

2012 – 2013
59TH ANNUAL REPORT

NORTHWEST TERRITORIES
LIQUOR LICENSING BOARD



&

LIQUOR ENFORCEMENT

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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 fifty-ninth Annual Report for the Northwest Territories Liquor Licensing Board for the fiscal year ending March 31, 2013.



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 59th Annual Report of the Northwest Territories Liquor Licensing Board for the fiscal year ending March 31, 2013.

A handwritten signature in black ink, appearing to read "Colin Baile". The signature is fluid and cursive, with a long horizontal stroke at the end.

Colin Baile
Chairperson
NWT Liquor Licensing Board



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

NWT Liquor Licensing Board Annual Report

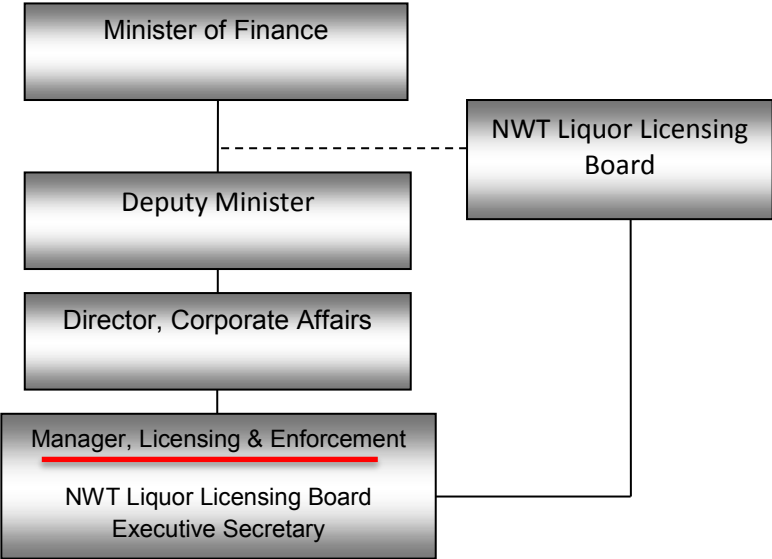
Pursuant to section 64(1) of the *Liquor Act*, I am pleased to submit the 59th Annual Report of the Northwest Territories Liquor Licensing Board for the fiscal year ending March 31, 2013.

This report contains the activities of Enforcement.

A handwritten signature in blue ink, consisting of several fluid, overlapping strokes that form a stylized representation of the name "Mike Aumond".

Mike Aumond
Deputy Minister
Department of Finance

ORGANIZATION CHART



**NORTHWEST TERRITORIES
LIQUOR LICENSING BOARD**



BOARD CHAIR'S REPORT

The Northwest Territories Liquor Licensing Board (NWTLB) 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 be 'Colin Baile', written in a cursive style.

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, 2013)

Chairperson:	Mr. Colin Baile	Yellowknife
Members:	Mr. Stanley Jones	Hay River
	Mr. Albert Monchuk	Fort Smith
	Ms. Adele Guigon	Yellowknife
	Mr. Wayne Smith	Inuvik

MESSAGE FROM THE CHAIR

I am pleased to present the annual report of the Liquor Licencing Board for 2013. The Board has continued to develop its procedures with the aim of providing independent, fair and timely hearings. This year saw the Board's orders and reasons published on CANLii, a national legal database (www.canlii.org).

I wish to thank the Board Members and Staff for their continuing dedication to providing exceptional administration and adjudication of matters coming before the Board.

Colin Baile
Chairperson

MEETINGS/PUBLIC HEARINGS

The Board held 13 application hearings to consider 31 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 seven Compliance Hearings under section 28 of the *Liquor Act* which included 12 allegations of non-compliance against seven 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 procedural issues such as establishing policies, recommending legislative amendments to the Minister; reviewing 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 attempts to hold Compliance Hearings and administrative meetings during the same week in order to reduce travel and honoraria costs.

NWT LIQUOR LICENCES

There are four classes 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.

The following licences were in effect in the following communities on March 31, 2013.

Community	Class A	Class B	Class C	Class D
Fort Providence	2	1	-	-
Fort Simpson	2	2	-	2
Fort Smith	2	2	-	2
Hay River	2	5	-	6
Inuvik	2	3	-	4
Norman Wells	3	3	-	2
Yellowknife	17	21	5	8
Other (Lodges)	-	-	-	7
Total	30	37	5	33

LIQUOR LICENSING BOARD COMPLIANCE HEARINGS

The Liquor Licensing Board is a quasi-judicial board with the authority to inform Licence Holders of a Compliance Hearing in order to determine whether or not a Licence Holder is in breach of the *Liquor Act* or *Regulations*. Should the Licence Holder be found to be non-compliant of the law, the Board may make an order it finds appropriate.

The Liquor Licensing Board conducted the following compliance hearings during the period of April 1, 2012 to March 31, 2013. Dispositions vary according to the specifics of each case.

