



2014 – 2015 61st ANNUAL REPORT

**NORTHWEST TERRITORIES
LIQUOR LICENSING BOARD**

&

LIQUOR ENFORCEMENT



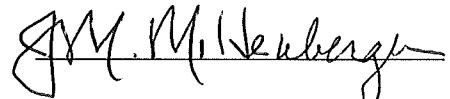
TABLE OF CONTENTS

Members of the Legislative Assembly	iii
Minister of Finance (Board)	iv
Minister of Finance (Department)	v
Organization Chart	vi
 NORTHWEST TERRITORIES LIQUOR BOARD	
Board Chair.....	8
 NORTHWEST TERRITORIES LIQUOR LICENSING BOARD	
Liquor Licensing Board Report	9
 LIQUOR ENFORCEMENT	
Liquor Enforcement Report	14
Community Options	17
 AUDITED FINANCIAL REPORT STATEMENTS	
Management's Responsibility for Financial Reporting	24
Auditor's Report	25
Statement of Financial Position	27
Statement of Operations	28
Statement of Accumulated Surplus	29
Statement of Change in Net Financial Resources.....	30
Statement of Cash Flows	31
Notes to Financial Statement	32

MEMBERS OF LEGISLATIVE ASSEMBLY

NWT Liquor Licensing Board Annual Report

I am pleased to present, for the information of the Members of the Legislative Assembly, the 61st Annual Report for the Northwest Territories Liquor Licensing Board for the fiscal year ending March 31, 2015.



J. Michael Miltenberger
Minister Responsible for the
NWT Liquor Commission



**THE HONOURABLE J. MICHAEL MILTENBERGER
MINISTER OF FINANCE**

NWT Liquor Licensing Board Annual Report

Pursuant to section 64(1) of the *Liquor Act*, I am pleased to submit the 61st Annual Report of the Northwest Territories Liquor Licensing Board for the fiscal year ending March 31, 2015.

A handwritten signature in black ink, appearing to read "Colin Baile".

Colin Baile
Chairperson
NWT Liquor Licensing Board



THE HONOURABLE J. MICHAEL MILTENBERGER
MINISTER OF FINANCE

NWT Liquor Licensing Board 2014-2015 Annual Report

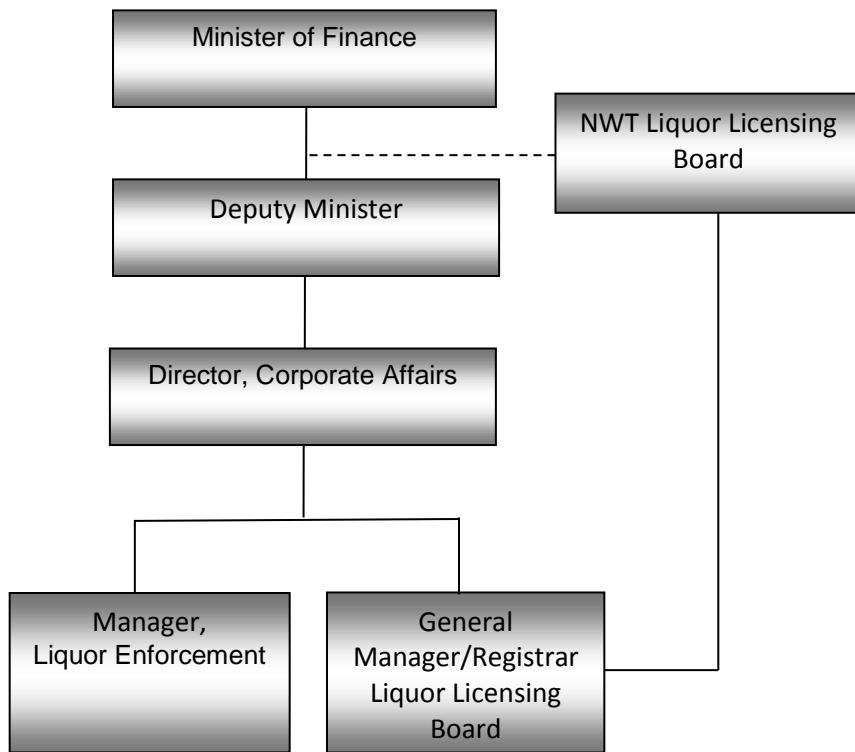
Pursuant to section 64(1) of the *Liquor Act*, I am pleased to submit the 61st Annual Report of the Northwest Territories' Liquor Licensing Board for the fiscal year ending March 31, 2015.

This report contains the activities of Enforcement.

A handwritten signature in blue ink, appearing to read "Mike Aumont".

