



**2009 – 2010
56TH ANNUAL REPORT**

**NORTHWEST TERRITORIES
LIQUOR COMMISSION &
LIQUOR LICENSING BOARD**

TABLE OF CONTENTS

Members of the Legislative Assembly	ii
Minister of Finance.	iii
Organization Chart	iv

NORTHWEST TERRITORIES LIQUOR COMMISSION

General Manager's Report	7
Mandate	8
Operational Review	9
Strategic Objectives	9
Five year Performance History	12
NWT Liquor Commission (excluding the Liquor Licensing Board)	
Statement of Operations	13
Three year Dollar Sales by Category	14
Three year Litre Sales by Distribution Channel	16
Store Operations	17
Store Locations	20

LIQUOR LICENSING & ENFORCEMENT

Statement of Operations	23
Liquor Enforcement Report	24
Community Options	26

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD

Liquor Licensing Board Report	31
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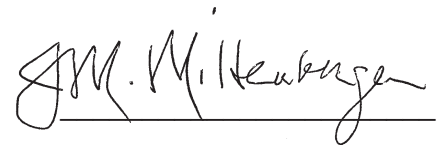
AUDITED FINANCIAL REPORT STATEMENTS

Management's Responsibility for Financial Reporting	40
Auditor's Report	41
Statement of Financial Position	42
Statement of Accumulated Surplus	43
Statement of Operations	44
Statement of Change in Net Financial Resources	45
Statement of Cash Flow	46
Notes to Financial Statements	47

MEMBERS OF LEGISLATIVE ASSEMBLY

NWT Liquor Commission and NWT Liquor Licensing Board Annual Report

I am pleased to present, for the information of the Members of the Legislative Assembly, the fifty-sixth Annual Report for the Northwest Territories Liquor Commission and Northwest Territories Liquor Licensing Board for the fiscal year ending March 31, 2010.

A handwritten signature in black ink, reading "J.M. Miltenberger", written over a horizontal line.

J. Michael Miltenberger
Minister Responsible for the
NWT Liquor Commission and
NWT Liquor Licensing Board

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

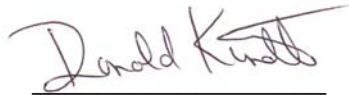
NWT Liquor Commission and NWT Liquor Licensing Board Annual Report

Pursuant to Subsection 64 (1) of the *Liquor Act*, we are pleased to submit the fifty-sixth Annual Report of the Northwest Territories Liquor Commission and Northwest Territories Liquor Licensing Board for the fiscal year ending March 31, 2010.

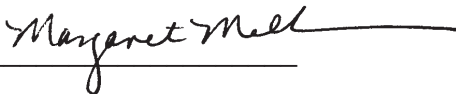
We wish to express our thanks to our staff for all their support and contributions to the progress of the Commission and the Board during the past year.



