

Iowa Native Wine Production & Sales Report for the period ending 6/30/2013
 By Craig Tordsen, Iowa State University, August, 2013

Native Wine Inventory, Production and Sales

| Native Wine Ending Inventory & Number of Wineries | | | | | | | | | |
|--|---------------|---------------------------------|---------------|---------------|---------------------------------|---------------|---------------|---------------------------------|---------------|
| Winery Size in Gallons of Ending Inventory | Jun-11 | | | Jun-12 | | | Jun-13 | | |
| | # of Wineries | Ending Inventory by Winery Size | % | # of Wineries | Ending Inventory by Winery Size | % | # of Wineries | Ending Inventory by Winery Size | % |
| No Inventory | 19 | 0 | 0.0% | 8 | 0 | 0.0% | 3 | 0 | 0.0% |
| 1 to 5,000 | 55 | 101,311 | 26.3% | 66 | 95,910 | 22.5% | 72 | 113,190 | 27.0% |
| 5,000 to 10,000 | 11 | 77,867 | 20.2% | 14 | 94,171 | 22.1% | 11 | 82,281 | 19.7% |
| Over 10,000 | 12 | 206,429 | 53.5% | 13 | 235,773 | 55.4% | 12 | 223,134 | 53.3% |
| Total | 97 | 385,608 | 100.0% | 101 | 425,854 | 100.0% | 98 | 418,605 | 100.0% |

The June 2013 ending inventory of wine produced in Iowa is 418,605 gallons from 98 wineries down from 425,854 gallons from 101 wineries on June 2012 and 385,608 gallons from 97 wineries on June 2011.

| Native Wine Production & Sales For the Year Ending | | | | | | |
|---|----------------|---------------|----------------|---------------|----------------|---------------|
| (In Gallons) | | | | | | |
| | Jun-11 | | Jun-12 | | Jun-13 | |
| | Production | 311,533 | | 346,954 | | 306,108 |
| Sales at Retail | 101,713 | 42.0% | 121,710 | 45.5% | 119,588 | 45.0% |
| Sold to an Iowa Licensed Wholesaler | 4,873 | 2.0% | 648 | 0.2% | 0 | 0.0% |
| Sold At Wholesale | 135,872 | 56.0% | 144,851 | 54.2% | 146,098 | 55.0% |
| Total Sales | 242,458 | 100.0% | 267,209 | 100.0% | 265,686 | 100.0% |
| | | | | | | |

Total wine production over the last 12 months ending June 2013 is 306,108 gallons down from 346,954 gallons the year ending June 2012 and 311,533 gallons the year ending June 2011.

Wine sales for the year ending June 2013 is 265,686 gallons down from 267,209 gallons the year ending June 2012 and 242,458 gallons the year ending June 2011. The percentage of wine sold in the winery at retail is 45 percent for the year ending June 2013 and 45.5 percent for the year ending June 2012. The wine sold by the winery at wholesale directly to retail outlets like grocery stores is 55 percent from 54.2 percent for the period ending June 2012. No wine was sold to Licensed Wholesalers for the year ending June 2013 down from .2% for the year ending June 2012.

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For more information, contact Craig Tordsen at 515-291-0966 or by email at ctordsen@iastate.edu

Comings & Goings of Native Iowa Wineries

For the first time in 13 years, the total number of Native Iowa Wineries has decreased. Fine wineries have gone out of business in the last year. Two new wineries have been licensed.

| Comings and Goings of Iowa Wineries | |
|--|-----------------|
| Cafe Rose | New Winery |
| InnSpiration Bed & Breakfast and Vineyards | New Winery |
| Corning Winery and Vineyard | Out of Business |
| Moon Valley | Out of Business |
| Spotted Horse Vineyards, LLC | Out of Business |
| Stone Fox Winery | Out of Business |
| Whispering Hills Vineyards | Out of Business |

