

ONTARIO WINE
APPELLATION AUTHORITY



ANNUAL REPORT
2026

2026 ANNUAL REPORT

TABLE OF CONTENTS		PAGE
1. Message from the Chair		3
2. Corporate Overview		4
3. Vision, Mission and Values		4
4. Governance and Strategic Oversight		5
5. Director's Code of Conduct		6
6. Board of Directors		9
7. Mandate and Services		10
8. Organization Chart		10
9. Strategic Plan		11
10. Consumers		11
11. Key Stakeholders		12
12. Message from the Executive Director		13
13. Vintage Report		14
14. Strategic Objectives		16
15. Activities and Performance Measures		17
15.1 Stakeholder Engagement		17
15.2 Regulatory Compliance		17
15.3 Corporate		18
16. Legislation, Bylaw and Policy Updates		18
17. French Language Services		19
18. Complaint Handling Process		19
19. Accessible Goods, Services and Facilities		19
20. Data and Statistics		19
20.1 Winery Participation		19
20.2 VQA Wine Production Overview		20
20.3 Appellation Designated Wines		20
20.4 Grape Varieties Used		21
20.5 Table Wines by Colour		21
20.6 Icewine		22
20.7 Specialty Wines		22
20.8 VQA Wine Sales		23
21. Risk Management		23
22. Financial Summary		24
23. Financial Statements		25

1. Message from the Chair



“We have accomplished much, but Will Rogers’ sage advice - even if you’re on the right track, you’ll get run over if you just sit there - certainly rings true for OWAA and the wine sector today.”

We have made accelerated progress towards many of the strategic goals of our 5-year Strategic Plan launched in 2023, including completing a comprehensive review of the VQA standards and many regulatory updates. Our goal to increase our role in wine education is well underway, with our dedicated learning platform “the Appellation Academy” up and running and growing relationships with those who provide wine education to the hospitality sector.

We have accomplished much, but Will Rogers’ advice “*even if you’re on the right track, you’ll get run over if you just sit there*” certainly rings true for OWAA and the wine sector today. Just the short list of the changes we are experiencing takes up the rest of this paragraph: changing consumer preferences and expectations, an overhaul of the retail and wholesale marketplace, restructuring at the LCBO, tax, markup and regulatory changes, new government programs, and a host of implications driven by international and interprovincial trade.

While some of these changes do not impact OWAA as directly as they impact VQA wineries, we need to be responsive to their effect on how consumers, wineries and government view VQA wines and the VQA appellation system. We completed a special strategic review in June to ensure we manage the risks and opportunities ahead.

We are also working proactively on strengthening our accountability and governance relationship with the Ministry of Public and Business Service Delivery and Procurement. Transparency, oversight and accountability are essential pillars in public trust.

The past year has seen strong growth in VQA sales, well beyond our forecast, and left OWAA in the fortunate position of higher-than-expected revenue adding to our reserves. We were very pleased to manage our excess reserves through a fee rebate in November 2025 and a further waiver of membership fees in 2026. Wineries, if you still have that credit on your account, please use it!

With the retirement of our long-time CEO, Laurie Macdonald, coming early next year, we are well into planning for the leadership transition. We thank Laurie for her dedication to shepherding VQA Ontario from its inception through to our present-day Ontario Wine Appellation Authority. She will be missed but leaves the organization well positioned to thrive under new leadership.

Additional thanks to all the others who contribute to OWAA’s success, those on the Board of Directors, our committees and government, industry and trade stakeholders, and staff. Of note, Lawrence Buhler left the Board in February (thank you Lawrence!), replaced by Paul Speck, and two long serving Directors – Dan Sullivan and Tony Elenis – will retire in July. Dan has provided the view from of a small but growing winery in Prince Edward County, and Tony brought the perspective of the restaurant and hospitality community. Both have helped shape the relevance of our discussions. All of you provide valuable insights into our role and relationships that allow us to maintain the regulatory framework in a way that is efficient and achieves our goals of education and compliance that is the foundation of our credibility.

Derek Cartlidge
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 and Procurement. 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 the Ministry of Public and Business Service Delivery and Procurement (MPBSDP) to ensure continued alignment with governing legislation and regulations, and the Administrative Agreement.

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 day-to-day 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 OWAA is current with consumer and industry trends.

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 and Procurement
- 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 OWAA, 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 OWAA
- 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 OWAA
- 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 OWAA'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 OWAA 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 OWAA 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 OWAA 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

As at March 31, 2026

OFFICERS	DIRECTORS
<p>Derek Cartlidge (9) Colio Estate Wines <i>President and Chair, Ontario Wine Appellation Authority</i></p>	<p>Tony Elenis (6) Ontario Restaurant, Hotel and Motel Association</p>
<p>Gabriel Demarco (7) Cave Spring Cellars <i>Vice-Chair, Ontario Wine Appellation Authority</i></p>	<p>Erika Neudorf (8) Arterra Canada</p>
<p>Nadia Senchuk (8) Leaning Post Wines <i>Treasurer, Ontario Wine Appellation Authority</i></p>	<p>Shiraz Mottiar (7) Malivoire Wines</p>
<p>Louise Engel (7) Featherstone Estate Winery <i>Secretary, Ontario Wine Appellation Authority</i></p>	<p>Mary Shenstone (8) Ontario Government</p>
	<p>Paul Speck (n/a) Henry of Pelham Family Estate Winery</p>
	<p>Dan Sullivan (6) Rosehall Run Vineyards</p>
	<p>Mark Torrance (7) Andrew Peller Ltd</p>
	<p>Kevin Watson (8) Grape Growers of Ontario</p>
	<p>Brian Schmidt (8) Vineland Estates Winery <i>Past Chair, Ontario Wine Appellation Authority</i></p>