Kyle Reid
General Manager
NWT Liquor Commission

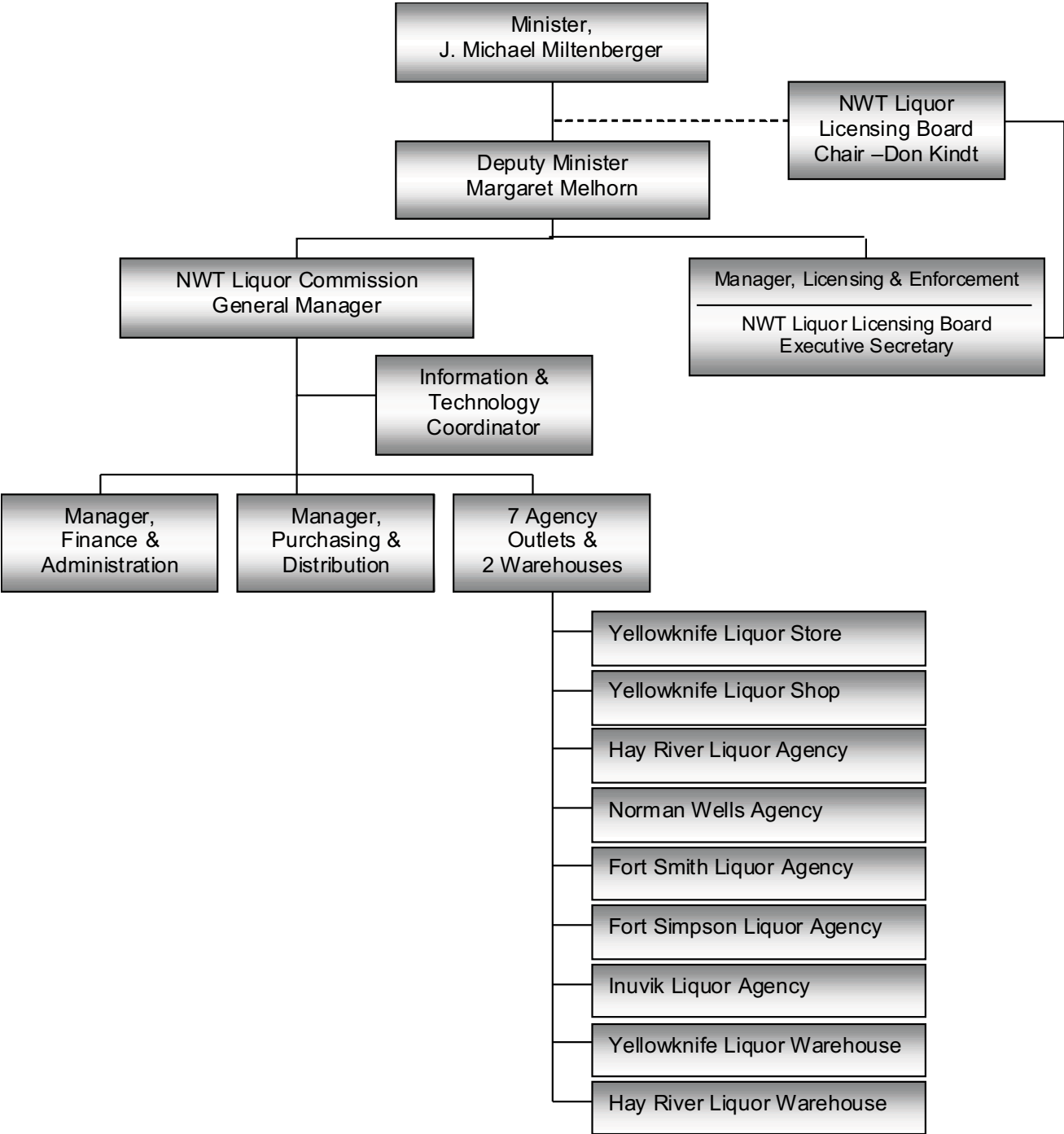


Don Kindt
Chairperson
NWT Liquor Licensing Board



Margaret Melhorn
Deputy Minister of Finance

ORGANIZATION CHART



NORTHWEST TERRITORIES LIQUOR COMMISSION

**SUITE 201 – 31 CAPITAL DRIVE
HAY RIVER, NT X0E 1G2
PH: 867 874 8700
FAX: 867 874 8720**

www.fin.gov.nt.ca/liquor



GENERAL MANAGER'S REPORT

The Northwest Territories Liquor Commission is established under the *Liquor Act* of the Northwest Territories to purchase, sell, classify and distribute liquor in the Northwest Territories.

The year was difficult due to the effects of the world wide recession on the economy of the Northwest Territories. Budget estimates for the year were not achieved, with liquor sales 3.4% and annual surplus 3.7% below budget. The volume of liquor sold, in litres, was down 4.6% over 2008 - 2009, however the annual surplus for the year exceeded the 2008 - 2009 fiscal year by 2.9% as a result of an increase in liquor mark up effective April 1, 2009.

Sales and distribution are carried out through a network consisting of seven retail outlets and two warehouses, contracted to private sector operators.

The strategic plan of the Commission focuses on three key areas for measuring performance:

1. Efficient operations, and compliance with legislation, regulation and policy
2. Social Responsibility
3. Financial Income Targets

These areas serve as a guideline for incorporating our mission statement into day to day activities. The success of the organization should not be measured in financial performance alone, and the responsibility of the Commission includes ensuring performance as a responsible industry partner, and as a socially responsible member of society. The Commission was fully successful in meeting the goals established in the strategic plan.

I would like to thank our staff, agents, customers and partners for another successful year.



Kyle Reid
General Manager

MANDATE

Corporate Vision

Our customers will have a healthy and responsible attitude toward alcohol consumption and we will provide them the opportunity to discover, enjoy and share a wide variety of beverage alcohol.