Mike Aumont
Deputy Minister
Department of Finance

ORGANIZATION CHART



NORTHWEST TERRITORIES LIQUOR LICENSING BOARD



BOARD CHAIR'S REPORT

The Northwest Territories Liquor Licensing Board (NWTLBB) is established under Section 4(2) of the Northwest Territories *Liquor Act* to issue licences and permits. The Board is responsible for the regulation of licence holders, permit holders, and the operations of licensed premises and manufacturing facilities.

A handwritten signature in black ink, appearing to read "Colin Baile".

Colin Baile
Chairperson
NWT Liquor Licensing Board

NWT LIQUOR LICENSING BOARD MISSION STATEMENT

The mission of the NWT Liquor Licensing Board is to conduct business to the best of our ability in accordance with the *Liquor Act* and the principals of natural justice.

BOARD MEMBERS (as of MARCH 31, 2015)

Chairperson:	Mr. Colin Baile	Yellowknife
Members:	Ms. Adelle Guigon Mr. Albert Monchuk Mr. Wayne Smith	Yellowknife Fort Smith Inuvik

MEETINGS/PUBLIC HEARINGS

The Board held 6 application hearings to consider 10 requests for new applications or to transfer licences. The Board also considered requests from licence holders for exemptions to the *Liquor Act* and *Regulations* where the Board has the legislative authority to do so.

The Board held three Compliance Hearings under Section 28 of the *Liquor Act* where 6 allegations were lodged against three licence holders. The hearings were held to adjudicate allegations of non-compliance brought forward by Liquor Enforcement. After holding a hearing the Board may dismiss the matter or make an order that it considers appropriate which may include: imposing conditions on the licence holder, disqualifying the licence holder, an associate of the licence holder or the licence holder's on-site manager from eligibility to hold a licence; disqualifying any premises from eligibility to serve as a licensed premises; imposing a compliance penalty on the licence holder not exceeding \$10,000 for the first offence or \$20,000 for a second or subsequent offence and providing for the suspension of the licence until the penalty is paid in full; suspending the licence for a period not exceeding 12 months; and cancelling the licence.

The Board held two administrative meetings to deal with administrative issues such as establishing policies, revision of Board forms, recommending legislative amendments to the Minister; review requests submitted by licence holders; review correspondence written on the Board's behalf and to deal with any other issue brought forward for Board attention or review of an administrative nature.

The Board will hold Compliance Hearings and administrative meetings consecutively in order to reduce travel and honoraria costs.

NWT LIQUOR LICENCES

There are different types of liquor licences available in the NWT.

- **Class A:** (liquor primary) authorizes the licence holder to purchase, sell, possess, transport and use liquor for patrons in licensed premises where the licence holder operates a bar or similar business to generate revenue primarily from the sale and service of liquor where the bar or similar business is located.
- **Class B:** (food primary) authorizes the licence holder to purchase, sell, possess, transport and use liquor for patrons in the licensed premises where the licence holder operates a restaurant or similar business to generate revenue primarily from the sale and service of meals.
- **Class C:** (mobile) authorizes the licence holder to purchase, sell, possess, transport and use liquor for patrons in one of the following situations:
 - at events hosted by other persons in various premises where the licence holder is generating revenue primarily from the catering of food.
 - on a ship while navigating waters in the NWT.
 - at special events organized by the licensee in premises it rents or uses from time to time for the purpose of generating revenue primarily from the sale and service of entertainment.
- **Class D:** (liquor incidental) authorizes the licence holder who operates a canteen, bed and breakfast, or a facility that provides community, recreational, or cultural activities to purchase, sell, possess, transport and use liquor for its authorized patrons; and for a licence holder who operates a tourist facility without licensed premises to hold a mini-bar extension.

Manufacturing Licence - authorizes the licence holder to manufacture the liquor specified in the licence at the manufacturing facility specified in the licence, to purchase, possess, transport and use that liquor for related purposes and to sell and provide samples of that liquor. The holder of a manufacturing licence shall only sell any liquor manufactured by it to the Commission or a liquor commission or other similar authority located in a jurisdiction outside the Northwest Territories

Manufacturer's Retail Outlet Licence: A manufacturer's retail outlet licence may only be issued to a person who holds a manufacturing licence. A manufacturer's retail outlet licence authorizes the licence holder to operate a retail outlet within the manufacturing facility specified in the holder's manufacturing licence. No holder of a manufacturer's retail outlet licence shall allow liquor to be sold from the retail outlet except as authorized by the Liquor Regulations and the terms and conditions of the licence. The holder of a manufacturer's retail outlet licence may only sell from the retail outlet liquor that has been manufactured in the facility specified in the holder's manufacturing licence.