Wine Tax Paid to the State of Iowa

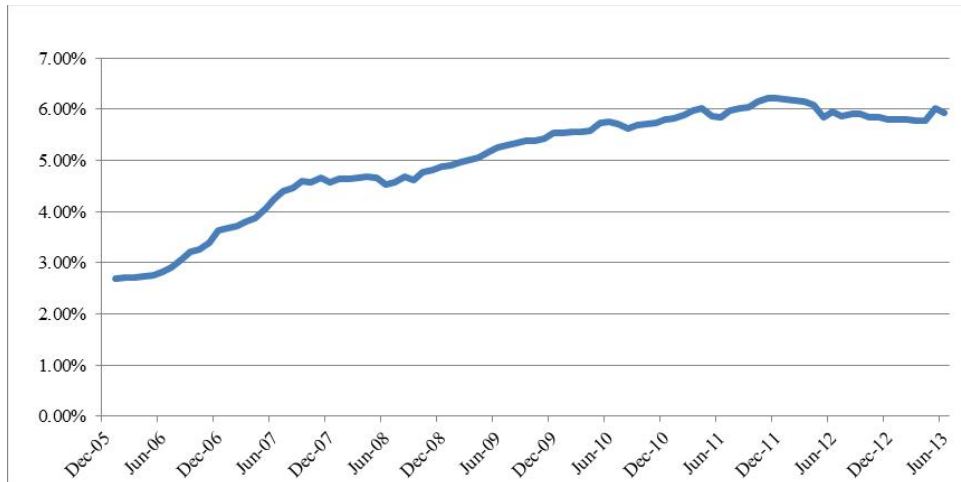
The Iowa Native Wine tax paid to the State of Iowa in the year ending June 2013 was \$255,672 up slightly from \$255,623 for the year ending June 2012 and \$246,304 for the year ending June 2011

| Iowa Tax Paid on Native Wine Sold Outside of the Winery | | | |
|---|-----------------------|-----------------------|-----------------------|
| | Year Ending 6/2011 | Year Ending 6/2012 | Year Ending 6/2013 |
| Gallons of Wine Sold to Retail Stores outside of the Winery | 135,872 | 145,603 | 146,098 |
| Galloons of Wine Sold to Licensed Wholesalers | 4,873 | 467 | 0 |
| Total Wine Sold Subject to Iowa Wine Tax | 140,745 | 146,070 | 146,098 |
| Wine Taxes Paid to the State @ \$1.75/g | \$246,304 | \$255,623 | \$255,672 |

Iowans purchased 4,213,418 gallons of wine from wholesale and 265,686 gallons from native Iowa wineries for the year ending June 2013 or 5.93 percent of the total sold. Iowa's estimated July 2012 population is 3,074,186 and consumes about 1.46 gallons of wine per person. The US average is 2.73 gallons of wine per person. ⁽¹⁾

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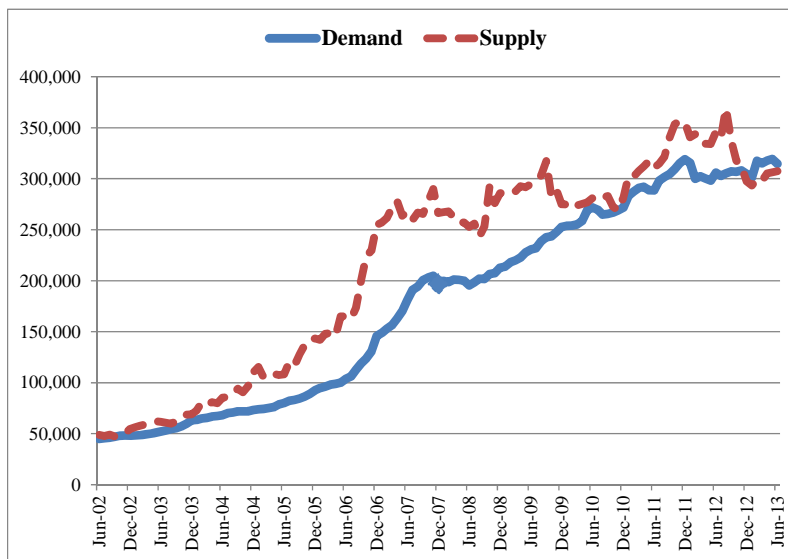
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⁽¹⁾ based upon Bureau of the Census estimated resident population. Per capita consumption will be higher if based on legal drinking age population.

Native Wine Demand vs. Supply

The chart below illustrates the growth of Iowa Native Wine supply (production) and demand (Sales including inventory adjustments) in gallons from June 2002 to June 2013.



Summary of All the Data

The following is a summary of monthly Iowa Department of Commerce, Alcoholic Beverages Division, Native Wine Gallonage Report by year. The data is from July 2003 to June 2013 and represents 8,036 monthly reports from Iowa Native Wineries.