Mission Statement

We will be an innovative, efficient and profitable organization, dedicated to the retail and wholesale distribution of beverage alcohol, and promote the development of a healthy and responsible drinking culture.

Values

We value our customers and employees.
We encourage and support the responsible use of alcohol.
We will be efficient and cost effective.
We will be responsible for our actions and will be honest and fair.
We will treat others with dignity and courtesy.
We will support one another to achieve our goals.

OPERATIONAL REVIEW

The Northwest Territories Liquor Commission stakeholders include customers, employees, contractors, suppliers, industry partners, and all those who share a concern for social responsibility and public safety. The customer base includes the public who access our products through our retail network and licensed establishments such as restaurants and bars.

To respond to the needs and concerns of our customers and stakeholders, we delivered a wide variety of quality beverage alcohol products and promoted safe and responsible use of beverage alcohol.

STRATEGIC OBJECTIVES

Goal #1

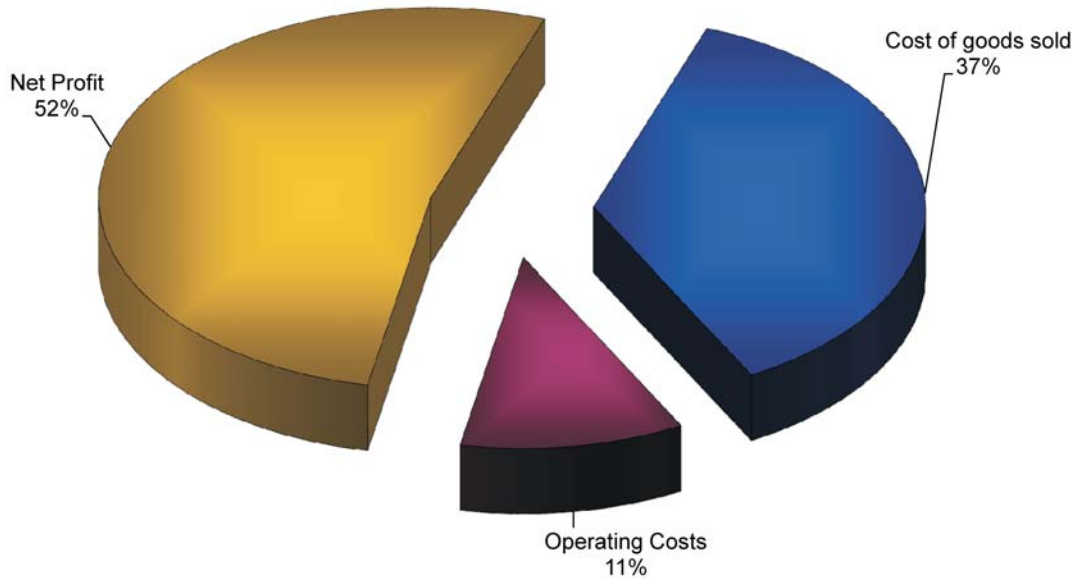
Operations are efficient and comply with legislation, regulation and policy.