Attendance at Board meetings: Nine Board meetings were held in 2025-2026. The number of Board meetings each Director attended is indicated beside their name. Paul Speck joined the Board on March 27, 2026 after the retirement of Lawrence Buhler.

STAFF and STATUTORY APPOINTMENTS

Laurie Macdonald, Chief Executive Officer
 Katherina Radcliffe, Director, Wine Standards and Communications (Designated Inspector)
 Peter Harris, Director, Audit and Compliance (Designated Inspector/Investigator)
 Anthony Ciavarella, Program Auditor (Designated Inspector)
 Sabina Mostacci, Office Supervisor and Wine Approvals Coordinator
 Stan Loree, Accountant

7. Mandate and Services

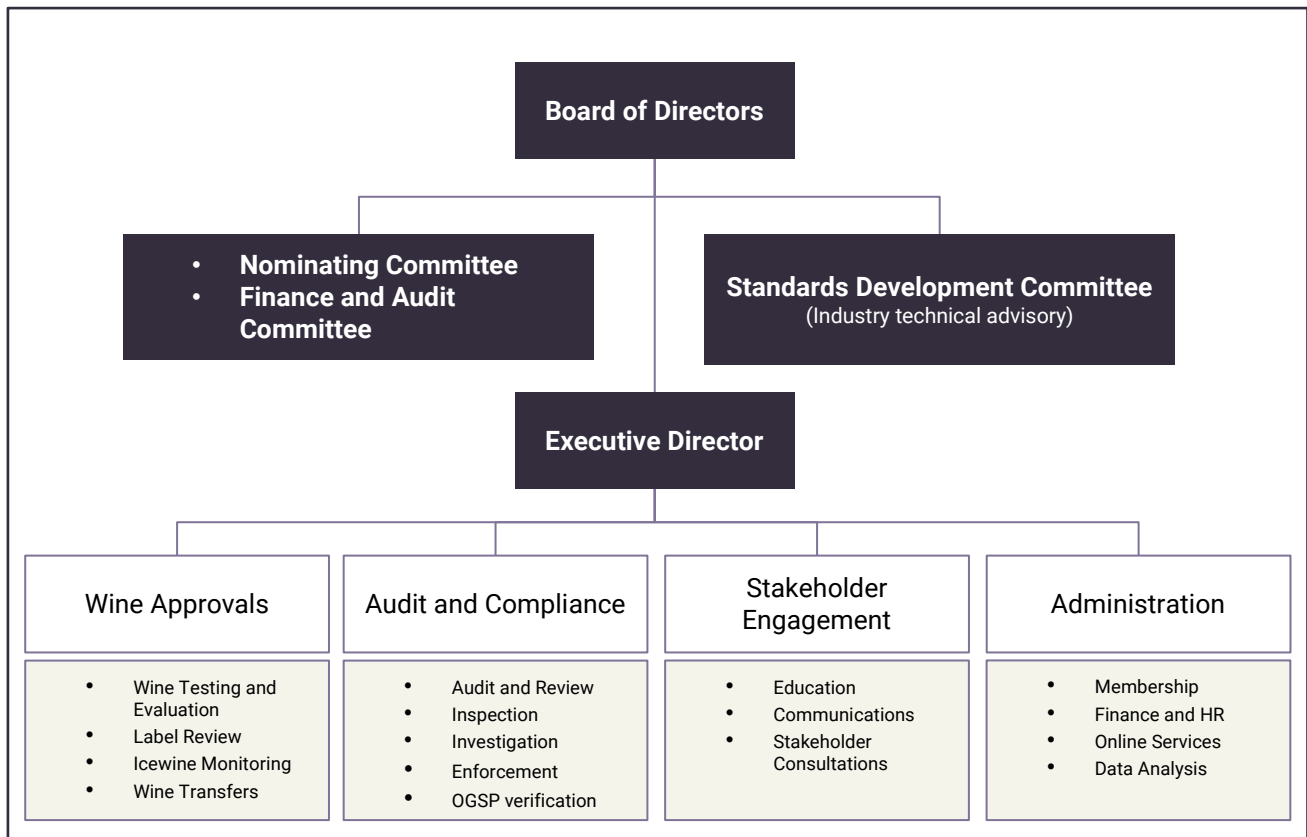
OWAA’s core mandate includes the following operating objectives:

- 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.

In early 2026, OWAA entered into an agreement with Agricorp to provide non-regulatory verification services to support the Ontario Grape Support Program (OGSP). Services provided under this program contribute to a fair and level playing field for participating wineries and are fully cost-recovered.