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Iowa Native Winery Production and Sales Report for Year ending June 2004 to June 2013

Source: Craig Tordsen, Program Manager, ISU Value Added Agriculture Program

Data

Source: State of Iowa Alcoholic Beverages Division

| Number of Wineries at end of year. | 19 | | 27 | | 40 | | 67 | | 71 |
|---|-------------|----------|-------------|----------|--------------|----------|--------------|----------|--------------|
| Revised 7/30/2013 | | | | | | | | | |
| | Jun-04 | % Change | Jun-05 | % Change | Jun-06 | % Change | Jun-07 | % Change | Jun-08 |
| 1. Gallons of wine on hand at beginning of year. | 49,223 | 26% | 62,026 | 45% | 89,863 | 68% | 150,857 | 57% | 236,771 |
| 2. Gallons of wine produced during the year. | 73,866 | 30% | 96,033 | 57% | 150,979 | 78% | 268,546 | -6% | 252,753 |
| 3. Received in bond | 13,954 | 28% | 17,879 | 62% | 28,907 | -77% | 6,787 | -65% | 2,380 |
| 4. Gallons of wine sold retail at wineries. | 48,187 | 16% | 55,918 | 15% | 64,530 | 53% | 98,806 | 2% | 101,276 |
| 5. Tax exempt adjustments: | | | | | | | | | |
| (a) SAMPLES (on premise consumers only) | 1,683 | 55% | 2,610 | 33% | 3,460 | 77% | 6,108 | 35% | 8,216 |
| (b) BREAKAGE | 194 | -68% | 62 | 301% | 249 | 109% | 520 | -20% | 417 |
| (c) SPILLAGE | 2,564 | -46% | 1,385 | 144% | 3,380 | 137% | 8,011 | 13% | 9,064 |
| (d) SPOILAGE | 216 | 664% | 1,652 | 2% | 1,682 | -6% | 1,586 | 93% | 3,061 |
| (e) DESTROYED | 568 | -22% | 446 | 195% | 1,316 | 954% | 13,863 | -51% | 6,833 |
| (f) Manufacturing Error | | | | | | | | | |
| (g) SOLD TO IOWA LICENSED DISTRIBUTOR | 172 | -100% | 0 | | 17 | 0% | 1,869 | 179% | 5,207 |
| TOTAL GALLONS TAX EXEMPT | 5,397 | 14% | 6,154 | 64% | 10,103 | 216% | 31,958 | 3% | 32,798 |
| 6. Transferred out in bond. | 5,599 | 6% | 5,952 | 150% | 14,858 | -45% | 8,143 | -72% | 2,310 |
| 7. Gallons used by family. | 241 | 85% | 445 | 84% | 819 | 95% | 1,595 | 44% | 2,290 |
| 8. Gallons of wine available for wholesale | 77,618 | 38% | 107,467 | 67% | 179,439 | 59% | 285,688 | 24% | 353,230 |
| 9. Gallons of wine sold wholesale to retailers | 15,593 | 13% | 17,604 | 62% | 28,582 | 71% | 48,917 | 21% | 59,285 |
| 10. Gallons of wine on hand at end of year. | 62,026 | 45% | 89,863 | 68% | 150,857 | 57% | 236,771 | 24% | 293,944 |
| 11. Tax Paid ((5f +9) x \$1.75) | \$27,588 | 12% | \$30,806 | 62% | \$50,049 | 78% | \$88,876 | 27% | \$112,862 |
| Total Gallons Sold (9 + 16 + 21) | 63,952 | 15% | 73,522 | 27% | 93,130 | 61% | 149,593 | 11% | 165,768 |
| Estimated Value of Year End Inventory @ \$60/gallon | \$3,721,530 | 45% | \$5,391,804 | 68% | \$9,051,408 | 57% | \$14,206,266 | 24% | \$17,636,664 |
| Percentage of Wine Sales Self Distributed (9/(4+5f+10)) | 24.4% | | 23.9% | | 30.7% | | 32.7% | | 35.8% |
| Supply Vs. Demand | | | | | | | | | |
| Demand (4+5a,b,c,d,e,f,g+7+9) | 69,246 | | 80,122 | | 104,018 | | 179,407 | | 190,442 |
| Supply (2+3-6) | 82,221 | | 107,960 | | 165,028 | | 267,191 | | 252,823 |
| Demand as a Percentage of Supply | 84.2% | | 74.2% | | 63.0% | | 67.1% | | 75.3% |

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Iowa Native Winery Production and Sales Report for Year ending June 2004 to June 2013

Source: Craig Tordsen, Program Manager, ISU Value

Added Agriculture Program

Number of Wineries at end of year.