Performance Highlights

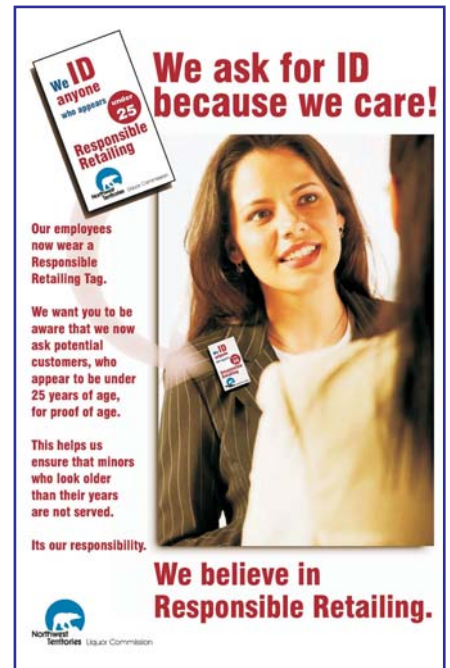
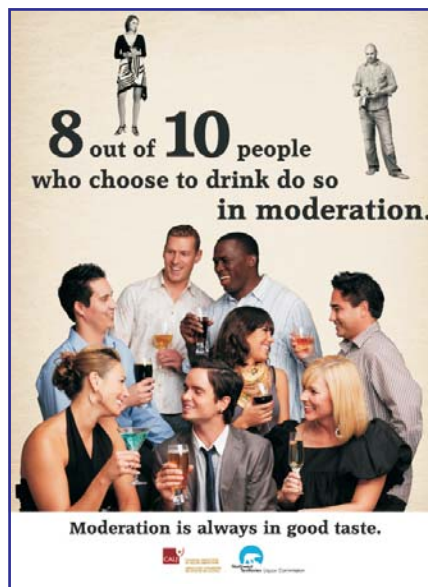
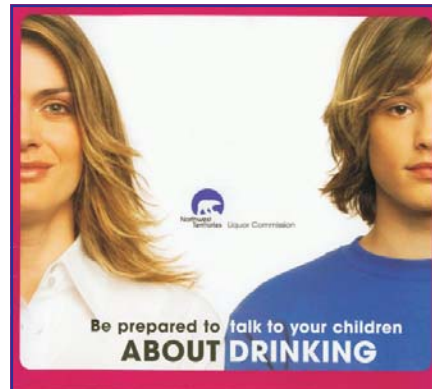
The structure of the Liquor Commission is designed to deliver optimal and efficient service, and consists of a headquarters administrative staff, and a network of seven stores and two warehouses, operated by private contractors. Five of the agency stores operate with inventory on consignment from the Commission and the two Yellowknife stores purchase inventory directly from the warehouse. Sales to consumers and licensees are incurred through sales by the consignment stores. Sales to private stores are realized through their purchase of liquor products from our warehouse. The cost to deliver the sales and administration throughout the year was 11% of sales revenue, of which 7% was paid to the liquor store and warehouse contractors.

Liquor outlets are monitored monthly and visited periodically by headquarters management. Compliance with regulation and legislation was excellent this year.

Application of Revenues for the year ended March 31, 2010



Social Responsibility Awareness Programs



Goal #2

Actively and continuously promote the responsible use of alcohol.

Performance Highlights

The Liquor Commission supports the responsible use of alcohol through awareness programs and initiatives.

During the fiscal year the Liquor Commission co-sponsored with the Department of Health and Social Services, a FASD poster and brochure program entitled “No Alcohol during pregnancy and “We can all help prevent FASD”. The program was launched in December 2009.

The Techniques of Alcohol Management (TAM), a Liquor Store server training program, is mandatory training for all liquor store service personnel.

The Check 25 program strengthens controls in place concerning service to minors and conditions our customers to expect to be asked for proof of identification if they appear to be under the age of 25.

Labels continue to be affixed to the beverage alcohol containers for sale to the public warning of the danger of alcohol consumption during pregnancy.

In conjunction with Educ' Alcool, a booklet titled “Be Prepared to Talk to Your Children About Alcohol” was supplied to medical clinics, schools and drug and alcohol committees throughout the Northwest Territories.

Our liquor stores participated in the Red Ribbon program, “It’s Time to Change the meaning of Tie one on, Drive Safe, Drive Sober”.

The Commission supported the poster campaign “Moderation is always in good taste” in conjunction with 9 other Canadian jurisdictions.

The Commission participates on the Canadian Liquor Jurisdiction’s Social Responsibility Committee in support of socially responsible liquor retailing on a nationwide basis.

Goal #3

Meet financial income targets.

Performance Highlights.

The recession, combined with a 10% mark up increase at the beginning of the year, contributed to a decline in sales volumes in litres of 4.6% over the previous year. Liquor sales were 3.4% below budget but, despite the shortfall and the drop in volume sales in litres, total liquor sales and net income still managed an increase over the preceding year.

NWT Liquor Commission (Excluding Liquor Licensing Board)**Five Year Performance History**

For the year ending March 31st

(\$000's)

	2010	2009	2008	2007	2006
Gross sales	44,780	44,649	42,771	39,654	37,776
Gross profit	28,398	27,460	26,444	24,585	24,200
As a % of sales	63.4	61.5	61.8	62.0	62.4
Net surplus	23,518	22,798	21,880	20,520	20,333
As a % of sales	52.5	51.1	51.2	51.7	52.4
Operating expenses	4,886	4,668	4,568	4,069	3,872
As a % of sales	10.9	10.5	10.7	10.3	10.0