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 MPBSDP also review OWAA's plans to ensure continued alignment with our governing legislation and regulation.

OWAA conducted a client satisfaction survey within its regulated industry during July and August 2024, including VQA wineries and industry and government stakeholders. Responses were collected anonymously and aggregated.

81 responses were received. Almost all responses came from members of the regulated industry, with a broad distribution in size of business and level of interaction with OWAA.

The overall satisfaction with service delivery was extremely high, with 99% of respondents indicating they are mostly or completely satisfied with their interactions with OWAA. Within the regulated winery community, 98% feel they receive excellent, very good or good levels of services for regulatory and supporting processes. 86% of respondents agree that OWAA is effective in enforcing its rules and regulations and 78% believe OWAA is respected by the regulated community. 79% agree that it is important to maintain a regulated appellation system.

OWAA intends to conduct the survey at least every 3 years to provide feedback to the organization on its performance and better understand perceptions of its regulatory framework.

10. Consumers

Consumer research available from the Wine Marketing Association of Ontario in 2022 shows high levels of awareness of the VQA certification and its 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 OWAA's role.

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 and Procurement, 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

“This will be my last annual message before I retire next year, and I extend my thanks to all of those I have worked with, especially the dedicated staff and volunteers that make this organization so successful.”

It was another busy year. In Ontario, the rollout of new programs, regulatory change and continued evolution of the retail environment, not to mention the impact of the trade dispute, have resulted in rapid change. The landscape has been unpredictable at times, but for the most part, very positive for OWAA.

The removal of US wine from LCBO distribution brought new consumers to VQA wines and a great opportunity to build trust and awareness of VQA wines and appellations and our world class VQA certification program. Ontario origin is more important than ever, and VQA is the mark of verified and guaranteed origin. Consumers need to know that they can trust the provenance and quality of VQA wines.

Operationally, wine certifications grew substantially, up from 2290 to 2432. Winery participation closed the year at 199, a net gain of 5 wineries. You can review all of our operational statistics later in this report. OWAA also began its first ever non-regulatory business activity in early 2026, providing a verification service to Agricorp to support its Ontario Grape Support Program (OGSP). This activity is fully cost recovered under a contract with Agricorp and provides third party verification of the volume and composition of non-VQA wines sold by wineries participating in the OGSP. We are pleased to leverage our expertise in winery audit to support the Ontario government and minimize the regulatory burden on participating wineries.

On the staff side, we reluctantly wished Helen Ly success in a new job and welcomed two new staff: Sabina Mostacci, Office Supervisor and Wine Approvals Coordinator, and Anthony Ciavarella, Program Auditor. Sabina will assist wineries with wine approvals and general inquiries, while Anthony will focus on VQA audits and OGSP verifications.

As we head into a review and refresh of our strategic plan, we look to keep the VQA system relevant and efficient and build OWAA’s capacity as a trusted authority that supports transparency for consumers and the integrity of VQA wines. There is great opportunity to increase consumer awareness that Ontario wines truly compete at a global level, with all the standards, credibility and protections that are hallmarks of global wine regions. In the broader world of beverage alcohol, VQA standards provide some of the highest levels of integrity for truth in labelling and transparency in origin and composition.

And finally, since this will be my last annual message before I retire next year, I extend my thanks to all of those I have worked with, especially the dedicated staff and volunteers that make this organization so successful. There are so many of you that have contributed to OWAA and VQA, and to my professional and personal growth leading the organization – I cannot thank you enough. It has been an interesting and satisfying journey and a wonderful career. I wish all of you my best and I hope to keep in touch.

Laurie Macdonald
Chief Executive Officer

13. 2025 Vintage Report

After a year of weather plot twists, from fake spring to a stubborn summer heat wave, Ontario growers still brought in fruit with incredible flavour and balance. Early signs point to a vintage with the depth and energy we saw in 2022, 2023 and 2024, setting up 2025 to be another standout year for Ontario wine.



CONDITIONS

NIAGARA PENINSULA

January was cold and sunny across wine country in Ontario. 2025 got off to a cold start, but despite below freezing temperatures, there were many crisp, bright sunny days. Even in the warmest appellation, Lake Erie North Shore, the cold persisted, accompanied by high, fast-moving winds coming in off Lake Erie, which had significant ice formation in 2025. Back in Niagara, winter pruning was conducted under mostly sunny skies and many layers of warm clothing!

That cold weather continued in February. Within the first three weeks, our wine regions experienced some unusually cold days. February was also notable for the high level of snowfall, and freezing rain at the end of the second week. Both Niagara and the Greater Toronto Area received snow and freezing rain on February 13th. Significant snowfall was also a factor in the emerging region near the Ottawa Valley. By the final week, temperatures had started to rise, and Southern Ontario experienced a double-digit daytime high of 12.5C, recorded in Windsor, on February 25th.