The following liquor licences were in effect on March 31, 2015:

Community	Class A	Class B	Class C	Class D
Fort Providence	2	1	0	0
Fort Simpson	2	2	0	2
Fort Smith	1	2	0	2
Hay River	2	5	0	6
Inuvik	2	4	0	4
Norman Wells	3	2	0	2
Yellowknife	16	21	3	9
Other (Lodges)	-	-	-	7
Total	28	37	3	32

LIQUOR LICENSING BOARD COMPLIANCE HEARINGS

The Liquor Licensing Board is a quasi-judicial board that has the power to bring licence holders to a Compliance Hearing to determine why their liquor licence should not be suspended, cancelled and/or have conditions imposed when allegations of violations under the *Liquor Act* or *Regulations* are reported and brought forward at a Compliance Hearing.

The following licence holders appeared before the Liquor Licensing Board at a Compliance Hearing during the period of April 1, 2014 to March 31, 2015. Dispositions vary according to the specifics of each case.

COMPLIANCE HEARINGS

Hearing Date, Licence Holder, Location	Alleged Violation	Board Order
June 4 th , 2014 Woodland Wok & Grill Hay River, NT	Count 1: Fail to purchase liquor from the Liquor Warehouse contrary to <i>Liquor Regulations Section 113(1)</i> Count 2: Fail to separate food and liquor items from invoices to patrons contrary to <i>Liquor Regulations Section 44(2)</i>	Count 1: The Board made an Order that the Licence Holder pay a compliance penalty of \$500.00 Count 2: The Board made an Order that the Licence Holder pay a compliance penalty of \$250.00

February 12 th , 2015 Coyotes Bar & Grill Yellowknife, NT	Count 1: Serve more than 2 drinks to one person contrary to <i>Liquor Act Regulations</i> 32(1) Count 2: Serve alcohol outside operating hours contrary to <i>Liquor Act Regulations Section 47(1)</i> Count 3: Staff drinking while on duty contrary to <i>Liquor Act Regulations Section 57</i>	Count 1: The Board made an Order that the Licence Holder pay a compliance penalty of \$300.00 Count 2: The Board made an Order that the Licence Holder pay a compliance penalty of \$500.00 Count 3: The Board made an Order that the Licence Holder pay a penalty of \$500.00
February 13 th , 2015 Bullocks Bistro Yellowknife, NT	Count 1: Over Occupancy Load contrary to <i>Liquor Act Regulations Section 55(4)</i>	Count 1: The Board made an Order that the Licence Holder pay a compliance penalty of \$750.00

SPECIAL OCCASION PERMITS

The Liquor Licensing Board is responsible for the issuance of Special Occasion Permits. There are three types of permits; (a) Class 1 (ordinary), (b) Class 2 (not-for-profit) resale; and (c) Class 3 (fundraising). Permits are issued through contractors in various privately owned companies, hamlets, and government departments.

- **Class 1** (ordinary) allows any person, other than a minor, to apply for a permit, which will allow that individual to serve alcohol.
- **Class 2** (not-for-profit) allows any person, other than a minor to apply for a permit to sell liquor while not making a profit on the sale of the liquor.
- **Class 3** (for-profit) allows the following groups to apply for a permit to sell liquor for a profit:
 - (a) an unincorporated group of persons that:
 - (i) has been in existence for not less than six months
 - (ii) has an executive elected by its members
 - (iii) conducts a community, recreational or cultural activity and does not carry on a trade or business of the pecuniary gain of its members;

- (b) a society incorporated under the *Society's Act*;
- (c) a body incorporated under Part 11 of the *Canada Corporations Act*;
- (d) a service club that holds a premises licence.

In 2014 - 2015 there were 388 ordinary and resale permits issued across the Northwest Territories.

Special Occasion Permits Issued

Community	2014 - 2015		2013 - 2014	
	Resale	Ordinary	Resale	Ordinary
Fort Providence	2	2	-	-
Fort Resolution	3	0	-	-
Fort Simpson	10	0	7	1
Fort Smith	27	6	29	9
Hay River	48	10	73	7
Inuvik	47	2	51	0
Norman Wells	16	1	15	2
Ulukhaktok	0	1	-	-
Yellowknife	119	94	134	122
Total	272	116	309	141

Special Purpose Permits - 3

ADMINISTRATION

The administrative offices for the Liquor Licensing Board, Licensing and Enforcement and Community Options are maintained in Hay River. The office maintains a toll free number (1-800-351-7770) for the benefit of the licence holders and the general public.