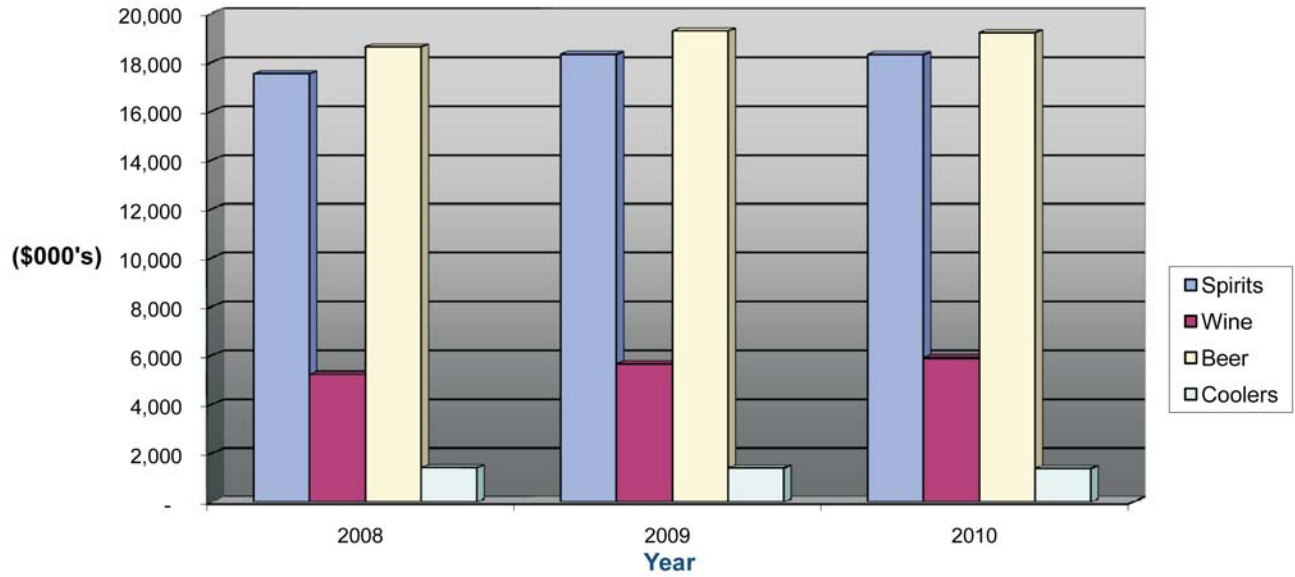
NWT Liquor Commission (excluding Liquor Licensing Board)**Statement of Operations**

for the year ended March 31, 2010 with comparative figures for 2009

(\$000's)

	Budget 2010	2010	2009
Sales			
Private Stores	20,608	19,918	20,230
Consumers	18,636	18,116	17,600
Licensees	7,092	6,746	6,819
	46,336	44,780	44,649
Cost of Sales			
Beginning Inventory	3,366	3,366	3,175
Purchases	15,703	15,181	15,691
Freight	1,222	1,374	1,689
Ending Inventory	(3,366)	(3,539)	(3,366)
	16,925	16,382	17,189
Gross Margin	29,411	28,398	27,460
Other Income			
Import Permits	2	1	1
Other	3	5	5
	5	6	6
Expenses			
Commissions to agents	3,238	3,178	3,082
Salaries, wages & employee benefits	974	1,042	903
Bank service charges	215	212	212
Amortization of capital assets	180	157	181
Travel	57	41	54
Rent	76	69	72
Office supplies	180	61	59
Computer services	50	57	54
Communications	40	26	37
Professional fees	5	12	3
Advertising	5	8	2
Losses due to breakage & spoilage	8	23	8
Miscellaneous	2	-	1
	5,030	4,886	4,668
Net Surplus	24,386	23,518	22,798

