



ANNUAL REPORT
2025

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1. Message from the Chair

“The past year gave us a full roster of extraordinary events – the LCBO strike, the licensing of up to 8500 additional convenience and grocery outlets to sell wine, and the tariff response measures.”

After my first full year as Chair of the Board, I continue to appreciate how much goes on behind the scenes in our industry. It is a busy community of many organizations and individuals working hard to coordinate and stay ahead of the rapid and fundamental changes that are happening.

The past year gave us a full roster of extraordinary events in Ontario – the LCBO strike, the licensing of up to 8500 additional convenience and grocery outlets to sell wine, and the tariff response measures. These things introduced a tremendous amount of change into the industry we regulate

with opportunities for VQA wines and significant business challenges. At the same time, consumer dynamics continue to evolve. The big challenge for OWAA is to keep up with the rapid pace of change, while maintaining the value and integrity of VQA certification and supporting VQA wineries with a high level of service.

OWAA successfully navigated the LCBO strike by immediately pivoting to a back-up strategy for chemical analysis. I want to thank the CCOVI lab at Brock University, our IT provider Detaya Corp and our staff for working together to ensure that wine approvals continued without interruption. With the surge in demand during the strike, it was critical that new VQA releases were not delayed. As with many “emergencies”, this one led to the permanent and beneficial outcome of a new, less expensive basic analysis option for wine approvals.

The need to supply new retail outlets and the more recent Buy Canadian movement resulted in stronger than forecast VQA sales for the year. Unlike many other consumer goods, wine has always prioritized transparent origin labelling transparent, and VQA is a recognized and trusted certification. Year-over-year VQA sales by volume were up 10% for the year as a whole, with growth peaking in December 2024 which saw a 67% increase over the previous December. OWAA remains in a strong financial position to weather future uncertainty.

Last year we put forth an unprecedented number of regulation change requests to government as a result of both winery requests and modernization proposed as part of our 2023-28 Strategic Plan. The new West Niagara appellation and a package of category changes were implemented in 2024. We anticipate that 20 plus new grape varieties will be approved in 2025 and more category updates soon after. We continue to be on plan, while staying nimble and flexible so we can adapt to changing circumstances.

My thanks to everyone who contributes to OWAA’s success: my colleagues on the Board of Directors, our committee members and industry stakeholders for providing leadership and valuable insights into our role to ensure consumers find the authentic local wines they are looking for; government for maintaining the critical regulatory framework that is the foundation of our credibility; and our operational staff for ensuring the seamless implementation of all of our programs through this turbulent year.

A special thank you to Paul Speck who will be leaving the OWAA Board this year. Paul has served on the Board since its inception in 1998, when the transition from a voluntary system to our current legislated system began. He has been instrumental in a long and successful journey to the well-established and respected VQA system we enjoy today. Thank you Paul!

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 the Authority 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

March 31, 2025

OFFICERS	DIRECTORS
Derek Cartlidge (5) Colio Estate Wines <i>President and Chair, Ontario Wine Appellation Authority</i>	Tony Elenis (5) Ontario Restaurant, Hotel and Motel Association
Gabriel Demarco (6) Cave Spring Cellars <i>Vice-Chair, Ontario Wine Appellation Authority</i>	Erika Neudorf (5) Arterra Canada
Nadia Senchuk (6) Leaning Post Wines <i>Treasurer, Ontario Wine Appellation Authority</i>	Shiraz Mottiar (5) Malivoire Wines
Louise Engel (3) Featherstone Estate Winery <i>Secretary, Ontario Wine Appellation Authority</i>	Mary Shenstone (6) Ontario Government
	Paul Speck (5) Henry of Pelham Family Estate Winery
	Dan Sullivan (6) Rosehall Run Vineyards
	Mark Torrance (5) Andrew Peller Ltd
	Kevin Watson (5) Grape Growers of Ontario
	Brian Schmidt (5) Vineland Estates Winery <i>Past Chair, Ontario Wine Appellation Authority</i>

Attendance at Board meetings: Six Board meetings were held in 2024-2025. The number of Board meetings each Director attended is indicated beside their name. Mark Torrance and Shiraz Mottiar joined the Board in July 2024 and did not attend the June 2024 meeting.