COMPLIANCE HEARINGS

Hearing Date, Licence Holder Location	Alleged Violation	Board Order
April 25, 2012 Yellowknife Elks Club Yellowknife, NT	Count 1: Advertised discount liquor specials including happy hours contrary to <i>Liquor Regulations</i> section 73(1)(b)	The Board advised the Licence Holder to comply with the <i>Liquor Act</i> and <i>Regulations</i> in the future.
April 25, 2012 Xia Zhao Huang o/a The Diner Yellowknife, NT	Count 1: Allowed someone other than a worker to serve liquor, open a container or re-cork a bottle of wine contrary to <i>Liquor Regulations</i> section 31(3)	The Licence Holder was fined \$200
April 26, 2012 994486 NWT LTD. o/a Le Frolic Bistro/Bar Yellowknife, NT	Count 1: Allowed an intoxicated person to enter and remain in a licensed premise contrary to <i>Liquor Act</i> section 92 Count 2: Sold or served liquor to an intoxicated person contrary to <i>Liquor Act</i> section 93	Count 1: The Licence Holder was fined \$200 Count 2: The Licence Holder was fined \$500

<p>May 24, 2012</p> <p>6011 NWT LTD. o/a Twist Restro Lounge</p> <p>Yellowknife NT</p>	<p>Count 1: Allowed an intoxicated person to enter and remain in a licensed premise contrary to <i>Liquor Act</i> section 92.</p> <p>Count 2: Sold or served liquor to an intoxicated person contrary to <i>Liquor Act</i> section 93.</p>	<p>Count 1: Dismissed</p> <p>Count 2: Dismissed</p>
<p>May 25, 2012</p> <p>Mbotlaxo Investments LTD. o/a Boston Pizza</p> <p>Yellowknife, NT</p>	<p>Count 1: Allowed an intoxicated person to enter and remain in a licensed premise contrary to <i>Liquor Act</i> section 92.</p> <p>Count 2: Sold or served liquor to an intoxicated person contrary to <i>Liquor Act</i> section 93.</p>	<p>Count 1: The Licence Holder was fined \$1000</p> <p>Count 2: The Liquor Licence was suspended for 3 days</p>
<p>June 27, 2012</p> <p>Huang's Enterprises LTD. o/a Salt n' Pepper Restaurant</p> <p>Hay River, NT</p>	<p>Count 1: Allowed an intoxicated person to enter and remain in a licensed premise as per <i>Liquor Act</i> section 92.</p>	<p>Count 1: The Licence Holder was fined \$250</p>
<p>June 27, 2012</p> <p>Huang's Enterprises LTD. o/a Salt n' Pepper Restaurant</p> <p>Hay River, NT</p>	<p>Count 1: Allowed an intoxicated person to enter and remain in a licensed premise contrary to <i>Liquor Act</i> section 93.</p> <p>Count 2: Sold or served liquor to an intoxicated person contrary to <i>Liquor Act</i> section 93.</p> <p>Count 3: Served liquor to a person who was not seated having a meal contrary to Liquor Regulations section 31.(5)(a)</p>	<p>Count 1: The liquor licence was suspended for 2 days</p> <p>Count 2: The Licence Holder was fined \$500.</p> <p>Count 3: The liquor licence was suspended for 2 days. The Licence Holder and staff were ordered to attend a Server Training Course.</p>
<p>April 4, 2013</p> <p>Yellowknife Hospitality Corporation o/a Dancing Moose Café</p> <p>Yellowknife, NT</p>	<p>Count 1: Bought liquor to sell, serve and consume in its licensed premises from a place other than a liquor warehouse.</p>	<p>Count 1: The liquor licence was suspended for one day.</p>

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 2012 - 2013 there were 448 ordinary and resale permits issued across the Northwest Territories.

Permits Issued

Community	2012 - 2013		2011 - 2012	
	Resale	Ordinary	Resale	Ordinary
Fort Smith	22	14	26	8
Fort Simpson	6	0	7	2
Hay River	67	9	66	11
Inuvik	76	3	76	4
Norman Wells	31	2	23	9
Yellowknife	112	106	144	122
Total	314	134	342	156

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 Holder and the general public.

NORTHWEST TERRITORIES 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 Licensing and Enforcement Division is responsible for issuing liquor licenses, conducting liquor inspections, and administering community options on behalf of communities. Contracted liquor inspectors monitor the activities of licensed premises by doing spot checks at irregular intervals at licensed premises and at licensed special occasion functions where liquor is being served or sold. The inspection program strives for voluntary compliance through regular spot checks, training courses, newsletters and on-site visits from the Enforcement Coordinator. 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 functions. The number of times these types of inspections are done is not reported to enforcement. However, violations are reported.

INSPECTION OF LICENSED PREMISES

Community	Inspections	
	2012 - 2013	2011 - 2012
Fort Simpson	79	211
Fort Smith	168	154
Hay River	70	76
Inuvik	193	171
Norman Wells	61	77
Yellowknife	564	776
TOTAL	1137	1465

Fluctuations in the number of inspections performed are affected by the availability of the inspectors. The RCMP also conduct inspections in all communities, 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 licensees, their staff and special occasion permit holders. Attendance at these courses is voluntary. The Liquor Licensing Board can order licensees and their staff to take the course as part of a penalty when a licensee 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.