NORTHWEST TERRITORIES LIQUOR ENFORCEMENT

**SUITE 204 – 31 CAPITAL DRIVE
HAY RIVER NT X0E 1G2
PH: 867 874 8715
FAX: 867 874 8722
TOLL FREE: 1 800 351 7770**

ENFORCEMENT ACTIVITY

The Liquor Enforcement Division is responsible superintending liquor inspectors, conducting liquor inspections, and administering community options on behalf of communities. Contracted liquor inspectors monitor the activities of licensed premises by doing liquor inspections at irregular intervals at licensed premises and at licensed special occasion permit functions where liquor is being served or sold. The inspection program strives for voluntary compliance through regular liquor inspections, training courses, newsletters and on-site visits from the Manager of Enforcement. The inspections program targets high risk premises (those most likely to offend) for inspections more frequently than those considered to be a lower risk (e.g. dining rooms).

The RCMP also conducts walkthroughs at licensed premises and at licensed special occasion permit functions. The number of times these types of inspections are done is not reported to enforcement. However, violations are reported to Liquor Enforcement when found.

INSPECTION OF LICENSED PREMISES

Community	Inspections	
	2014 - 2015	2013 - 2014
Fort Providence	1	-
Fort Simpson	3	7
Fort Smith	47	72
Hay River	133	183
Inuvik	164	239
Norman Wells	71	79
Yellowknife	802	779
TOTAL	1221	1359

Fluctuations in the number of inspections performed are affected by the availability of the inspectors. The RCMP also conduct inspections in all communities with licensed premises, however reports are only submitted if an alleged violation is being reported.

SERVER TRAINING

Enforcement offers and conducts server training courses free of charge to licence holders, their staff and special occasion permit holders. Attendance at these courses is voluntary. The Liquor Licensing Board can order licence holders and their staff to take the course as part of a penalty when a licence holder has been found in violation of the *Liquor Act*. The server training course educates the licensees and permit holders on their responsibilities under the *Liquor Act and Regulations* and on Board policy. The training covers recognizing intoxication, identifying minors, responsible serving, managing crowd control and liability issues.

Licence holders are provided with a newsletter on a quarterly basis and provided with up-to-date information to assist them in complying with the *Liquor Act and Regulations*. Licence holders also have access to a toll-free line for assistance. Every licence holder has been provided with a licence holder handbook and a copy of the *Liquor Act and Regulations*. When a large number of persons are expected to attend an event such as a concert the permit holder is contacted and offered server training for persons working the event.

SERVER TRAINING COURSE PARTICIPANTS

Community	2014 - 2015	2013- 2014
Fort Providence	12	5
Fort Simpson	0	0
Fort Smith	8	0
Hay River	59	25
Inuvik	0	0
Norman Wells	0	0
Yellowknife	160	112
Total	239	142

COMMUNITY STATUS

Communities in the Northwest Territories have options available to them regarding their liquor status. Communities are either:

Unrestricted - there are no restrictions beyond those that are described in the *Liquor Act or Regulations*;

Restricted - a restriction may limit the quantity of alcohol and/or frequency that liquor can be brought into the community, the quantity of alcohol and hours of sale, or to seek approval to bring alcohol into the community from an Alcohol Education Committee; or

Prohibited - there is a complete ban on alcohol being brought into the community.

UNRESTRICTED COMMUNITIES INCLUDE

Aklavik	Fort Smith*	Kakisa
Colville Lake	Hay River*	Sachs Harbour
Enterprise	Inuvik *	Wrigley
Fort Providence	Jean Marie River	Yellowknife
Fort Resolution	Norman Wells*	

*These communities have licensed premises and/or liquor store/liquor warehouses.

RESTRICTED COMMUNITIES INCLUDE

Déline	Fort McPherson	Ulukhaktok
Detah	Fort Simpson*	Tuktoyaktuk
Fort Good Hope	Paulatuk	
Fort Liard	Tulita	

*The restriction applies to the amount of liquor that can be bought at the liquor store.

Déline

The restriction prohibits an individual from bringing into the community in any 24-hour period or possesses at any time within a 25-km radius of the Déline Charter Community Office an amount of liquor that exceeds any one of the following combinations:

- (a) 1140 ml of spirits and 12 containers (355 ml) of beer;
- (b) 1140 ml of spirits and two litres of wine;
- (c) 12 containers (355 ml) of beer and two litres of wine; or
- (d) 24 containers (355 ml) of beer and one litre of wine.

The restriction regulations authorize the Déline Dene Council to bring into and possess in the restricted area greater quantities of liquor for consumption at a wedding, community dance or other special events.

Dettah

The restriction applies to the amount of liquor an individual can possess in any one-month. This is either;

- (a) 12 containers (355 ml) of beer and 1 container (750 ml) of spirits; or
- (b) 4500 ml of wine.

Fort Good Hope

The restriction applies to the amount of liquor an individual can possess in a seven-day period. An individual may possess one of the following quantities of liquor:

- (a) 1140 ml of spirits and one dozen (355 ml) containers of beer;
- (b) 1140 ml of spirits and two litres of wine;
- (c) one dozen (355 ml) containers of beer and two litres of wine; or
- (d) two dozen (355 ml) containers of beer and one litre of wine.