STAFF and STATUTORY APPOINTMENTS
Laurie Macdonald, Executive Director Katherina Radcliffe, Director, Wine Standards and Communications Peter Harris, Director, Audit and Compliance (Designated Inspector/Investigator) Susan Piovesan, IT Systems Administrator, Compliance Officer (Designated Inspector) Helen Ly, Office Supervisor Stan Loree, Accountant

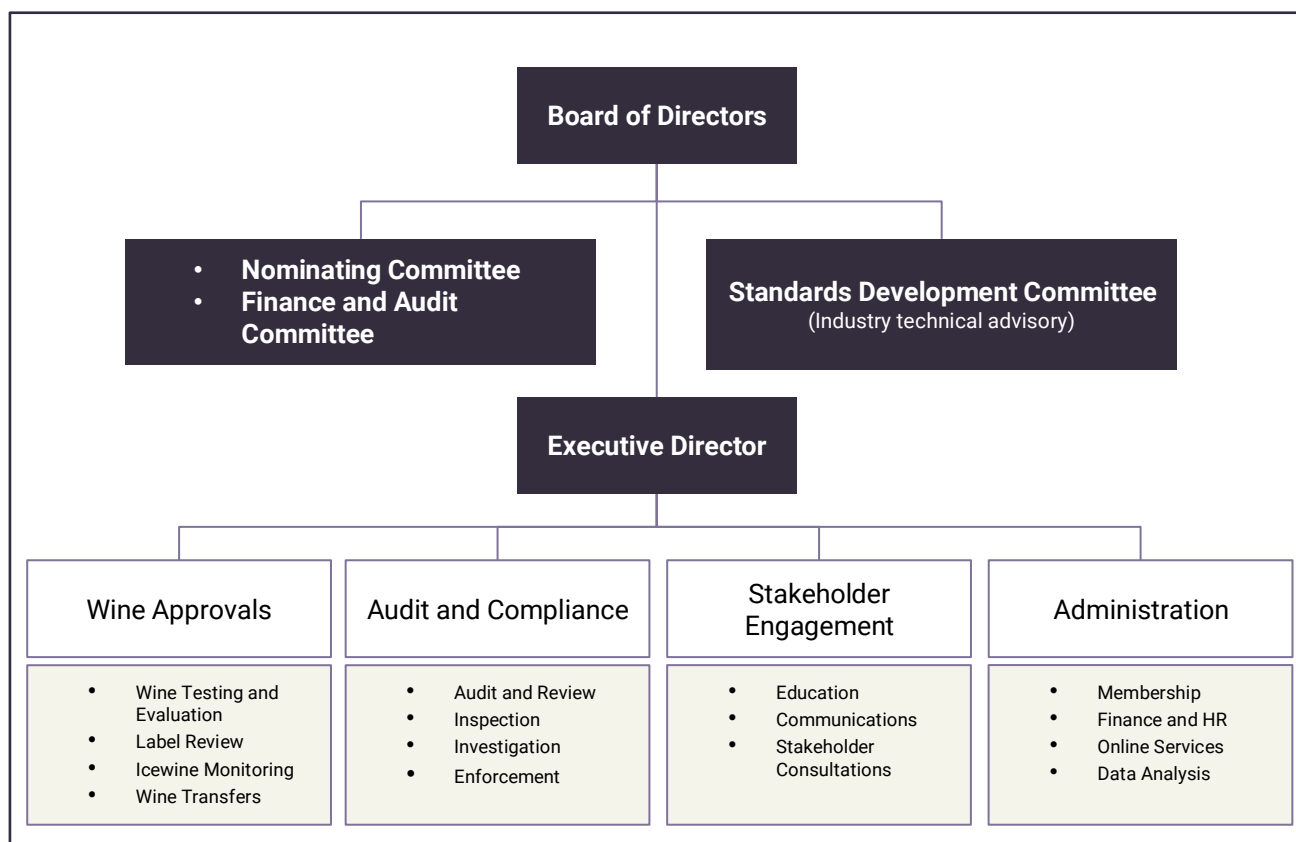
7. Mandate and Services

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.

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.

Development of the 2023-2028 strategic plan included formal consultations 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 in late 2022 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.

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 the role of the Authority.

11. Key Stakeholder Relationships

Key Stakeholders	How OWAA works with its Key Stakeholders
Consumers	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.
Regulated Industry	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.
Government	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.
Other Stakeholders	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.