Three Year Dollar Sales Trend by Category



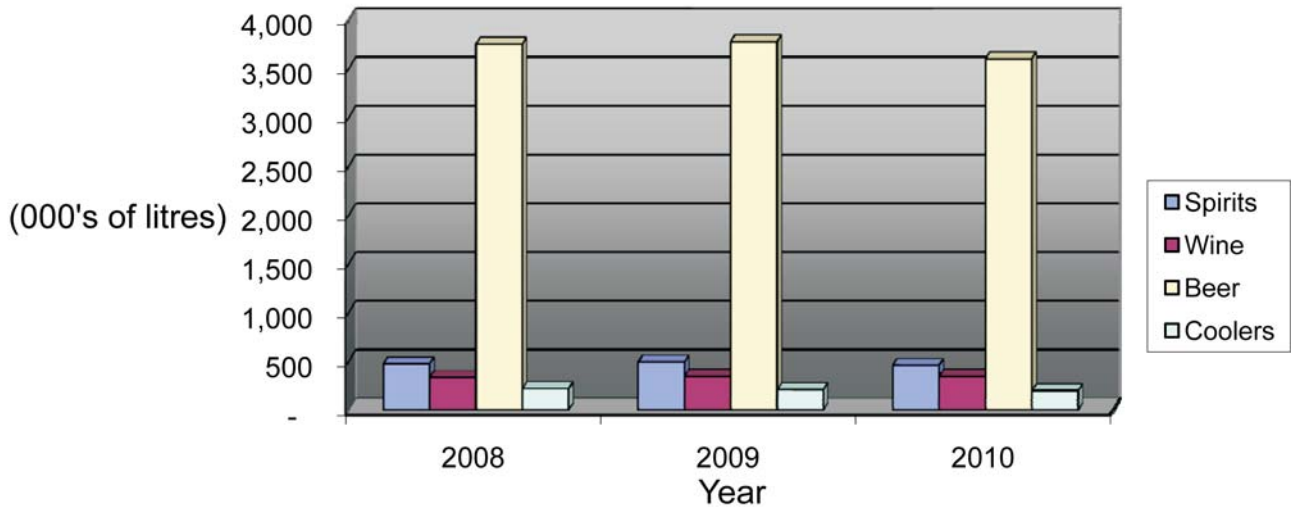
Three Year Dollar Sales by Category

for the year ending March 31st

(\$000's)

	Spirits	Wine	Beer	Coolers	Total
2008	17,517	5,227	18,621	1,406	42,771
2009	18,322	5,654	19,284	1,389	44,649
2010	18,312	5,894	19,203	1,371	44,780

Three Year Litre Sales by Category



Three Year Litre Sales by Category

for the year ending March 31st

(000's)

	Spirits	Wine	Beer	Coolers	Total
2008	470	331	3,747	215	4,763
2009	488	345	3,772	206	4,811
2010	456	345	3,596	195	4,592

Litre Sales by Distribution Channel



Three Year Litre Sales by Distribution Channel

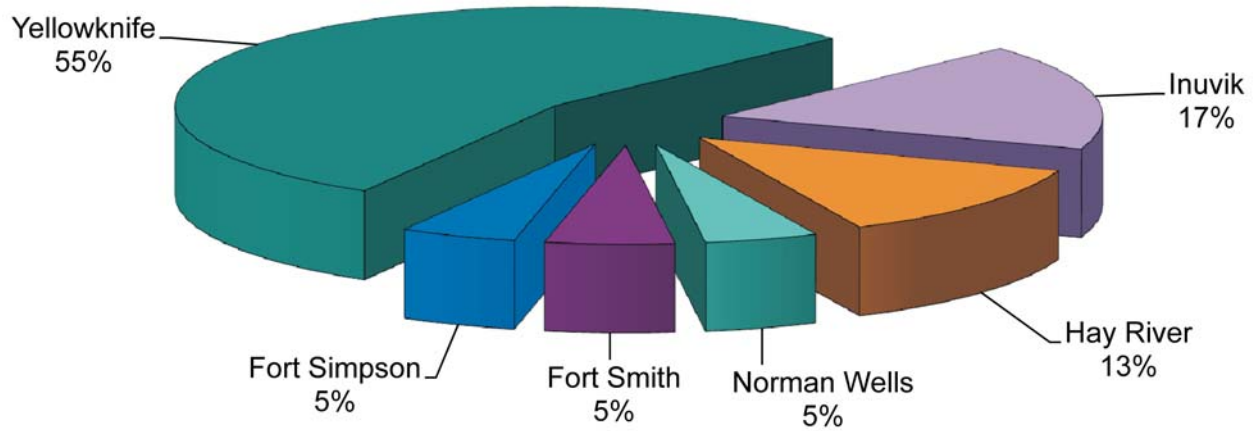
for the year ending March 31st

(000's)

	2010	2009	2008
Sales to Private Stores	2,031	2,159	2,030
Sales to Consumers	1,588	1,627	1,602
Sales to Licensees	973	1,025	1,131
Total	4,592	4,811	4,537