Fort Liard

The restriction applies to the amount of liquor an individual can transport into the community over a one-week period. An individual may transport either:

- (a) 1140 ml of spirits;
- (b) two dozen containers (355 ml) of beer; or
- (c) two containers (750 ml) of wine.

The restriction does not apply to the purchase, sale or transport of liquor by the municipal or band council where liquor shall be consumed at community dances.

Fort McPherson

The restriction prohibits an individual from:

- i. bringing into the restricted area, in any seven-day period, a quantity of liquor that is in excess of one of the following combinations:
- ii. operating within the restricted area a vehicle having two or more occupants and transporting a quantity of liquor that is in excess of two of the following combinations:
 - (a) 2280 ml of spirits and 24 containers (355 ml) of beer;
 - (b) 2280 ml of spirits and four litres of wine;
 - (c) 24 containers (355 ml) of beer and four litres of wine; or
 - (d) 48 containers (355 ml) of beer and two litres of wine.

Fort Simpson

The restriction applies to the quantity of liquor the vendor can sell to a person during a day in which the liquor store is open. The quantity is:

- (a) 1140 ml of spirits and 12 containers (355 ml) of beer;
- (b) 1140 ml of spirits and two litres of wine;
- (c) 2 litres of wine and 12 containers (355 ml) of beer; or
- (d) 24 containers (355 ml) of beer and one litre of wine.

Paulatuk

The restriction prohibits an individual from bringing into the restricted area in any seven-day period, and from possessing in the restricted area at any time, a quantity of liquor that is in excess of one of the following combinations:

- (a) 1140 ml of spirits and 12 container (355 ml) of beer;
- (b) 1140 ml of spirits and two litres of wine;
- (c) 12 containers (355 ml) of beer and two litres of wine; or
- (d) 24 containers (355 ml) of beer and 750 ml of spirits;
- (e) 1175 ml of spirits.

Trout Lake

The restriction prohibits an individual from bringing into the restricted area in any twenty-four hour period, a quantity of liquor that is in excess of one of the following combinations:

- (a) 750 ml of spirits and 12 container (355 ml) of beer;
- (b) 750 ml of spirits and two litres of wine;
- (c) 12 containers (355 ml) of beer and two litres of wine; or
- (d) 24 containers (355 ml) of beer and one litre of wine.

Tulita

The restriction prohibits an individual from bringing into the restricted area, in any 24 hour period, and from possessing in the restricted area, at any time, a quantity of liquor that is in excess of the following combinations:

- (a) 1140 ml of spirits and 12 container (355 ml) of beer;
- (b) 1140 ml of spirits and two litres of wine;
- (c) 12 containers (355 ml) of beer and two litres of wine; or
- (d) 24 containers (355 ml) of beer and one litre of wine.

Ulukhaktok

The restriction prohibits an individual from bringing into the community in any seven-day period, and from possessing at any time, a quantity of liquor that is in excess of one of the following combinations:

- (a) 1140 ml of spirits and 12 container (355 ml) of beer;
- (b) 1140 ml of spirits and two litres of wine;
- (c) 12 containers (355 ml) of beer and two litres of wine;
- (d) 24 containers (355 ml) of beer and one 750 ml bottle of hard liquor; or
- (e) 1775 ml of spirits of hard liquor.

The restriction regulations authorize the Ulukhaktok Hamlet Council to bring into and possess in the restricted area greater quantities of liquor for consumption at a wedding, community dance or other special events.

Tuktoyaktuk

The restriction prohibits an individual from bringing into the community at any time, and from possessing at any time a quantity of liquor that exceeds one of the following combinations:

- (a) 1140 ml of spirits and 24 containers (355 ml) of beer;
- (b) 1140 ml of spirits and two litres of wine;
- (c) 24 containers (355 ml) of beer and three litres of wine;
- (d) 2280 ml of spirits;
- (e) 6 litres of wine; or
- (f) 48 containers (355 ml) of beer.

The restriction authorizes the Hamlet Council to authorize a person to bring into and possess in the restricted area greater quantities of liquor for consumption at a wedding, community dance or some other special function.

PROHIBITED COMMUNITIES INCLUDE

Behchokǫ
Gamètì
Lutsel'Ke

Nahanni Butte
Tsiigehtchic

Whatì
Wekweètì

AUDITED FINANCIAL STATEMENTS

2014 – 2015

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD

Financial Statements

Year ended March 31, 2015

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD

Index to Financial Statements

March 31, 2015

Management's Responsibility for Financial Reporting.....	24
Auditor's Report	25
Statement of Financial Position	27
Statement of Operations	28
Statement of Accumulated Surplus	29
Statement of Change in Net Financial Resources.....	30
Statement of Cash Flow.....	31
Notes to Financial Statements	32

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The preparation of the financial statements of the Northwest Territories Liquor Licensing Board (Board) is the responsibility of the Board's management.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Where alternative accounting methods are permitted, management has chosen those that are most appropriate. Where required, management's best estimates and judgments have been applied in the preparation of these financial statements.