12. Message from the Executive Director

"The wine industry is not for the faint-hearted and there are still opportunities to meet and problems to be solved. Working with the continued engagement of our wine community, and with an eye on consumer trust, I am confident that the future is bright."

January 2025 marked 25 years in my role as Executive Director of Ontario's Wine Authority. Whether as VQA Ontario or the Wine Appellation Authority, I remain committed to the vision of a globally recognized, trusted appellation system that is a worthy foundation for the best Ontario wines. As we embark on the next chapter for VQA wines, here are some reflections on the progress that has made the past 25 years notable for me.

Ontario is fortunate to be home to an amazing and talented pool of grape growers, winemakers, and businesses that make Ontario wines. The appellation system that underpins VQA is for them and for their consumers who choose Ontario wines.

I was hired in 2000 to operationalize the transition of VQA from an industry program to a regulated system. VQA Ontario was envisioned as a unique regulatory agency at the time, maintaining a high level of industry engagement while protecting its regulatory independence and building the credibility of the VQA designation through transparent and firm enforcement of the wine standards. Being accessible to our regulated community and taking a "coaching for compliance" approach rather than just correcting non-compliance after the fact, has served both wineries and consumers well. Compliance in the marketplace is very high and compliance costs for producers are relatively low.

Working through many strategic plans, we have expanded the appellation structure, adding sub-appellations in Niagara and Lake Erie North Shore and recognizing Prince Edward County as a new appellation. We have made a progressive transition to less prescriptive and more relevant regulations – with a better focus on what matters (appellation), expanded packaging options and new wine categories to reflect what wineries are making - completing over 40 regulation changes in total. The system continues to evolve and adapt.

OWAA has also assumed direct control of our entire regulatory mandate, bringing core processes of taste panels and winery audit in-house, and adding an important consumer/trade education program. We are now in complete control of our programs and our future.

All along the way, we have exercised financial prudence and made efficient service, value for money and burden reduction a core objective. We have gotten through 3 short crops, one LCBO strike, the COVID pandemic, and are in the midst of more big changes in retail, consumer preferences and global trade. Still, over 25 years, we have reduced the annual membership fee from \$2000 to \$500 and reduced the sales levy fee by 38%. In 2024, we introduced a new wine approval option, with potential savings for wineries of over 50%. With all that, we remain in a solid financial position and well-prepared for the future.

The wine industry is not for the faint-hearted and there are still opportunities to meet and problems to be solved. Working with the continued engagement of our wine community, and with an eye on consumer trust, I am confident that the future is bright.

Laurie Macdonald
Executive Director

13. 2024 Vintage Report

The 2024 vintage for Ontario's wine regions —Niagara Peninsula, Prince Edward County, and Lake Erie North Shore — delivered excellent growing conditions and remarkable weather into the fall. By all accounts, grape quality is excellent.



CONDITIONS

The year began with warmer-than-usual temperatures, particularly during the first and second weeks. However, a significant winter storm impacted Southern and Southwestern Ontario from January 12-13, bringing snow, rain, freezing rain, and gusty winds. Ice coverage on the Great Lakes was below normal.

The summer in Ontario was warmer than average, particularly in Niagara, with many regions experiencing intense heat. While rain often came in large bursts, it typically fell at night, allowing for rapid drying during the day. Long dry spells balanced isolated storm events, and the region saw relatively few weather disruptions compared to other parts of the world.

September, particularly, was warm and humid, which posed some challenges, especially for white varieties like Riesling and Chardonnay, among others, which are more sensitive to disease pressure. However, these conditions also resulted in highly concentrated flavours and vibrant colour development in red varieties. Harvest conditions were largely ideal, with dry, warm weather during the final push in October.

NIAGARA PENINSULA

The growing season in Niagara started with a mild winter and no spring frost events, with no significant vine damage reported. Spring was warmer than usual, prompting some growers to report an early start to the season, up to a week ahead of normal.

Niagara's summer was marked by above-average temperatures, with warm days and warmer-than-usual evenings. The region experienced a reduced diurnal temperature range, but this resulted in intense flavours and colour development in the grapes. Veraison occurred up to five days earlier than usual for some varieties.

The harvest season was favorable, with warm September temperatures and some humidity linked to extreme weather events. Despite some disease risk, especially for white varieties, growers who waited for their red varieties saw exceptional ripeness and good acid balance, reminiscent of the excellent 2020 vintage.