Licensees 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*. Licensees also have access to a toll-free line for assistance. Every licensee has been provided with a licensee 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	2012 - 2013	2011- 2012
Fort Providence	13	0
Fort Simpson	0	0
Fort Smith	0	17
Hay River	56	11
Inuvik	26	0
Norman Wells	9	0
Yellowknife	66	125
Total	170	153

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	

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.

Detah

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

Behchokò
Gamètì
Lutsel'Ke

Nahanni Butte
Tsiigehtchic

Whatì
Wekweètì

AUDITED FINANCIAL STATEMENTS
2012 – 2013

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD

Financial Statements

Year ended March 31, 2013

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD

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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 Board, 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
June 26, 2013

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, 2013, and the statements of operations, accumulated surplus, and cash flows 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, 2013 and the results of its operations, and its cash flows for the year ended March 31, 2013 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).



June 26, 2013
Spruce Grove, Canada

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD

Statement of Financial Position

As at March 31 (\$000)	2013	2012
Financial Assets		
Due from NWT Liquor Commission (note 3)	\$ 129	\$ 100
Liabilities		
Accounts payable and accrued liabilities	91	69
Pension and other employee benefits (note 4)	27	25
Deferred revenue	11	6
	129	100
Net financial resources	-	-
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)	2013	2013	2012
	Budget	Actual	Actual
Revenue			
License fees and permits (note 6)	\$ 430	\$ 396	\$ 410
Government contribution – services provided without charge (note 7)	-	12	45
	<u>430</u>	<u>408</u>	<u>455</u>
Expenses (notes 5 and 6)			
Salaries, wages and employee benefits	379	377	369
Administration	33	53	24
Travel	95	39	80
Inspector's Fees	36	47	68
Professional Fees	12	18	65
Rent	27	30	31
Honoraria	57	38	45
	<u>639</u>	<u>602</u>	<u>682</u>
Annual Surplus (loss)	<u>\$ (209)</u>	<u>\$ (194)</u>	<u>\$ (227)</u>

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)	2013	2012
Accumulated surplus, beginning of year	\$ -	\$ -
Annual Surplus (loss)	(194)	(227)
Amounts transferred from the NWT Liquor Commission	194	227
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 Cash Flows

For the year ended March 31, (\$000)	2013	2012
Operating activities		
Cash received from license holders and others	\$ 401	\$ 408
Cash paid to employees and suppliers	(566)	(706)
Cash provided by operating activities	(165)	(298)
Financing activities		
Cash transferred from the NWT Liquor Commission	165	298
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, 2013 (\$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, 2013, the Fund's assets exceeded the liabilities by \$3,992 (2012 – \$3,148).

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 estimation of the useful life of the tangible capital assets.

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD

Notes to Financial Statements

March 31, 2013 (\$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) Employee severance benefits

Employees are entitled to severance benefits and reimbursement of removal costs, as provided for under labour contracts and conditions of employment, based upon years of service. The benefits are paid upon resignation, retirement or death of an employee. The cost of these benefits is accrued as the employees render the services necessary to earn them. The cost of the benefits has been determined based on management’s best estimates using the expected compensation level and employee leave credits.

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, 2013 (\$000)

4. Pension and other employee benefits

a) 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. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The employer contribution rate effective at the end of the year was 1.74 times employees' contributions (2012 – 1.74 times).

The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of 2 percent of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada/Québec Pension Plan benefits and they are indexed to inflation.

The Board's and employees' contributions to the Plan for the year were as follows:

	2013	2012
Employer's contributions (recognized as expense)	\$ 37	\$ 35
Employee's contribution	22	19

b) Severance and removal benefits

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. This benefit plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Information about the plan, measured as at the statement of financial position date, is as follows:

	2013	2012
Accrued benefit obligation, beginning of year	\$ 25	\$ 23
Cost for the year	2	2
Benefits paid during the year	-	-
Accrued benefit obligation, end of year	\$ 27	\$ 25

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD

Notes to Financial Statements

March 31, 2013 (\$000)

5. Expenses liquor enforcement

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

For the year ended March 31, (\$000)	Enforcement	
	2013	2012
Expenses (notes 6 and 7)		
Salaries, wages and employee benefits	259	255
Travel	23	17
Professional Fees	-	-
Inspector's Fees	47	68
Honoraria	-	-
Other	59	31
	<hr/>	<hr/>
	388	371
	<hr/>	<hr/>
Annual Surplus (loss)	(388)	(371)

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 \$377 (\$369 – 2012) related to salaries, wages, and employee benefits for the Board's employees and \$38 (\$45 – 2012) 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 \$12 (\$45 – 2012). The cost of the services noted above has been recognized on the statement of operations.

Included in accounts payable and accrued liabilities is \$41 (\$36 - 2012) for salaries, wages, and employee benefits to the Department of Finance, and \$1 (\$4 - 2012) for other government departments.

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:

2013/14	\$ 19
2014/15	\$ 19
2015/16	\$ 19
2016/17	\$ 2
2017/18	\$ -

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

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD

Notes to Financial Statements

March 31, 2013 (\$000)

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.