STORE OPERATIONS

Location Sales
for the year ended March 31, 2010



Sales by Location

for the year ended March 31st

(\$000's)

	2010	2009	Increase (Decrease)
Yellowknife	24,436	24,729	(293)
Inuvik	7,770	7,755	15
Hay River	5,662	5,434	228
Norman Wells	2,148	2,108	40
Fort Smith	2,449	2,347	102
Fort Simpson	2,203	2,129	74
*Other	112	147	(35)
Total	44,780	44,649	131

* Other consists of miscellaneous sales that do not conform

Statement of Operations by Location

(for the year ended March 31, 2010 with comparative figures for 2009)
(revenue and expenses directly related to sales per location)

YELLOWKNIFE OPERATIONS

(\$000's)

	Spirits	Wine	Beer	Coolers	2010 Total	2009 Total
Sales						
Private Stores	8,353	3,445	7,498	622	19,918	20,230
Licensees	1,003	516	2,836	163	4,518	4,499
	9,356	3,961	10,334	785	24,436	24,729
Cost of goods sold	2,679	1,896	4,539	352	9,466	10,043
Gross margin	6,677	2,065	5,795	433	14,970	14,686
Other income					0	0
Operating expenses					830	829
Net income					14,140	13,857

INUVIK OPERATIONS

(\$000's)

	Spirits	Wine	Beer	Coolers	2010 Total	2009 Total
Sales						
Consumers	3,537	744	2,380	195	6,856	6,692
Licensees	195	51	627	41	914	1,062
	3,732	795	3,007	236	7,770	7,754
Cost of goods sold	1,011	326	1,251	103	2,691	2,869
Gross margin	2,721	469	1,756	133	5,079	4,885
Other income					0	0
Operating expenses					847	838
Net income					4,232	4,047

HAY RIVER OPERATIONS

(\$000's)

	Spirits	Wine	Beer	Coolers	2010 Total	2009 Total
Sales						
Consumers	2,216	475	2,274	141	5,106	4,948
Licensees	114	24	403	16	557	487
	2,330	499	2,677	157	5,663	5,435
Cost of goods sold	631	189	996	69	1,885	1,848
Gross margin	1,699	310	1,681	88	3,778	3,587
Other income					0	0
Operating expenses					759	682
Net income					3,019	2,905

NORMAN WELLS OPERATIONS

(\$000's)

	Spirits	Wine	Beer	Coolers	2010 Total	2009 Total
Sales						
Consumers	860	144	830	48	1,882	1,845
Licensees	53	32	176	5	266	263
	913	176	1,006	53	2,148	2,108
Cost of goods sold	246	81	425	22	774	783
Gross margin	667	95	581	31	1,374	1,325
Other income					0	0
Operating expenses					278	269
Net income					1,096	1,056