October brought three days of rain, but overall, the season was dry. Storms were rare, and many growers reported that rain events forecasted by weather networks did not materialize in Wine Country.

LAKE ERIE NORTH SHORE

Located in the southernmost part of Ontario, Lake Erie North Shore experienced warmer conditions throughout the growing season, promoting earlier ripening. Harvest began in late August, slightly ahead of other regions.

The season saw some rainfall and humidity spikes, particularly early in the season. In May, a humid week introduced mildew pressure, which growers had to manage carefully. At the end of the summer, the residual effects of Hurricane Milton in the Gulf of Mexico brought several days of warm rain to the region. Quick action was required to prevent rot, especially in white varieties like Chardonnay and Riesling.

The warm and dry weather that followed the rain helped improve the quality of the fruit. Chardonnay and red varieties, including Cabernet Franc and Cabernet Sauvignon, reached excellent ripeness, with brix readings of 25 and 26 degrees, prompting some growers to hand-pick for optimal quality.

The region experienced another warm rain event just before harvest. Growers either harvested in advance of the rain, with slightly reduced ripeness, or immediately after, leading to some fruit loss, especially among whites.

PRINCE EDWARD COUNTY

Prince Edward County's season was defined by contrasts, with cooler spring temperatures giving way to intense summer heat. The cooler start to the season delayed budbreak, but once it occurred, the survival rate of the buds was good.

The growing season progressed typically, with the usual challenges of rain, occasional humidity, and disease pressure. Summer rain may have slightly delayed maturation in some vineyards, but overall, growers reported a healthy crop with yields ranging from 2 to 2.5 tonnes per acre.

The harvest in Prince Edward County was characterized by dry, warm weather in September and October, which accelerated sugar accumulation and allowed for full ripening. The sunny, bright days were ideal for the development of high-quality fruit.

Chardonnay and Pinot Noir were standout varieties, showing excellent ripening and character. Some wineries reported completing harvest as late as mid-November, taking advantage of the extended growing season.

ICEWINE

Pre-registrations for grapes set aside for Icewine total 1,976 tonnes, down significantly from last year's 4,095 tonnes.

WINE OUTLOOK

The 2024 vintage is expected to produce exceptional reds across the regions, with excellent ripeness, balance, and structure. Niagara's reds, in particular, are looking promising, while the whites will be marked by vibrant acidity and intense fruit character. Quality is high across the board, though some regions had to manage weather-related challenges carefully.

14. Strategic Objectives

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

15. Report on Activities and Performance Measures

Outcomes reported for the year ending March 31, 2025, or as at March 31, 2025 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	10 newsletters - Industry outreach - Trade education	12 newsletters 15 events 7 seminars
Increase knowledge and awareness of appellations and appellation system	- Establish LinkedIn presence - Establish YouTube channel	- LinkedIn – 336 followers - YouTube channel launched
Launch course (Understanding VQA Ontario Wine Appellations)	- Launch online course platform - Complete and release course	- Course (6 modules) 24 learners
Level 1 (Ontario VQA Wine Appellations) course certificate completions	200	1670

15.2 Regulatory Compliance

PERFORMANCE METRICS REGULATORY COMPLIANCE		
Measure	Target	Outcome
Number of OWAA members	195	194
Compliance		
Retail inspections completed	150	136
Label compliance ¹	95%	97%
Online and social media inspections completed	100	192
Label compliance	95%	95%
Compliance reviews completed	100	101
Overall compliance	90%	98%
Compliance audits completed	50	88
Overall compliance	90%	93%
Compliance coaching	30 contacts	65 contacts
Label corrections requested/cautions issued	N/A	4
Revoked approvals	N/A	23
Compliance orders	N/A	2
Provincial Offence charges	N/A	0

¹ This is a performance measure prescribed by the Minister under the Administrative Agreement

Wine Approvals		
Applications completed	2000	2321
• Completion ²	95% within 21 days	96% within 21 days
• Approval rate	95%	99%
Chemical analysis ³		
• Completion	95% within 15 days	89% within 15 days
• Success rate	98%	97%
Sensory Analysis		
• Completion	95% within 10 days	95%
• Success rate	96%	98%
Export certificates	On demand	1933

