the Board completes and annual in-depth assessment of strategic risks. These two levels of review and response ensures a robust framework to identify and manage risks, assess their potential impact on the organization and implement risk mitigation strategies.

OWAA's mandate is to administer the VQA Act and promote consumer confidence in Ontario's wine appellation system. Its business is founded in serving the public interest with delegated responsibility from government. Within this business context, the Appellation Authority considers two categories of risk: enterprise risk (risk to the corporation) and public risk (risk of harm to consumers and to the organization's stakeholders). Enterprise risk is categorized by financial, operational effectiveness and reputational impacts while public risks include failure to meet compliance targets and loss of confidence in the appellation system. All risks are assessed for potential impact, likelihood of occurrence, severity of outcomes and the effectiveness of mitigation strategies. Overall, the risks inherent in OWAA's operations are relatively low and effectively managed through mitigation strategies.

22. Financial Summary and Management Discussion

The Ontario Wine Appellation Authority is funded by its member wineries through sales levies and fees for service. It continues to seek out ways to maximize the efficiency of service delivery and deliver value to consumers and government and industry stakeholders.

This summary is drawn from the auditor's report and financial statements for the year ended March 31, 2023.

OWAA finished its fiscal year in a strong financial position. Revenues exceeded expenditures by \$54,000 for the year ended March 31, 2023. Total revenues increased from \$1,670,998 to \$1,840,728, as a result of membership fees that were reinstated in fiscal 2023 after a waiver in fiscal 2022 and increased revenue from wine approvals. Total expenses increased from \$1,696,665 to \$1,786,728, largely due to expenses related to the increased volume of wine approvals and employee costs in the first full year of implementing the new audit program. Net assets are \$1,308,641 and include funds set aside for general use, capital and intangible assets, and a legal and enforcement reserve.

Revenue for fiscal 2023 was derived primarily from sales levies (\$979,453) and approval fees (\$745,656).

Major components of the approximately \$1.8 million in expenses were wine approvals and quality monitoring (\$653,133), and employee costs (\$742,225).

A review of reserve levels was conducted in fiscal 2023 and OWAA plans to reduce its reserve levels to its target amount of approximately \$800,000 over the next three years by holding fee levels at their current levels.

FINANCIAL STATEMENTS

MARCH 31, 2023

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Vintners Quality Alliance Ontario
O/A Ontario Wine Appellation Authority

Opinion

We have audited the financial statements of Vintners Quality Alliance Ontario o/a Ontario Wine Appellation Authority (the Organization), which comprise the statement of financial position as at March 31, 2023, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2023, and the results of operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNFPPO).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Organization's Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNFPPO, 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going-concern basis of accounting unless management either intends to liquidate the Organization or to cease operations (or has no realistic alternative but to do so).

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement (whether due to fraud or error) and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements (whether due to fraud or error), design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going-concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements (including the disclosures), and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Toronto, Canada
June 16, 2023



KOPSTICK OSHER, LLP
Chartered Professional Accountants
Licensed Public Accountants

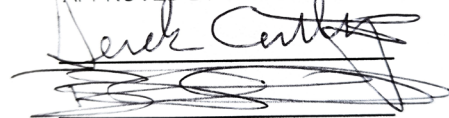
VINTNERS QUALITY ALLIANCE ONTARIO

O/A ONTARIO WINE APPELLATION AUTHORITY

STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2023

	2023	2022
ASSETS		
Current		
Cash	\$ 302,064	\$ 229,906
Investments - Note 3	998,604	989,669
Accounts receivable - Note 4	141,550	182,301
Prepaid expenses	<u>10,433</u>	<u>8,466</u>
	<u>1,452,651</u>	<u>1,410,342</u>
Capital - Note 5	<u>31,639</u>	<u>39,430</u>
Intangible - Note 6	<u>43,230</u>	<u>68,087</u>
	<u>\$1,527,520</u>	<u>\$1,517,859</u>
LIABILITIES		
Current		
Accounts payable and accruals - Note 7	\$ 109,764	\$ 141,883
Deferred revenue - Note 8	<u>109,115</u>	<u>121,335</u>
	<u>218,879</u>	<u>263,218</u>
NET ASSETS		
Invested in capital and intangible assets	74,871	107,518
Internally restricted for legal and enforcement fund	200,000	200,000
Unrestricted	<u>1,033,770</u>	<u>947,123</u>
	<u>1,308,641</u>	<u>1,254,641</u>
	<u>\$1,527,520</u>	<u>\$1,517,859</u>

APPROVED BY THE BOARD:



The accompanying notes form an integral part of these financial statements.

**STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2023**

	Invested in capital and intangible assets	Internally restricted for legal enforcement fund (note 9)	Unrestricted	2023 Total	2022 Total
Net assets - beginning of year	\$ 107,518	\$ 200,000	\$ 947,123	\$ 1,254,641	\$ 1,280,308
Excess (deficiency) of revenues over expenses	-	-	54,000	54,000	(25,667)
Purchase of capital assets	3,059	-	(3,059)	-	-
Purchase of intangible assets	640	-	(640)	-	-
Amortization	<u>(36,346)</u>	<u>-</u>	<u>36,346</u>	<u>-</u>	<u>-</u>
Net assets - end of year	<u>\$ 74,871</u>	<u>\$ 200,000</u>	<u>\$ 1,033,770</u>	<u>\$ 1,308,641</u>	<u>\$ 1,254,641</u>

The accompanying notes form an integral part of these financial statements.

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2023

	2023	2022
Revenues		
Membership fees	\$ 95,100	\$ -
Literage fees	979,453	991,512
Approval fees	745,656	665,113
Interest	13,296	3,260
Other	<u>7,223</u>	<u>11,113</u>
	<u>1,840,728</u>	<u>1,670,998</u>
Expenses		
Salaries and benefits	742,225	687,173
Contracted services	7,240	15,706
Education and communication	84,320	203,032
Approvals	636,236	561,831
Quality assurance and inspection	16,897	5,948
Strategic planning	72,624	-
Meetings	6,744	2,546
Travel	11,391	5,773
Rent and occupancy	61,514	61,109
Office and general	27,957	28,943
Telephone and internet	12,185	10,515
Insurance	12,353	11,829
Bank and credit card charges	32,989	25,691
Professional services	25,707	41,479
Amortization of capital assets	10,849	9,916
Amortization of intangible assets	<u>25,497</u>	<u>25,174</u>
	<u>1,786,728</u>	<u>1,696,665</u>
Excess (deficiency) of revenues over expenses	<u>\$ 54,000</u>	<u>\$ (25,667)</u>

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2023

	2023	2022
Cash flows from operating activities		
Excess (deficiency) of revenues over expenses	\$ 54,000	\$ (25,667)
Non-cash items:		
Amortization of capital assets	10,849	9,916
Amortization of intangible assets	25,497	25,174
Interest capitalized on investments	(13,296)	(3,259)
Changes in non-cash working capital		
Decrease (increase) in accounts receivable	40,751	(33,380)
(Increase) decrease in prepaid expenses	(1,967)	1,733
(Decrease) increase in accounts payable and accruals	(32,119)	230
(Decrease) Increase in deferred revenue	<u>(12,220)</u>	<u>70,375</u>
	<u>71,495</u>	<u>45,122</u>
 Cash flows from investing activities		
Purchase of investments	(990,000)	(987,892)
Proceeds from disposal of investments	994,362	587,892
Purchase of capital assets	(3,059)	(4,176)
Purchase of intangible assets	<u>(640)</u>	<u>(16,405)</u>
	<u>663</u>	<u>(420,581)</u>
 Cash flows from financing activities	<u>-</u>	<u>-</u>
 Increase (decrease) in cash	72,158	(375,459)
 Cash - beginning of year	<u>229,906</u>	<u>605,365</u>
 Cash - end of year	<u>\$ 302,064</u>	<u>\$ 229,906</u>

The accompanying notes form an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2023

1. Purpose and legal form of the organization

Vintners Quality Alliance Ontario, o/a Ontario Wine Appellation Authority, is an independent organization that administers the Vintners Quality Alliance Act, 1999 and its regulations through an administrative agreement with the Ontario government. It establishes, monitors and enforces a system of quality assurance and verification of product origin for wines bearing the VQA logo.

Vintners Quality Alliance Ontario exists as a not-for-profit corporation without share capital. It is not subject to income tax.

2. Significant accounting policies**Basis of presentation**

The financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue recognition

Revenues are recognized as follows:

Membership fees - in the year for which the membership pertains, which coincides with the organization's fiscal year.

Literage fees - in the month in which VQA wines are sold by the member wineries.

Approval fees - when the related approval services are completed.