Management fulfills its financial reporting responsibilities by maintaining financial management and control systems and practices which are designed to provide reasonable assurance that transactions are properly authorized, proper records are maintained, accurate financial information is prepared on a timely basis, assets are safeguarded, and the Board complies with all statutory requirements.

Our auditor performs an annual audit on the financial statements in order to express an opinion as to whether the financial statements present fairly, in all material respects, the financial position of the Commission, the results of its operations, the change in its net financial resources and its cash flows for the year. During the course of the audit, he also examines transactions that have come to his notice, to ensure they are, in all significant respects, in accordance with the statutory authorities of the Board.



Colin Baile
Chairman, NWT Liquor Licensing Board
August 28, 2015

Chris Polselli, CA
5 Deer Park Point
Spruce Grove, AB, T7X 4N6

INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Northwest Territories Liquor Licensing Board

Report on the Financial Statements

I have audited the accompanying financial statements of the Northwest Territories Liquor Licensing Board, which comprise the statement of financial position as at March 31, 2015, and the statements of operations, accumulated surplus, and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Northwest Territories Liquor Licensing Board as at March 31, 2015, the results of its operations, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Independent Auditor's Report (Continued)

Report on Other Legal and Regulatory Requirements

As required by the *Financial Administration Act* of the Northwest Territories, I report that, in my opinion, Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Northwest Territories Liquor Licensing Board and the financial statements are in agreement therewith. In addition, the transactions of the Northwest Territories Liquor Licensing Board that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* of the Northwest Territories (and regulations) and the *Liquor Act* of the Northwest Territories (and regulations).



August 28, 2015
Spruce Grove, Canada

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD

Statement of Financial Position

As at March 31 (\$000)	2015	2014
Financial Assets		
Accounts Receivable	\$ -	\$ 5
Due from NWT Liquor Commission (note 3)	201	128
	201	133
Financial Liabilities		
Accounts Payable	169	85
Pension and other employee benefits (note 4)	12	28
Deferred Revenue	23	20
	204	133
Net financial resources	(3)	-
Non-financial Assets		
Prepaid Expenses	3	-
Accumulated surplus	\$ -	\$ -

Contractual obligations (note 7).

The accompanying notes are an integral part of the financial statements.

Approved by the Northwest Territories Liquor Licensing Board:



Colin Baile
Chairman, Liquor Licensing Board

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD

Statement of Operations

For the year ended March 31, (\$000)	2015	2015	2014
	Budget	Actual	Actual
Other income			
License fees and permits	\$ 442	\$ 375	\$ 373
Government contribution – services provided without charge (note 6)	- -	11	13
	442	386	386
Expenses (notes 5 and 6)			
Salaries, wages and employee benefits	531	379	493
Administration	30	26	21
Travel	75	25	34
Inspector's Fees	68	45	53
Professional Fees	29	20	19
Rent (note 5)	31	72	27
Honoraria	50	34	33
	814	601	680
Annual Surplus (loss)	\$ (372)	\$ (215)	\$ (294)

The accompanying notes are an integral part of the financial statements.

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD

Statement of Accumulated Surplus

For the year ended March 31, (\$000)	2015	2014
Accumulated surplus, beginning of year	\$ -	\$ -
Annual Surplus (loss)	(215)	(294)
Amounts transferred from the NWT Liquor Commission	215	294
Increase (decrease) in accumulated surplus	-	-
Accumulated surplus, end of year	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD

Statement of Change in Net Financial Resources

For the year ended March 31 (\$000)	2015	2015	2014
	Budget	Actual	
Net financial resources, beginning of the year	\$ -	\$ -	\$ -
Items affecting net financial resources:			
Increase (decrease) in accumulated surplus	- -	- -	- -
Net investment in tangible capital assets:			
Acquisitions	- -	- -	- -
Amortization expense	- -	- -	- -
(Decrease) increase in prepaid expenses	- (3)	(3)	- -
Net financial resources, end of year	\$ -	\$ (3)	\$ -

The accompanying notes are an integral part of the financial statements.