² This is a performance measure prescribed by the Minister under the Administrative Agreement

³ Chemical analyses were impacted by the LCBO strike in 2024 and changes to testing options

15.3 Corporate

PERFORMANCE METRICS CORPORATE		
Measure	Target	Outcome
Board evaluation results	Annual survey	Complete
Financial stability	Reserve target 75% of annual operating expense	100% of operating expenses in reserve
Succession plan	In place and current	Up to date
Operations		
Service standard	24-hour response to all inquiries	99.5% 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	0
Overall satisfaction level (client survey) ⁴	80%	99% mostly or completely satisfied

⁴ This is a performance measure prescribed by the Minister under the Administrative Agreement

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:

- new regional appellation “West Niagara”
- revised boundaries of the Niagara Escarpment regional appellation
- amendment to labelling rules for regulated terms
- addition of Frontenac, Frontenac Gris, Frontenac Blanc and Hibernial to list of permitted grape varieties

17. French Language Services:

OWAA provides French language services upon request. In 2024-25, 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	20	168
TOTAL WINERIES REGISTERED IN VQA PROGRAM 194		

20.2 VQA Wine Production Overview

All statistics are for the period of April 1, 2024 to March 31, 2025. 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	1956	2,813,418	30%	34,925
Icewine	92	71,165	62%	3,660
Sparkling	201	216,575	-6%	2,689
Late Harvest	22	10,855	79%	195
Other	19	11,366	-25%	141
Total	2290	3,123,379	27%	41,610

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.

VQA WINE PRODUCTION BY APPELLATION DECLARATION		
Appellation	Cases (9L)	% of all VQA wines
Ontario	1,788,918	57.3%
Niagara Peninsula	943,515	30.2%
Sub-appellations	353,699	11.3%
Prince Edward County	26,520	.9%
Lake Erie North Shore	10,727	.3%

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 55 different grape varieties were used in VQA wines in this reporting period.

VQA WINE PRODUCTION BY GRAPE VARIETY	
Variety	% of total production (by volume)
Riesling	14%
Chardonnay	13%
Cabernet Franc	12%
Merlot	11%
Pinot Gris	9%
Cabernet Sauvignon	8%
Vidal Blanc	7%
Sauvignon Blanc	7%
Baco Noir	6%
Pinot Noir	5%
Gamay Noir	2%
Gewürztraminer	2%
Syrah	2%
Other	2%

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. Total volumes of all colours increased from the previous year. With a larger than normal harvest coming immediately after a smaller than normal one, year over year percentages were: Reds up 50%, Whites up 19% and Rosés down less than 1%. 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 (48%)	Varietal	12,051,211	1,339,023
	Non-varietal	221,856	24,651
	Total white	12,273,067	136,674
Red (46%)	Varietal	10,601,265	1,177,918
	Non-varietal	945,328	105,036
	Total red	11,546,593	1,282,955
Rosé (6%)	Varietal	469,258	52,140
	Non-varietal	971,779	107,975
	Total rosé	1,441,037	160,115

20.6 Icewine

Icewine production was up from the previous year's production of 43,800 cases, continuing a recovery to more typical annual production volumes.

ICEWINE PRODUCTION BY VARIETY		
Variety	Litres	Cases (9L)
Vidal Blanc	438,087	48,676
Cabernet Franc	99,430	11,048
Riesling	70,543	7,838
Cabernet Sauvignon	21,127	2,347
Others	11,297	1,255
Total	640,484	71,165

20.7 Specialty wine categories

The production volumes in specialty categories generally declined, except for the Late Harvest category approximately doubling.

VQA PRODUCTION - SPECIALTY WINE CATEGORIES		
	Litres	Cases (9L)
Late Harvest and Botrytis Affected	97,700	10,856
Appassimento, Vin de Cure, Fortified, and Liqueur wines	102,293	11,366
Sparkling wines	1,949,177	216,575
Skin Fermented White Wines	44,314	4,924

20.9 VQA Wine Sales

Year ending March 31, 2025

VQA SALES BY VOLUME (LITRES)			
	2025	2024	% change
Winery Retail	5,989,679	6,018,703	- 0.5
Licensees	3,711,782	3,607,813	2.9
LCBO* (shipped)	10,614,170	8,500,627	24.9
Farmers Markets	45,573	35,693	27.7
Other Provinces	845,221	967,812	- 12.7
Export and Miscellaneous	731,253	813,224	- 10.1
Total	21,937,678	19,943,872	10.0