75

95

97

103

98

Revised 7/30/2013

| | % Change | Jun-09 | % Change | Jun-10 | % Change | Jun-11 | % Change | Jun-12 | % Change | Jun-13 |
|---|----------|--------------|----------|--------------|----------|--------------|----------|--------------|----------|---------------|
| 1. Gallons of wine on hand at beginning of year. | 24% | 293,944 | 21% | 356,719 | 3% | 367,216 | 5% | 385,608 | 10% | 425,854 |
| 2. Gallons of wine produced during the year. | 16% | 292,907 | -3% | 283,018 | 10% | 311,533 | 11% | 346,319 | -12% | 306,108 |
| 3. Received in bond | 93% | 4,593 | -16% | 3,851 | -68% | 1,233 | 54% | 1,901 | 156% | 4,873 |
| 4. Gallons of wine sold retail at wineries. | 6% | 107,656 | 3% | 110,512 | -8% | 101,716 | 21% | 123,133 | -3% | 119,588 |
| 5. Tax exempt adjustments: | | | | | | | | | | |
| (a) SAMPLES (on premise consumers only) | 21% | 9,944 | -3% | 9,678 | 7% | 10,393 | 24% | 12,876 | -5% | 12,188 |
| (b) BREAKAGE | 140% | 1,002 | 20% | 1,197 | 37% | 1,641 | -2% | 1,614 | -16% | 1,360 |
| (c) SPILLAGE | 15% | 10,452 | -59% | 4,250 | 142% | 10,278 | 0% | 10,252 | -55% | 4,611 |
| (d) SPOILAGE | -26% | 2,280 | 58% | 3,605 | 68% | 6,056 | -55% | 2,738 | -35% | 1,776 |
| (e) DESTROYED | 61% | 11,013 | 69% | 18,564 | 2% | 18,937 | 8% | 20,398 | -53% | 9,610 |
| (f) Manufacturing Error | | | | | | | | (14,077) | | 16,346 |
| (g) SOLD TO IOWA LICENSED DISTRIBUTOR | -18% | 4,248 | 12% | 4,765 | 2% | 4,873 | -90% | 467 | -100% | 0 |
| TOTAL GALLONS TAX EXEMPT | 19% | 38,939 | 8% | 42,059 | 24% | 52,178 | -34% | 34,268 | 34% | 45,891 |
| 6. Transferred out in bond. | 24% | 2,866 | 239% | 9,706 | -74% | 2,481 | -20% | 1,985 | 79% | 3,547 |
| 7. Gallons used by family. | -17% | 1,906 | 10% | 2,097 | 1% | 2,127 | 40% | 2,984 | 4% | 3,106 |
| 8. Gallons of wine available for wholesale | 25% | 440,077 | 9% | 479,213 | 9% | 521,480 | 10% | 571,457 | -1% | 564,704 |
| 9. Gallons of wine sold wholesale to retailers | 41% | 83,359 | 34% | 111,997 | 21% | 135,872 | 7% | 145,603 | 0% | 146,098 |
| 10. Gallons of wine on hand at end of year. | 21% | 356,719 | 3% | 367,216 | 5% | 385,608 | 10% | 425,854 | -2% | 418,605 |
| 11. Tax Paid ((5f +9) x \$1.75) | 36% | \$153,311 | 33% | \$204,334 | 21% | \$246,304 | 4% | \$255,623 | -100% | |
| Total Gallons Sold (9 + 16 + 21) | 18% | 195,263 | 16% | 227,274 | 7% | 242,461 | 11% | 269,204 | -1% | 265,686 |
| Estimated Value of Year End Inventory @ \$60/gallon | 21% | \$21,403,110 | 3% | \$22,032,966 | 5% | \$23,136,486 | 10% | \$25,551,246 | -2% | \$25,116,312 |
| Percentage of Wine Sales Self Distributed (9/(4+5f+10)) | | 42.7% | | 49.3% | | 56.0% | | 54.1% | | 55.0% |
| Supply Vs. Demand | | | | | | | | | | |
| Demand (4+5a,b,c,d,e,f,g+7+9) | | 227,613 | | 261,900 | | 287,020 | | 305,522 | | 314,683 |
| Supply (2+3-6) | | 294,634 | | 277,163 | | 310,285 | | 346,235 | | 307,435 |
| Demand as a Percentage of Supply | | 77.3% | | 94.5% | | 92.5% | | 88.2% | | 102.4% |

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