March started off cool and sunny but by the second week, temperatures were again on the rise. St. Catharines recorded a daytime high of 22C on March 16th. Here in Ontario, we refer to this as “fake spring” – a day so nice, that we start to believe that winter is over and spring has arrived. For grape growers, fake spring is the stuff of nightmares. One or two days is fine, but too many unseasonably warm days can encourage an early start to the season – putting the crop at risk for seasonally appropriate spring frost. Luckily for the grapes and growers, that unseasonably warm March weather was short-lived. The month ended with freezing temperatures, and powerful ice storms in Toronto, north of the city in Oro Medonte, and east all the way to Prince Edward County, where The County experienced significant freezing rain on March 28th.

Cool and seasonable temperatures continued into the beginning of April, but within two weeks, it was clear that spring had arrived, for real this time. The month was defined by warm sunny days and ended on a very high note – a daytime high of 28.3 C was recorded in Windsor and 27.2 C in Toronto. Remaining ice on the Great Lakes dissipated quickly, lending cool breezes to the surrounding areas.

May weather was a bit of a rollercoaster in wine country. The month started off cool, had many above average warm days, and even dipped down into freezing with -1 C recorded in Toronto on May 16th. Despite the ups and downs, the growing season was well on its way by the end of the month. Environment and Climate Change Canada predicted a warmer than usual June – and they were correct. The end of June was characterized by very hot weather that continued into July. Many parts of Wine Country and the Greater Toronto Area experienced a long and dry heat wave, punctuated by localized

thunderstorms including one on July 24 that hit the Niagara region with a heavy down pour, high winds and hail, and then came across Lake Ontario and brought the same energy to downtown Toronto.

The July summer heat wave continued through the first few weeks of August. Prolonged heat can cause significant stress for the vines and where irrigation is possible, some vineyards opted to use it to stave off drought-stress.

The summer heat wave finally broke in the final week of August, bringing some much-needed cooler weather to wine country. Within weeks, the vines that had shut down under heat stress were recuperating and sugars were accumulating in the grapes, while the grape skins and seeds were starting to show phenolic ripeness.

A relatively warm and dry September followed. Harvest began, with growers and wineries opting to pick for Sparkling wine first, then aromatic whites. Thanks to dry conditions, growers could pick on their schedule – for optimum ripeness or the profile they preferred. By the end of September and into October, rainy days were more abundant than they had been all year. Good timing and precision-harvest techniques allowed grape growers and wineries to maximize the temperate weather they had left, minimize picking in the rain, and enabled them to bring in grapes with maximum flavour and ripeness.

By November, it was clear that fall had arrived and winter was its way. Snow came early across southern and southwestern Ontario with snow falling on Sunday November 9 and sticking around. Fortunately, by all accounts, regular harvest was complete or almost complete throughout the wine growing regions.

LAKE ERIE NORTH SHORE

In sunny Lake Erie North Shore, some wineries reported an early start to the season. May and June were cooler than average, and vines made little progress during those cooler times. However, July and August provided sunshine, heat units and growing conditions that were exceptional for red varieties like Cabernet, Merlot. The area welcomed very little rain – heat and drought were the main stories for LENS.

By Labour Day weekend, some wineries reported being 7-10 days behind the 2024 season, but grape quality was exceptional. As summer ended the weather conditions remained relatively dry throughout September and October, allowing for long hang time and premium ripeness across both aromatic white varieties and red varieties. One grower reported Viognier, harvested on October 24th at 26.2 brix. Many red varieties were harvested well above minimum requirements, in the range of 23-25 brix. Harvest was completed by the end of October.

PRINCE EDWARD COUNTY

In Prince Edward County, wet and rainy conditions delayed the season. By spring, the weather seemed to cooperate, offering less rain and more sunshine. In June, the weather had changed completely, with the area receiving a lot of sunshine, heat and experiencing very dry conditions. The dry conditions persisted, causing some panic as the summer wore on. Vines were showing signs of drought and heat stress – minimal canopy growth, early signs of lignification of wood and chlorosis. A well-timed rain event in the late summer was welcomed by growers and provided a break from the drought. Vines recovered quickly and grapes continued to ripen, meeting or exceeding brix requirements. Grapes from the County showed a depth of flavour, well-balanced acid, and peak phenolic ripeness.

ICEWINE

Grapes registered for the production of Icewine from the 2025 vintage totalled 2853 tonnes from 11 varieties, a significant increase over the 2024 vintage in which just 1976 tonnes were registered.

WINE OUTLOOK

While yields across all three designated viticultural areas were slightly lower than expected across several varieties, quality is reportedly quite high. Both red and white wines from this vintage will show concentration of flavour while maintaining Ontario’s hallmark acidity.

Wineries and growers in Lake Erie North Shore are particularly excited by the prospects for red wine from this season and in Prince Edward County, though the crop was smaller than expected, the quality is exceptional. Winemakers are predicting exceptional wines from the 2025 vintage, comparable to wines from the 2022, 2023 and 2024 vintages.

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, 2026, or as at March 31, 2026 unless noted otherwise.