VQA SALES BY RETAIL VALUE (\$)			
	2025	2024	% change
Winery Retail	175,155,941	176,327,357	- 0.7
Licensees	64,006,812	63,625,498	0.6
LCBO* (shipped)	149,672,161	114,042,785	31.2
Farmers Markets	952,844	786,346	21.2
Other Provinces	13,762,335	14,236,653	- 3.3
Export and Miscellaneous	30,105,577	34,502,259	- 12.7
Total	433,655,670	403,520,898	7.5

*LCBO sales 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 an 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 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

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, 2025.

OWAA finished its fiscal year in a strong financial position. Revenues exceeded expenditures by \$41,513 for the year ended March 31, 2025. Total revenues increased from \$1,740,637 to \$1,901,091, as a result of increased revenue from both literage fees and approval fees. Total expenses were up from \$1,738,419 to \$1,859,578 reflecting higher approval costs and travel and outreach activities. The volume of wine approval applications was up due to a higher grape harvest in 2023. Net assets are \$1,352,372 and include funds set aside for general use, capital and intangible assets, and a legal and enforcement reserve.

Revenue for fiscal 2025 was derived primarily from literage fees levies (\$1,016,460) and approval fees (\$772,576).

Major components of the approximately \$1.86 million in expenses were employee costs (\$811,380) and wine testing and approval expenses (\$655,961).

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, 2025



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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, 2025, and the statements of operations and 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, 2025, 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

Markham, Canada
June 23, 2025

Chartered Professional Accountants
Licensed Public Accountants

Vintners Quality Alliance Ontario

(o/a Ontario Wine Appellation Authority)

Statement of Financial Position

March 31	2025	2024
Assets		
Current		
Cash	\$ 569,420	\$ 342,488
Short term investments(Note 3)	700,000	963,050
Accounts receivable (Note 4)	117,837	124,507
Prepaid expenses	8,187	9,227
	<u>1,395,444</u>	<u>1,439,272</u>
Long-term		
Long-term investments (Note 3)	100,000	-
Property and equipment (Note 5)	16,481	20,809
Intangible Assets (Note 6)	42,085	31,358
	<u>158,566</u>	<u>52,167</u>
	<u>\$ 1,554,010</u>	<u>\$ 1,491,439</u>
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 7)	\$ 107,112	\$ 108,060
Deferred revenue	94,526	72,520
	<u>201,638</u>	<u>180,580</u>
Net assets		
Internally restricted for legal and enforcement fund	200,000	200,000
Invested in capital assets	58,566	52,167
Unrestricted	1,093,806	1,058,692
	<u>1,352,372</u>	<u>1,310,859</u>
	<u>\$ 1,554,010</u>	<u>\$ 1,491,439</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	2025 Total	2024 Total
Net assets, beginning of year	\$ 52,167	\$ 200,000	\$ 1,058,692	\$ 1,310,859	\$ 1,308,641
Excess of revenue over expenses	-	-	41,513	41,513	2,218
Purchase of intangible assets	31,020	-	(31,020)	-	-
Purchase of capital assets	2,200	-	(2,200)	-	-
Amortization	(26,821)	-	26,821	-	-
Net assets, end of year	<u>\$ 58,566</u>	<u>\$ 200,000</u>	<u>\$ 1,093,806</u>	<u>\$ 1,352,372</u>	<u>\$ 1,310,859</u>

See accompanying notes to the financial statements.

Vintners Quality Alliance Ontario

(o/a Ontario Wine Appellation Authority)

Statements of Operations and Changes in Net Assets

Year ended March 31

2025

2024

Revenue		
Literage fees	\$ 1,016,460	\$ 912,154
Approval fees	722,576	667,338
Membership fees	96,300	96,475
Interest	50,433	46,314
Other	15,322	18,356
	<u>1,901,091</u>	<u>1,740,637</u>
Expenditures		
Salaries and related benefits	811,380	772,321
Approval expenses	655,961	582,581
Education and communication	108,809	95,567
Rent	65,069	64,985
Professional fees	36,781	52,379
Interest and bank charges	36,313	31,232
Office and administration	27,183	23,844
Amortization	26,821	30,204
Travel	22,913	16,838
Meeting expenses	14,917	10,160
Insurance	14,018	13,115
Subcontractors	12,360	17,180
Telephone and utilities	11,088	11,811
Training and development	10,792	9,427
Quality assurance and inspection	5,173	6,775
	<u>1,859,578</u>	<u>1,738,419</u>
Excess of revenue over expenditures	<u>\$ 41,513</u>	<u>\$ 2,218</u>