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD

Statement of Cash Flow

For the year ended March 31, (\$000)	2015	2014
Operating transactions		
Cash received from customers	\$ 383	\$ 377
Cash paid to employees and suppliers	(525)	(672)
Cash provided by operating transactions	(142)	(295)
Financing transactions		
Cash transferred from the NWT Liquor Commission	142	295
Decrease in cash		
Cash, beginning of year	-	-
Cash, end of year	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD

Notes to Financial Statements

March 31, 2015 (\$000)

1. Authority and operations

The Northwest Territories Liquor Licensing Board (the "Board") was established under the *Liquor Act* (the "Act") for the purposes of regulating the sale of liquor in licensed premises, issuing liquor licenses and overseeing the issuing of special occasion permits and other permits in the NWT. The Minister appoints a member of the Public Service to be the Executive Secretary to the Board. In addition this member, with other staff, is also responsible for the co-ordination of the enforcement program under the Act. The financial activities of the Board are administered by the Northwest Territories Liquor Commission (the "Commission").

In accordance with the Act and the *Revolving Funds Act*:

- The operations of the Commission and the Board are accounted for through the Liquor Revolving Fund (the "Fund"). All monies received by the Commission and the Board must be deposited into the Fund and all expenditures incurred by the Commission and the Board must be paid out of the Fund. The Commission provides for the financial administration of the Board and may receive a working capital advance from the Consolidated Revenue Fund (the "CRF") of the Government of the Northwest Territories ("GNWT") to finance its operations.
- The authorized limit of the Fund, defined as the maximum amount by which the assets (cash, accounts receivable and inventories) exceed the liabilities, must not exceed \$6,500.
- The Commission must periodically transfer amounts from the Fund to the CRF to ensure that the Fund does not exceed its authorized limit. As at March 31, 2015, the Fund's assets exceeded the liabilities by \$3,077 (2014 – \$2,693).

Neither the Commission nor the Board are separate legal entities apart from the Department of Finance of the GNWT and neither are subject to the requirements of the *Income Tax Act*.

The operations of enforcement are managed separately from the Board. For the purpose of financial reporting the assets, liabilities, and expenses are combined in these financial statements as both are funded from the Liquor Revolving Fund.

2. Significant accounting policies

(a) Basis of accounting

The financial statements of the Board are prepared in accordance with Canadian generally accepted accounting principles (GAAP) for the public sector as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. These financial statements include the activities of the Enforcement Program which have been disclosed separately and combined with the activities of the Board in the statement of operations.

(b) Measurement uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ significantly from those estimates. The more significant management estimates include the calculation of the liability for employee future benefits and deferred revenue.

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD

Notes to Financial Statements

March 31, 2015 (\$000)

2. Significant accounting policies (continued)

(c) Revenue recognition

License fees and permits are recorded in revenue in the year that the fee or permit relates. If cash is received in advance of the fee or permit period, it is recorded in deferred revenue.

(d) Services provided without charge

The Board records the estimated cost of the legal services it receives without charge from the Department of Justice. The services are recorded as a government contribution – services provided without charge and included in the expenses in the statement of operations.

(e) Tangible capital assets

The Board receives the use of tangible capital assets from the Commission without charge.

(f) Pension benefits

The appointed employees of the Board are covered by the public service pension plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Board to cover current service cost. Pursuant to legislation currently in place, the Board has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognized as an expense in the year when employees have rendered service and represent the total pension obligation of the Board.

(g) Other employee benefits

Employees are entitled to severance benefits, reimbursement of removal costs and other compensated absences, as provided for under labour contracts and conditions of employment, based upon years of service. The cost of these benefits is accrued as the employees render the services necessary to earn them. The cost of these benefits for years prior to 2015 were based on management's best estimates using the expected compensation level and employee leave credits. In 2015 these benefits were actuarially determined using the projected unit credit valuation methodology and expected utilization methods. This change has been accounted for in 2015 and no comparative figures have been restated.

3. Due from NWT Liquor Commission

As explained in note 1, the financial activities of the Board are administered by the Commission. The Commission receives all amounts receivable to the Board and pays all amounts payable by the Board. The Board does not keep separate cash accounts nor does it directly own any tangible capital assets. Any amounts owing from the Board to the Commission (or vice versa) are settled through transfers to/from accumulated surplus.

The Commission provides tangible capital assets for the use by the Board without charge.

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD

Notes to Financial Statements

March 31, 2015 (\$000)

4. Pension and other employee benefits

a) Pension benefits

The employees of the Liquor Board & Enforcement participate in the public service pension plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Benefits are determined by a formula set out in the legislation; they are not based on the financial status of the plan. The basic benefit formula is 2% per year of pensionable service multiplied by the average of the five consecutive years of highest paid service. Contributions are required by both the employees and the Board & Enforcement. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. As of March 31, 2015, the employer contribution rates for employees hired before January 1, 2013 is 1.28 (2014 - 1.45) times employee's contributions. The employer's contribution rate for employees hired after January 1, 2013 is 1.28 (2014 - 1.43) times employee's contributions.