15.1 Stakeholder Engagement

PERFORMANCE METRICS STAKEHOLDER ENGAGEMENT		
Measure	Target	Outcome
Collect stakeholder feedback on data needs and publish production and sales data	Report on production by region and variety, and VQA sales by channel	Complete and available quarterly
Enhanced communications with member wineries and industry stakeholders	<ul style="list-style-type: none"> 10 newsletters Industry outreach Trade education 	<ul style="list-style-type: none"> 12 newsletters 21 events 12 seminars
Increase knowledge and awareness of appellations and appellation system	<ul style="list-style-type: none"> Maintain LinkedIn presence Expand YouTube channel 	<ul style="list-style-type: none"> LinkedIn – 637 followers 2 new YouTube videos added
Launch long course (Understanding VQA Ontario Wine Appellations)	<ul style="list-style-type: none"> Launch online course platform Complete and release course 	<ul style="list-style-type: none"> Course (6 modules) 38 learners
Level 1 (Ontario VQA Wine Appellations) course certificate completions	200	535

15.2 Regulatory Compliance

PERFORMANCE METRICS REGULATORY COMPLIANCE		
Measure	Target	Outcome
Number of OWAA members	195	199
Compliance		
Retail inspections completed	150	138
<ul style="list-style-type: none"> Label compliance ¹ 	95%	99%
Online and social media inspections completed	100	163
<ul style="list-style-type: none"> Label compliance 	95%	99%
Compliance reviews completed	100	187
<ul style="list-style-type: none"> Overall compliance 	90%	100%
Compliance audits completed	50	103
<ul style="list-style-type: none"> Overall compliance 	90%	98%
Compliance coaching	30 contacts	57 contacts
Label corrections requested/cautions issued	N/A	10
Revoked approvals	N/A	6
Compliance orders	N/A	3
Prosecutions under Provincial Offences Act	N/A	0

¹ Performance measures set out in the business plan, as approved by the Minister

Wine Approvals		
Applications completed	2000	2487
• Completion ²	95% within 21 days	94% within 21 days
• Approval rate	95%	98%
Chemical analysis		
• Completion ³	95% within 15 days	81% within 15 days
• Success rate	98%	96%
Sensory Analysis		
• Completion	95% within 10 days	91%
• Success rate	96%	98%
Export certificates	On demand	1757

^{2,3} Performance measures set out in the business plan, as approved by the Minister

15.3 Corporate

PERFORMANCE METRICS CORPORATE		
Measure	Target	Outcome
Board evaluation results	Annual survey	Complete
Financial stability	Reserve target 75% of annual operating expense	118% of operating expenses in reserve
Succession plan	In place and current	Up to date
Operations		
Service standard	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	99% in service
Operational capacity	No service suspensions	No service suspensions
Staff turnover	Minimal, 1 or less	1
Overall satisfaction level (2024 client survey) ⁴	80%	99% mostly or completely satisfied

⁴ Performance measures set out in the business plan, as approved by the Minister, survey required every 3 years.

16. Legislation, Bylaw and Policy Changes

The following amendments were made to Ontario Regulation 406/00 under the VQA Act, setting out standards for wine production, composition and labelling:

- addition of 24 new grape varieties to the list of permitted grape varieties
- new Sparkling wine category “Fracette”
- amendment to packaging rules to allow packaging of finished, approved VQA wines in other Provinces and Territories

17. French Language Services:

OWAA provides French language services upon request. In 2025-26, OWAA did not receive any requests for service in French.

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
6	27	166
TOTAL WINERIES REGISTERED IN VQA PROGRAM 199		

20.2 VQA Wine Production Overview

All statistics are for the period of April 1, 2025 to March 31, 2026. 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 (9L cases)	Estimated grape tonnage
Table Wine	2,131	3,264,752	+451,334	40,528
Icewine	66	52,084	-19,081	2,679
Sparkling	196	203,572	-13,003	2,527
Late Harvest	17	5,787	-5,068	104
Other	22	12,492	+1,126	155
Total	2,432	3,538,687	415,308	45,993

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. The proportion of production of wines labelled with each appellation remained similar to the previous year, with a slight shift away from Ontario towards Niagara Peninsula.

VQA WINE PRODUCTION BY APPELLATION DECLARATION		
Appellation	Cases (9L)	% of all VQA wines
Ontario	1,856,236	52%
Niagara Peninsula	1,207,374	34%
Sub-appellations	427,178	12%
Prince Edward County	36,375	1%
Lake Erie North Shore	11,525	1%

20.4 Grape varieties used in VQA wines

This table includes the composition of 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 74 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	13%
Riesling	12%
Cabernet Franc	12%
Merlot	11%
Pinot Gris	9%
Vidal Blanc	8%
Sauvignon Blanc	7%
Baco Noir	7%
Cabernet Sauvignon	6%
Pinot Noir	5%
Gamay Noir	3%
Syrah	2%
Gewürztraminer	2%
Other	3%

Red grape varieties used in all VQA wines – 47%

White grape varieties used in all VQA wines – 53%

20.5 Table wines by colour

The table wine category includes white, red and rosé wines both varietal and non-varietal. The total volume of all table wines increased from the previous year, with reds up 11%, whites up 18% and rosés up 41%. A large majority of red and white table wines continue to declare a grape variety or varieties on the label, while rosés are equally 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 (46.5%)	Varietal	13,308,966	1,478,774
	Non-varietal	331,638	36,848
	Total white	13,640,604	1,515,623
Red (46.5%)	Varietal	12,894,206	1,432,690
	Non-varietal	742,682	82,520
	Total red	13,636,888	1,515,210
Rosé (7%)	Varietal	1,062,551	118,061
	Non-varietal	975,709	108,412
	Total rosé	2,038,260	226,473

20.6 Icewine

Icewine production was down from the previous year's production of 71,000 cases, with a 60% reduction in volume of vitis vinifera varieties and 11% decline in Vidal production.