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

2025

2024

Increase (decrease) in cash

Operating

Excess of revenue over expenditures	\$ 41,513	\$ 2,218
Item not affecting cash		
Amortization	<u>26,821</u>	<u>30,204</u>
	68,334	32,422
Change in non-cash working capital items		
Accounts receivable	6,670	25,647
Prepaid expenses	1,040	1,206
Accounts payable and accrued liabilities	(948)	(1,706)
Deferred revenue	<u>22,006</u>	<u>(36,595)</u>
	<u>97,102</u>	<u>20,974</u>

Investing

Purchase of investments	(800,000)	(963,050)
Proceeds from disposal of investments	963,050	990,000
Purchase of property and equipment	(2,200)	-
Purchase of intangible assets	<u>(31,020)</u>	<u>(7,500)</u>
	<u>129,830</u>	<u>19,450</u>

Increase in cash	226,932	40,424
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Cash

Beginning of year	<u>342,488</u>	<u>302,064</u>
End of year	<u>\$ 569,420</u>	<u>\$ 342,488</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, 2025

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.

Vintners Quality Alliance Ontario
(o/a Ontario Wine Appellation Authority)
Notes to the Financial Statements
March 31, 2025

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.

Vintners Quality Alliance Ontario
(o/a Ontario Wine Appellation Authority)
Notes to the Financial Statements
March 31, 2025

3. Short-term investment

	<u>Face value</u>	<u>Amortized cost</u>
CIBC GIC - 4.50%, maturing July 8, 2025	\$ 150,000	\$ 154,919
CIBC GIC - 4.20%, maturing September 2, 2025	100,000	102,451
CIBC GIC - 3.80%, maturing October 8, 2025	200,000	203,624
CIBC GIC - 3.00%, maturing March 12, 2026	250,000	250,390
CIBC GIC - 3.30%, maturing December 13, 2026	<u>100,000</u>	<u>100,976</u>
	800,000	812,360
Less: portion maturing within one year of the year-end date	<u>700,000</u>	<u>711,384</u>
Classified as long-term	<u>\$ 100,000</u>	<u>\$ 100,976</u>

At March 31, 2024, total investments at face value and amortized cost were \$963,050 and 974,344, respectively. Accrued interest of \$12,360 (2024 - \$11,294) included in accounts receivable.

4. Accounts receivable

	<u>2025</u>	<u>2024</u>
Trade receivables owing from members	\$ 105,477	\$ 113,213
Interest receivable	<u>12,360</u>	<u>11,294</u>
	<u>\$ 117,837</u>	<u>\$ 124,507</u>

5. Property and equipment

			<u>2025</u>	<u>2024</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Office furniture & equipment	\$ 32,835	\$ 32,101	\$ 734	\$ 2,496
Leasehold improvements	20,590	9,795	10,795	13,194
Computer equipment	<u>14,723</u>	<u>9,771</u>	<u>4,952</u>	<u>5,119</u>
	<u>\$ 68,148</u>	<u>\$ 51,667</u>	<u>\$ 16,481</u>	<u>\$ 20,809</u>

Vintners Quality Alliance Ontario
(o/a Ontario Wine Appellation Authority)
Notes to the Financial Statements
March 31, 2025

6. Intangible assets			2025	2024
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer software	\$ 305,018	\$ 262,933	\$ 42,085	\$ 31,358

7. Accounts payable and accrued liabilities

	2025	2024
Trade payables and accrued liabilities	\$ 74,203	\$ 81,042
Harmonized sales tax	32,909	27,018
	\$ 107,112	\$ 108,060

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.

Vintners Quality Alliance Ontario
(o/a Ontario Wine Appellation Authority)
Notes to the Financial Statements
March 31, 2025

9. Lease commitments

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

2026	\$ 28,934
2027	29,583
2028	29,583
2029	30,037
2030	<u>12,651</u>
	<u>\$ 130,788</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.