Investments

Investments consist of guaranteed investment certificates (GIC's). GIC's maturing within twelve months from the year-end are classified as current. GIC's with maturity dates that occur later than twelve months from the year-end date are classified as long-term.

Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided for on a straight-line basis over the following periods:

Computer equipment	5 years
Office furniture and lease	5 years
Leasehold improvements	8.5 years

Intangible assets

Intangible assets consist of computer software and are recorded at cost less accumulated amortization. Amortization is provided for on a straight-line basis over 5 years.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2023

2. Significant accounting policies (continued)**Contributed materials and services**

The organization receives substantial contributed services from members and others through participation on the Board of Directors and other committees. Because of the difficulty in determining their fair value, such services are not recorded in these financial statements.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. Actual results may differ from the estimates, the impact of which would be recorded in future periods. Significant estimates include the useful lives and rates of amortization of capital and intangible assets.

Financial instruments

The organization initially measures its financial assets and liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Subsequently, all financial instruments are measured at amortized cost.

Financial assets measured at amortized cost include cash, investments and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accruals.

3. Investments

	Face value	Amortized Cost
CIBC GIC - 4.25%, maturing August 21, 2023	\$ 100,000	\$ 102,594
CIBC GIC - 4.25%, maturing September 27, 2023	200,000	204,308
CIBC GIC - 4.50%, maturing March 6, 2024	290,000	290,894
CIBC GIC - 4.50%, maturing March 8, 2024	200,000	200,567
CIBC GIC - 4.40%, maturing March 21, 2024	<u>200,000</u>	<u>200,241</u>
Total	990,000	998,604
Less: portion maturing within one year of the year-end date	<u>990,000</u>	<u>998,604</u>
Classified as long-term	<u> -</u>	<u> -</u>

At March 31, 2022, total investments at face value and amortized cost were \$987,892 and \$989,669, respectively.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2023

4. Accounts receivable	2023	2022
Trade receivables owing from members	<u>\$ 141,550</u>	<u>\$ 182,301</u>

5. Capital assets			2023	2022
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 15,164	\$ 7,780	\$ 7,384	\$ 6,607
Office furniture and equipment	33,177	24,514	8,663	14,832
Leasehold improvements	<u>20,590</u>	<u>4,998</u>	<u>15,592</u>	<u>17,991</u>
	<u>\$ 68,931</u>	<u>\$ 37,292</u>	<u>\$ 31,639</u>	<u>\$ 39,430</u>

6. Intangible assets			2023	2022
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer software	<u>\$ 266,497</u>	<u>\$ 223,267</u>	<u>\$ 43,230</u>	<u>\$ 68,087</u>

7. Accounts payable and accruals	2023	2024
Trade payables and accrued liabilities	\$ 84,924	\$ 109,040
Harmonized sales tax	<u>24,840</u>	<u>32,843</u>
	<u>\$ 109,764</u>	<u>\$ 141,883</u>

8. Deferred revenue

Deferred revenue represents product approval fees and membership fees received, which relate to the subsequent year.

9. Net assets internally restricted for legal and enforcement fund

Net assets of \$200,000 have been restricted for a specific purpose. They may be used only for enforcing adherence to the regulations of the Vintners Quality Alliance Act.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2023

10. Financial instruments**Fair value of financial instruments**

The fair value of a financial instrument is the estimated amount that the organization would receive or pay to settle a financial asset or financial liability at the reporting date.

The carrying values of cash, investments, accounts receivable and accounts payable and accruals approximate their fair values due to their liquidity.

Risk management

Risk management is incorporated into the organization's day to day management activities and an annual review of risks is completed by the Board.

The organization has exposure to the following risks associated with its financial instruments. Management considers these risks to be negligible.

Credit risk

The organization maintains cash and investments, with financial institutions, which are in excess of amounts insured by the Canada Deposit Insurance Corporation (CDIC) and the Ontario Deposit Insurance Corporation (ODIC). Management monitors the soundness of these institutions.

Liquidity risk

Liquidity risk is the possibility that the organization would be unable to pay its obligations. The organization has adequate working capital to cover its obligations in a timely manner.

11. Commitments

The organization leases office space under a lease expiring August 31, 2029. Future minimum lease payments total \$186,840 and include the following payments over the next five years: 2024, \$28,026; 2025, \$28,026; 2026, \$28,934; 2027, \$29,583; 2028, \$29,583. In addition to the minimum rent, the organization must pay a portion of the property operating costs and realty taxes which are estimated at \$36,040 per annum.