ICEWINE PRODUCTION BY VARIETY		
Variety	Litres	Cases (9L)
Vidal Blanc	388,970	43,219
Riesling	42,447	4,716
Cabernet Franc	25,283	2,809
Cabernet Sauvignon	4,712	524
Others	7,340	816
Total	468,752	52,084

20.7 Specialty wine categories

The production volumes in specialty categories was relatively stable, with Late Harvest down and modest increases in the other categories.

VQA PRODUCTON - SPECIALTY WINE CATEGORIES		
	Litres	Cases (9L)
Late Harvest and Botrytis Affected	52,080	5,787
Appassimento, Vin de Cure, Fortified, and Liqueur wines	112,433	12,492
Sparkling wines	1,832,152	203,572
Skin Fermented White Wines	36,899	4,100

20.9 VQA Wine Sales

Year ending March 31, 2026

VQA SALES BY VOLUME (LITRES)			
	2026	2025	% change
Winery Retail	4,999,163	5,989,679	- 17
Licensees	3,872,839	3,711,782	4
LCBO* (shipped)	15,000,305	10,614,170	41
Farmers Markets	35,022	45,573	-23
Other Provinces	1,104,677	845,221	31
Export and Miscellaneous	697,797	731,253	- 5
Total	25,709,803	21,937,678	17

VQA SALES BY RETAIL VALUE (\$)			
	2026	2025	% change
Winery Retail	157,716,608	175,155,941	- 10
Licensees	74,265,891	64,006,812	16
LCBO* (shipped)	221,352,197	149,672,161	48
Farmers Markets	798,646	952,844	-16
Other Provinces	19,570,761	13,762,335	42
Export and Miscellaneous	39,716,890	30,105,577	32
Total	513,420,993	433,655,670	18

*LCBO sales are recorded at time shipment leaves winery supplier, and include grocery and convenience

21. Risk Management

Risk management is incorporated into the OWAA's day to day management activities. In addition to reviewing regular status reports on risk identification and mitigation, the Board completes a semi-annual in-depth assessment of strategic risks. These two levels of review and response ensure 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 VQA wines and wine appellation system. Its business is founded in serving the public interest with delegated responsibility from government. Within this business context, the OWAA 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

OWAA 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, 2026.

OWAA finished its fiscal year in a strong financial position. Revenues exceeded expenditures by \$142,791 for the year ended March 31, 2026. Total revenues increased from \$1,901,091 to \$2,001,897, mainly as a result of increased revenue from literage fees. Total expenses were almost flat, down \$472 to \$1,859,106. The volume of wine approval applications was up but fee revenue down slightly as a result of the new less costly basic certification option. Net assets are \$1,495,163 and include funds set aside for general and contingency use, capital and intangible assets, and a legal and enforcement reserve.

Revenue for fiscal 2026 was derived primarily from literage fees (\$1,181,739) and approval fees (\$692,006).

Major components of the approximately \$1.86 million in expenses were employee costs (\$795,985) and wine testing and approval expenses (\$689,867).

A review of reserve levels was conducted in 2024 and OWAA plans to reduce its reserve levels to its target amount of approximately \$850,000 over the next three years, in part by maintaining fees at their current levels with no adjustments for inflation.

VINTNERS QUALITY ALLIANCE ONTARIO
O/A ONTARIO WINE APPELLATION AUTHORITY
FINANCIAL STATEMENTS
MARCH 31, 2026



Contents

	Page
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 12
Schedule 1 - Revenue and expenditures relating to the Ontario Grape Support program	13

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), which comprise the statement of financial position as at March 31, 2026, and the statements of changes in net assets, operations 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, 2026, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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.

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 Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

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 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.

Doane Grant Thornton LLP

Chartered Professional Accountants
Licensed Public Accountants

Markham, Canada
June 15, 2026

Vintners Quality Alliance Ontario

(o/a Ontario Wine Appellation Authority)

Statement of Financial Position

March 31

2026

2025

Assets

Current

Cash	\$ 258,588	\$ 569,420
Short term investments(Note 3)	950,000	700,000
Accounts receivable (Note 4)	153,031	117,837
Prepaid expenses	8,201	8,187
	<u>1,369,820</u>	<u>1,395,444</u>

Long-term

Long-term investments (Note 3)	250,000	100,000
Property and equipment (Note 5)	13,078	16,481
Intangible Assets (Note 6)	40,128	42,085
	<u>303,206</u>	<u>158,566</u>
	<u>\$ 1,673,026</u>	<u>\$ 1,554,010</u>

Liabilities

Current


Accounts payable and accrued liabilities (Note 7)	\$ 149,460	\$ 107,112
Deferred revenue	28,403	94,526
	<u>177,863</u>	<u>201,638</u>

Net assets

Internally restricted for legal and enforcement fund	200,000	200,000
Invested in capital assets	53,206	58,566
Unrestricted	1,241,957	1,093,806
	<u>1,495,163</u>	<u>1,352,372</u>
	<u>\$ 1,673,026</u>	<u>\$ 1,554,010</u>

Commitments (Note 9)

On behalf of the Board



Director



Director

See accompanying notes to the financial statements.

