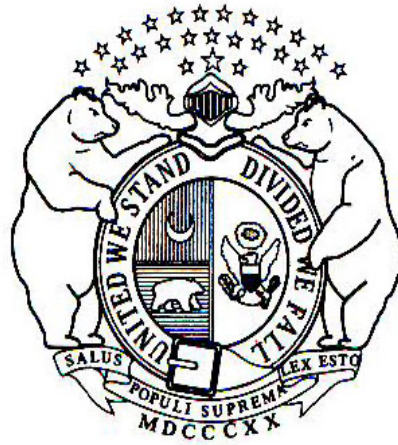


FISCAL YEAR 2017

ANNUAL REPORT



MISSOURI WINE AND GRAPE BOARD



MISSOURI
WINES®

Annual Report of the Missouri Wine and Grape Board

Executive Summary

The Missouri Wine and Grape Board was created by the Missouri General Assembly in 2006 as an independent political and corporate body of the state of Missouri (Missouri statute 262.820). Prior to this date, the Board existed in advisory form, with members appointed by the Director of Agriculture in the early 1980s. The purpose of the Board is to further the growth and economic development of the grape growing industry in the state of Missouri.

The Wine and Grape Board is responsible for researching, developing and promoting Missouri grapes, juices and wines. The Board is funded by the collection of a statewide tax imposed on all wine sold in Missouri at the rate of 12 cents per gallon. These funds support the program's three sections: enology and viticulture advisory services, research, and promotion and marketing. Program expenditures provide:

- Professional advice to Missouri grape growers and winemakers
- Applied research for developing grape varieties and cold hardy studies
- Consumer education to increase awareness of Missouri grapes and wine industry

The Board is governed by a bipartisan commission whose 11 members are appointed by the governor with the consent of the Senate. The Director of the Department of Agriculture also serves as an ex-officio member. Members serve a four-year term, but can serve no more than two consecutive four-year terms. A member may, however, after serving two consecutive four-year terms and retiring for a minimum of one full year, be eligible for reappointment to the Board. Business is conducted through quarterly Board meetings or conference calls. Special meetings are held as needed.

The Board elects its own officers and has the authority to appoint staff. Dr. Peter Hofherr was elected to serve as chairman, Cory Bomgaars as vice-chairman, Barbara Gibbs Ostmann as marketing chairwoman, Tony Kooyumjian as research chairman and Jim Anderson is currently serving as executive director.

PROGRAM SUMMARY

The purpose of the Missouri Wine and Grape Board is to have the Missouri wine and grape industry recognized as a preeminent producer of profitable premium wines in the Midwest. Missouri wineries continue to refine their grape-growing and winemaking skills to offer distinctive, quality wines. The Wine and Grape Board sponsors research at the Grape and Wine Institute at the University of Missouri-Columbia, where the quest for better, hardier grapevines is ongoing. The number of wineries in the state has grown from 59 in 2007 to 134 in 2017.

Historically, Missouri was one of the first wine regions in the nation. Although the "coasts" dominate the U.S. wine industry, through innovative marketing and painstaking grape research,

Missouri is poised to be the heart and anchor of the Midwest wine industry.

Missouri Wine and Grape Board

Vision: *To be the Regional Leader Recognized for Quality Grapes and Wine.*

Board Members

Chris Chinn
Director of Agriculture
Jefferson City, Missouri

Jon Held
Hermann, Missouri
Term Ending: 10/2011

Dr. Peter Hofherr, Chairman
St. James, Missouri
Term Ending: 10/2012

Matt Kirby
Higbee, Missouri
Term Ending: 10/2010

Brandon Fahrmeier, Vice-Chairman
President of the MO Vintner's Association
Rocheport, Missouri
Term: Automatic Appointment

Kenneth Meyer
Springfield, Missouri
Term Ending: 10/2012

Barbara Gibbs Ostmann, Marketing
Chairwoman
Gerald, Missouri
Term Ending: 10/2011

Linda Koch
Platte City, Missouri
President, MO Grape Growers Association
Term: Automatic Appointment

Chuck Dressel
Augusta, Missouri
Term Ending: 10/2012

Marty Strussion (Retired – position open)
Ste. Genevieve, Missouri
Term Ending: 10/2011

Sarah Schmidt
Waverly, Missouri
President, Wine Marketing & Research
Council
Term: Automatic Appointment

Staff

Jim Anderson, Executive Director
Rosemary Frank, Marketing Specialist
Christy Moody, Executive Assistant

Christa Holtzclaw, Marketing Specialist
Annette Alden, Marketing Director

The Wine and Grape Board stimulates growth of the grape and wine industry for the economic and social benefit of the citizens of Missouri. With the increasing number of grape growers and wineries in Missouri, production in the crowded and fragmented wine market will require a relentless focus on quality wine and tourism value. In tough economic times, wine consumption continues to rise and the growth of the industry flourishes.

State and regional organization support is critical to the success of the renewed industry. Based on the recent legislative partnerships, there appears to be strong momentum in favor of the wine

and grape industry in Missouri that is driven by the efforts of the Missouri Wine and Grape Board.

Missouri's wine and grape industry will benefit from America's steadily rising demand for higher quality. Wine is an affordable luxury, which has become the most sought-after consumer good of this era.

Wine Tax Comparison

| Month | FY 2012 | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 |
|--------------|----------------|----------------|----------------|----------------|----------------|----------------|
| July | 133,430.37 | 129,105.49 | 149,441.75 | 142,236.30 | 152,640.24 | 146,142.09 |
| August | 117,523.46 | 126,212.83 | 131,936.29 | 144,437.19 | 137,957.01 | 125,674.86 |
| September | 127,768.32 | 136,882.00 | 149,226.81 | 110,329.10 | 124,843.98 | 144,621.12 |
| October | 138,393.72 | 126,795.17 | 134,284.08 | 157,013.50 | 185,725.90 | 155,478.74 |
| November | 141,872.04 | 154,057.44 | 165,163.72 | 125,504.82 | 165,088.95 | 112,562.16 |
| December | 153,913.00 | 164,653.79 | 153,121.81 | 129,663.75 | 153,033.72 | 212,316.44 |
| January | 174,315.59 | 139,759.38 | 148,379.13 | 178,945.30 | 160,475.82 | 169,244.70 |
| February | 112,226.70 | 101,486.62 | 113,875.76 | 195,491.32 | 128,138.10 | 115,014.26 |
| March | 121,962.26 | 141,846.26 | 137,248.92 | 117,881.04 | 124,196.90 | 162,056.94 |
| April | 123,819.52 | 117,558.11 | 137,242.27 | 145,176.82 | 148,712.74 | 161,408.15 |
| May | 107,874.23 | 128,750.32 | 134,489.38 | 136,488.79 | 147,513.74 | 128,800.35 |
| June | 137,866.04 | 132,605.88 | 144,950.21 | 149,790.53 | 158,822.86 | 143,951.76 |
| | 1,590,965.25 | 1,599,713.29 | 1,699,360.13 | 1,732,958.46 | 1,787,149.96 | 1,777,271.57 |