The benefits are coordinated with Canada/Québec Pension Plan benefits and they are indexed to inflation. The Board & Enforcement's and employees' contributions to the Plan for the year were as follows:

	2015	2014
Employer's contributions (recognized as expense)	\$ 38	\$ 42
Employee's contribution	27	27

b) Other employee benefits

	Severance and Removal Obligation	Accumulated Sick & Special Obligation	Total	Severance and Removal Obligation	Accumulated Sick & Special Obligation	Total
Accrued benefit obligation, beginning of the year	\$ 28	\$ -	\$ 28	\$ 27	\$ -	\$ 27
Current period benefit cost	7	24	31	1	32	34
Accretion in liability	1	- 1	- 1	-	-	-
Benefits paid during the year	(28)	(20)	(48)	-	(32)	(32)
Accrued benefit obligation, end of the year	\$ 8	\$ 4	\$ 12	\$ 28	\$ -	\$ 28

The Board provides severance benefits to its employees based on years of service and final salary. The Board also provides removal assistance to eligible employees, as provided under labour contracts. These benefit plans are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD

Notes to Financial Statements

March 31, 2015 (\$000)

4. Pension and other employee benefits, continued

b) Other employee benefits, continued

The Board provides accumulating sick and special leave employee benefits. Sick leave accrues at a rate of one and one quarter days per month and special leave accumulates at a rate of one half day per month. These leave balances require funding in future periods when employees become sick or require special leave. Sick leave can only be used for paid time off for illness of the employee. Special leave can only be claimed in certain circumstances (e.g. sick family members, family deaths, marital leave). Sick and special leave taken is paid at the employee's normal rate of pay. Sick and special leave benefits are not paid out to an employee upon termination of employment, resignation or retirement. Unused sick and special days accumulate and there are no limits to the accumulation.

An actuarial valuation for accounting purposes was prepared at March 31, 2015 for the Board's other employee future benefit plans using the projected benefits method prorated on services.

The actuarial valuation at March 31, 2015 reflects management's best estimate based upon a number of future orientated assumptions including:

	2015	2014
Expected inflation rate	2.0%	N/A
Discount rate used to determine the accrued benefit obligation	2.5%	N/A
Expected average remaining service life of related employee groups (EARSL)	8.8	N/A
Expected age at termination	58.6	N/A

2014 balances were not determined actuarially and the comparative figures were not restated because the effect on prior years was not material, as described in note 2(h).

Time of expected payments for other employee benefits are as follows:

2016	\$ 1
2017	1
2018	1
2019	1
2020	1
2021 and beyond	<u>7</u> <u>\$12</u>

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD

Notes to Financial Statements

March 31, 2015 (\$000)

5. Expenses

(a) As explained in note 1, the liquor enforcement activities are included in total expenses as follows:

For the year ended March 31, (\$000)	Enforcement	
	2015	2014
Expenses (notes 6 and 7)		
Salaries, wages and employee benefits	\$ 225	\$ 363
Travel	4	9
Professional Fees	-	-
Rent	42	19
Inspector's Fees	45	53
Honoraria	-	-
Other	16	13
	332	457
Annual Surplus (loss)		
	\$ (332)	\$ (457)

(b) Rent Expense

Rent expense in 2015 includes retroactive charges by the landlord, related to the following years:

2011/12	\$ 7
2012/13	\$ 8
2013/14	<u>\$13</u>
	\$28

6. Related party transactions

The Board is related in terms of common ownership to all GNWT created departments, agencies and corporations. The Board enters into transactions with these entities in the normal course of business and these transactions are measured at the exchange amount.

The Board incurred \$379 (2014 - \$493) related to salaries, wages, and employee benefits for the Board's employees and \$34 (2014 - \$33) related to honoraria for Board members. The Board reimburses the Department of Finance for these costs.

The Department of Justice provides the Board with legal services without charge. The total cost of these services has been estimated to be \$11 (2014 - \$13). The cost of the services noted above has been recognized on the statement of operations.

Included in accounts payable and accrued liabilities is \$104 (2014 - \$41) for salaries, wages, and employee benefits, and honorariums.

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD

Notes to Financial Statements

March 31, 2015 (\$000)

7. Contractual obligations

The Board has a five year lease agreement ending April 30, 2016 for its Office premises. The minimum annual lease payments for the leases over the next five year(s) are:

2015/16	\$ 35
2016/17	\$ 3
2017/18	\$ -
2018/19	\$ -

Annual lease payments for the office premises include estimated operating costs and property taxes.

8. Financial instruments

The Board's financial instruments consist of cash due from the NWT Liquor Commission, accounts payable and accrued liabilities, pension and other employee benefits. It is management's opinion that the Board is not exposed to significant interest or currency risks arising from these financial instruments.

The carrying value of the financial instrument approximates fair value.