Vintners Quality Alliance Ontario
O/A Ontario Wine Appellation Authority
Statement of Changes in Net Assets

For the year ended March 31

	Invested in capital assets	Internally Restricted for legal and enforcement fund	Unrestricted	2026 Total	2025 Total
Net assets, beginning of year	\$ 58,566	\$ 200,000	\$ 1,093,806	\$ 1,352,372	\$ 1,310,859
Excess of revenues over expenses	-	-	142,791	142,791	41,513
Purchase of intangible assets	13,125	-	(13,125)	-	-
Purchase of capital assets	1,949	-	(1,949)	-	-
Amortization	<u>(20,434)</u>	<u>-</u>	<u>20,434</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 53,206</u>	<u>\$ 200,000</u>	<u>\$ 1,241,957</u>	<u>\$ 1,495,163</u>	<u>\$ 1,352,372</u>

See accompanying notes to the financial statements.

Vintners Quality Alliance Ontario

(o/a Ontario Wine Appellation Authority)

Statement of Operations

Year ended March 31

2026

2025

Revenue

Literage fees	\$ 1,181,739	\$ 1,016,460
Approval fees	692,006	722,576
Ontario Grape Support Program Verification (Schedule 1)	67,974	-
Interest	42,231	50,433
Other	17,947	15,322
Membership fees	-	96,300
	<u>2,001,897</u>	<u>1,901,091</u>

Expenditures

Salaries and related benefits	785,985	811,380
Approval expenses	689,867	655,961
Education and communication	90,911	108,809
Rent	66,839	65,069
Office and administration	54,746	27,183
Professional fees	36,764	36,781
Interest and bank charges	35,064	36,313
Amortization	20,434	26,821
Travel	16,389	22,913
Subcontractors	14,680	12,360
Insurance	14,234	14,018
Meeting expenses	13,717	14,917
Telephone and utilities	11,244	11,088
Quality assurance and inspection	5,859	5,173
Training and development	2,373	10,792
	<u>1,859,106</u>	<u>1,859,578</u>

Excess of revenue over expenditures

\$ 142,791 \$ 41,513

See accompanying notes to the financial statements.

Vintners Quality Alliance Ontario

(o/a Ontario Wine Appellation Authority)

Statement of Cash Flows

Year ended March 31

2026

2025

Increase (decrease) in cash

Operating

Excess of revenue over expenditures	\$ 142,791	\$ 41,513
Item not affecting cash		
Amortization	<u>20,434</u>	<u>26,821</u>
	163,225	68,334
Change in non-cash working capital items		
Accounts receivable	(35,194)	6,670
Prepaid expenses	(14)	1,040
Accounts payable and accrued liabilities	42,348	(948)
Deferred revenue	<u>(66,123)</u>	<u>22,006</u>
	<u>104,242</u>	<u>97,102</u>

Investing

Purchase of investments	(1,200,000)	(800,000)
Proceeds from disposal of investments	800,000	963,050
Purchase of property and equipment	(1,949)	(2,200)
Purchase of intangible assets	<u>(13,125)</u>	<u>(31,020)</u>
	<u>(415,074)</u>	<u>129,830</u>

(Decrease) increase in cash (310,832) 226,932

Cash

Beginning of year	<u>569,420</u>	<u>342,488</u>
End of year	<u>\$ 258,588</u>	<u>\$ 569,420</u>

See accompanying notes to the financial statements.

VINTNERS QUALITY ALLIANCE ONTARIO
O/A ONTARIO WINE APPELLATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2026

1. Nature of operations

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. Summary of significant accounting policies

The Organization applies the Canadian accounting standards for not-for-profit organizations.

Revenue recognition

The Organization follows the deferral method of accounting.

Literage fees

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

Approval fees

Approval fees are recognized when the related approval services are completed. Amounts received for future services included in deferred revenue are deferred until the service is provided.

Membership fees

Membership fees are recognized as revenue in the year to which they relate, which coincides with the organization's fiscal year. Deferred membership fees included in deferred revenue represent membership fees for the ensuing year which are paid prior to the year end.

Net assets

The Organization accounts for and reports on the separate activities or objectives as determined by resolution of the Board of Directors (hereinafter the "Board"). Net assets balances are comprised of the following categories:

Unrestricted

The unrestricted net assets are available for all unrestricted general purpose activities of the Organization.

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.

2. Summary of significant accounting policies (continued)

Net assets (continued)

Invested in capital assets

Net assets invested in capital assets represents the net book value of property and equipment and intangible assets less any indebtedness thereon.

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.

Property and equipment

Property and equipment are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is provided on a straight-line basis over the estimated useful life of the asset.

Office furniture & equipment	5 years
Leasehold improvements	Over the term of the lease
Computer equipment	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.

Contributed material 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.

