

WINERIES





Grape growers and proprietors are expected to be part business manager, part scientist and part fortune teller. At BDO, we understand your wine business and can help you manage it as the industry becomes increasingly global and sophisticated.

▶ THE CANADIAN WINE INDUSTRY CONSISTS OF MORE THAN MERELY GROWING, CRUSHING, AND PROCESSING GRAPES.

Assurance and accounting

Our professionals can help give your financial statements the credibility they need to be accepted by shareholders, securities regulators and lenders. In addition, we will compile your numbers to provide a comprehensive financial picture and a clear, accurate forecast to help you make smart business decisions.

Taxation

Commodity tax: Canadian wineries have become more involved in the agri-tourism business. The increased revenue for winery owners means more complex tax issues. We understand PST and GST/HST, and can help you minimize your tax burden while ensuring that you are compliant with provincial and federal tax regulations.

Export duties: In addition to renowned ice wines, Canada's reds and whites have received increased attention and demand. Wineries that plan to ship their wines to international destinations, or even across provincial borders, face complex tax regulations that we can help you manage.

Corporate tax: Depending on the proportion of the operation that is dedicated to grape growing, a winery may qualify as a farming business. This allows you to defer income tax by using the cash method of accounting for tax purposes, and may also allow for favourable tax treatment upon sale or transfer of your business. We can assist you in determining if your winery could be categorized as a farming business.

Incorporation: Our advisors can explain the benefits of incorporation as it applies to your situation, and help you make

full use of the tax planning opportunities available to corporations. You may be able to defer or reduce taxes through income splitting, and provide for capital gains exemption on the eventual sale of the corporation, all while limiting personal liability.

Estate planning: Poor estate planning can devalue the hard-earned equity that took you years to build, and diminish the legacy you intend to leave your family. We can help you prevent this with long-term planning to achieve your retirement objectives – from a correctly structured will to management of assets.

Advisory services

Financial advisory services: BDO can help you determine your business's worth, provide assistance with cash flow projections, detect business fraud, quantify damages for insurance purposes, and assist in finding fast, fair and unbiased solutions to business disputes.

Business analysis: With the increase of new ventures, such as operating agri-tourism functions, knowing which areas of your business contribute the most to profitability is vital. We can help you extract the right information, and provide management advice so you can stay focused on your business, including:

- Compliance with government reporting and certification agencies
- Vineyard performance
- Winemaking processes to assist pricing, such as blend, tank, barrel and cellar management
- Marketing and distribution
- Agri-tourism

Succession planning: Even if you are years away from retirement, succession planning should begin now, as it is an ongoing process that requires time and preparation. Whether you plan on transferring your wine business to a family member, or selling it to a third party, we can help you work through the many challenges and understand the implications of what this entails.

IT solutions: Your accounting system should support your winery's financial and administrative needs, such as providing timely reports, a single point of data entry with no manual re-keying, and the ability to access information about your customers and suppliers. We offer a variety of services, such as system re-design, implementation, training and support, at the business and technical levels.

SR&ED tax incentives: The Canadian Scientific Research & Experimental Development (SR&ED) program offers tax incentives for research and development work that often takes place in the vineyard or winery. We can help you identify, capture and document eligible activities and related costs, which may arise in viticulture and enology. Technological changes or development for enhanced sustainability may also qualify.

AgriStability, AgriInvest, AgriInsurance and AgriRecovery

Canadian federal and provincial agricultural business risk management funding has programs to help support the financial stability of vineyards. Any, all or none of the programs may be used, depending on the needs and the rules specific to each winery operation. We can help you determine eligible revenues, expenses and accruals to ensure that you receive what you are owed through the following programs.

AgriStability (formerly CAIS): Triggers a payment when a vineyard's current year production margin falls below 85 percent of the average margin for the prior five years.

AgriInvest: Allows producers to make annual deposits into a special account and receive matching government contribution.

AgriInsurance: Includes production insurance and has producers pay a premium in advance to receive a payment that is triggered by production declines for the year.

AgriRecovery: Responds more quickly than the other programs to disasters affecting grape vineyards, with each situation assessed individually, as there are purposefully no established calculations.



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