2. Summary of significant accounting policies (continued)

Financial instruments

The Organization considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Organization accounts for the following as financial instruments:

- Cash
- Investments
- Accounts receivable
- Accounts payable and accrued liabilities

Financial instruments in arm's length transactions

Initial measurement

The Organization initially measures financial assets and financial liabilities originating, acquired, issued or assumed in arm's length transactions at fair value.

Subsequent measurement

The Organization subsequently measures these financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value; investments in equity instruments that are not quoted in an active market, which are measured at cost less any reduction for impairment; derivative contracts, which are measured at fair value; and certain financial assets and financial liabilities which the Company has elected to measure at fair value.. Changes in financial instruments measured at fair value are recognized in net income.

Financial instruments in related party transactions

Initial measurement

Financial assets and financial liabilities in related party transactions are initially measured at cost, with the exception of certain instruments which are initially measured at fair value. The Organization does not have any financial assets or financial liabilities in related party transactions which are initially measured at fair value.

Gains or losses arising on initial measurement differences are generally recognized in net income when the transaction is in the normal course of operations, and in equity when the transaction is not in the normal course of operations, subject to certain exceptions.

Subsequent measurement

Financial assets and financial liabilities recognized in related party transactions are subsequently measured based on how the Organization initially measured the instrument. Financial instruments initially measured at cost are subsequently measured at cost, less any impairment for financial assets. Financial instruments initially measured at fair value, of which the Organization has none, would be subsequently measured at amortized cost or fair value based on certain conditions.

3. Short-term investment

	<u>Face value</u>	<u>Amortized cost</u>
CIBC GIC - 2.85%, maturing April 9, 2026	\$ 150,000	\$ 154,170
CIBC GIC -3.00%, maturing June 8, 2026	200,000	204,872
CIBC GIC - 3.00%, maturing July 22, 2026	150,000	153,107
CIBC GIC - 3.30%, maturing December 13, 2026	100,000	104,276
CIBC GIC - 3.00%, maturing September 2, 2026	100,000	101,726
CIBC GIC - 2.80%, maturing March 18, 2027	250,000	250,240
CIBC GIC -2.75%, maturing March 20, 2028	<u>250,000</u>	<u>250,245</u>
	1,200,000	1,218,636
Less: portion maturing within one year of the year-end date	<u>950,000</u>	<u>968,931</u>
Classified as long-term	<u>\$ 250,000</u>	<u>\$ 249,705</u>

At March 31, 2026, total investments at face value and amortized cost were \$1,200,000 and 1,218,636, respectively. Accrued interest of \$18,636 (2025 - \$12,360) included in accounts receivable.

4. Accounts receivable

	<u>2026</u>	<u>2025</u>
Trade receivables owing from members	\$ 134,395	\$ 105,477
Interest receivable	<u>18,636</u>	<u>12,360</u>
	<u>\$ 153,031</u>	<u>\$ 117,837</u>

5. Property and equipment

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2026</u> <u>Net Book Value</u>	<u>2025</u> <u>Net Book Value</u>
Office furniture & equipment	\$ 32,835	\$ 32,835	\$ -	\$ 734
Leasehold improvements	20,590	12,194	8,396	10,795
Computer equipment	<u>13,302</u>	<u>8,620</u>	<u>4,682</u>	<u>4,952</u>
	<u>\$ 66,727</u>	<u>\$ 53,649</u>	<u>\$ 13,078</u>	<u>\$ 16,481</u>

6. Intangible assets			<u>2026</u>	<u>2025</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer software	<u>\$ 318,142</u>	<u>\$ 278,014</u>	<u>\$ 40,128</u>	<u>\$ 42,085</u>

7. Accounts payable and accrued liabilities

	<u>2026</u>	<u>2025</u>
Trade payables and accrued liabilities	<u>\$ 119,311</u>	<u>\$ 74,203</u>
Harmonized sales tax	<u>30,149</u>	<u>32,909</u>
	<u>\$ 149,460</u>	<u>\$ 107,112</u>

8. Financial instruments

The main risks the Organization is exposed to through its financial instruments are credit risk and liquidity risk.

(a) 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.

(b) Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments are due and maintaining adequate cash reserves to pay advances.

(c) Market risk

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Organization is not significantly exposed to any of these risks.

9. Lease commitments

The Organization's total future minimum lease payments under operating lease commitments over the next five years are as follows:

2027	\$ 29,583
2028	29,583
2029	30,037
2030	<u>12,651</u>
	<u>\$ 101,854</u>

In addition to the minimum rent, the organization must pay a portion of the property operating costs and realty taxes which are estimated at \$37,000 per annum.

Vintners Quality Alliance Ontario
O/A Ontario Wine Appellation Authority
Schedules to the Financial Statements
Year ended March 31

Schedule 1 - Revenue and expenditures relating to the Ontario Grape Support program

	2026
Revenue	
AgriCorp	\$ 67,974
Expenditures	
Salaries and overhead	61,000
Professional services	4,074
IT maintenance contract	1,800
Advertising	<u>1,100</u>
	<u>67,974</u>
Excess of revenue over expenditures	<u>\$ -</u>

OWAA's delivery of verification services is fully cost-recovered under an agreement for services with AgriCorp.