FORT SMITH OPERATIONS

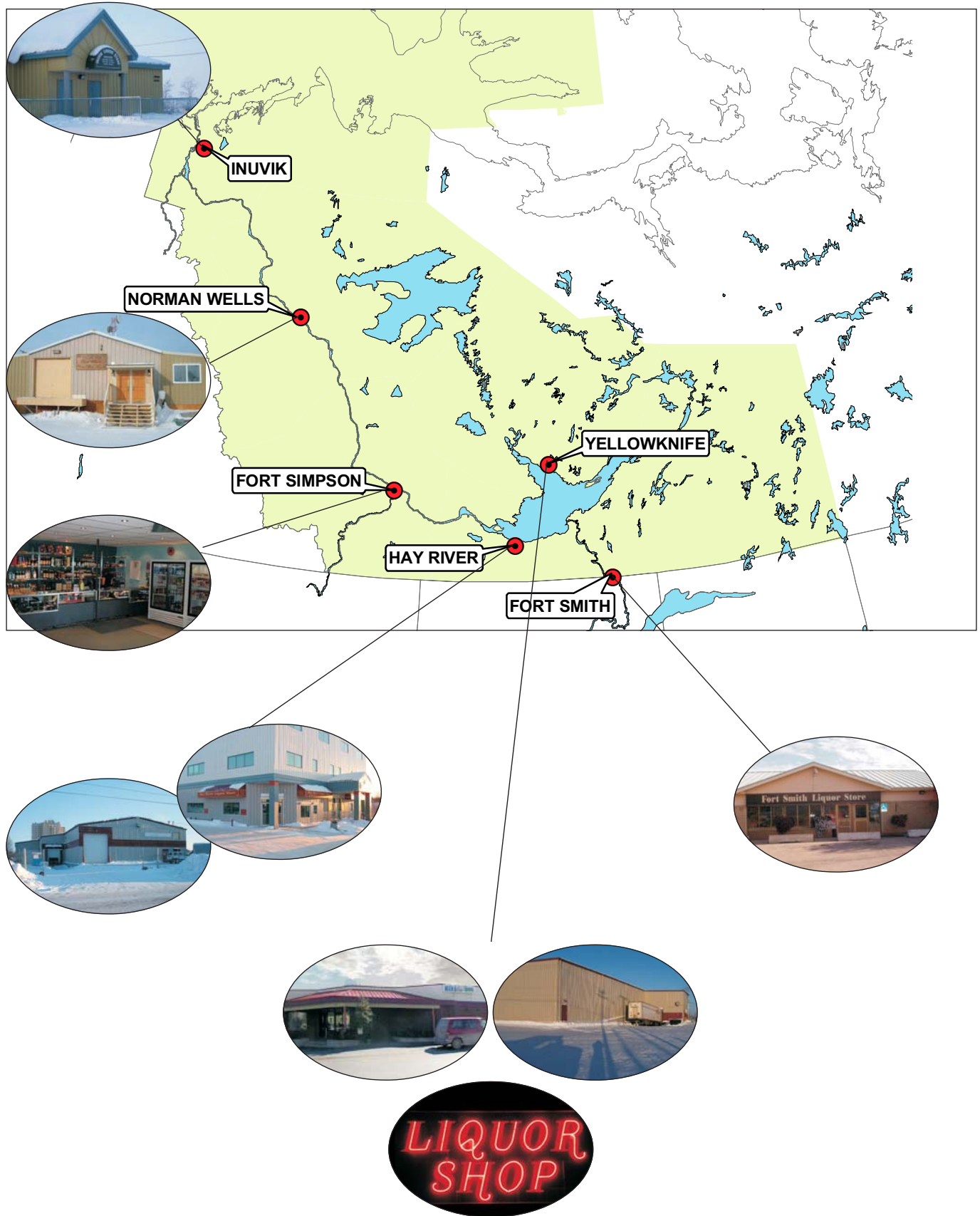
(\$000's)

	Spirits	Wine	Beer	Coolers	2010 Total	2009 Total
Sales						
Consumers	797	251	1,050	68	2,166	2,032
Licensees	60	4	208	11	283	315
	857	255	1,258	79	2,449	2,347
Cost of goods sold	248	98	472	33	851	829
Gross margin	609	157	786	46	1,598	1,518
Other income					0	0
Operating expenses					356	340
Net income					1,242	1,178

FORT SIMPSON OPERATIONS

(\$000's)

	Spirits	Wine	Beer	Coolers	2010 Total	2009 Total
Sales						
Consumers	1,074	103	767	51	1,995	1,929
Licensees	47	2	151	8	208	200
	1,121	105	918	59	2,203	2,129
Cost of goods sold	285	16	330	20	651	738
Gross margin	836	89	588	39	1,552	1,391
Other income					0	0
Operating expenses					326	319
Net income					1,226	1,072



NORTHWEST TERRITORIES LIQUOR LICENSING & 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**

NWT LIQUOR LICENSING BOARD and LIQUOR LICENSING and ENFORCEMENT

Statement of Operations

for the year ended March 31, 2010 with comparative figures for 2009

(\$000's)

	Budget 2010	2010	2009
Income			
Licensing Fees	380	341	364
Special Occasion Permits	39	37	41
Annual Licence Fees	30	31	21
Other	2	8	11
Total Income	451	417	437
Operating Expenses			
Salaries, wages & employee benefits	369	366	345
Travel	85	106	69
Honoraria	50	56	54
Other	123	104	113
Total Expenditures	627	632	581
Net Loss	(176)	(215)	(144)

LIQUOR ENFORCEMENT REPORT 2009 – 2010

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. Contract 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 inspection program targets high risk premises (those most likely to offend) for inspections more frequently than those considered to be lower risk (e.g. dining rooms).

The RCMP also conduct walkthroughs in licensed premises and at licensed special occasion functions. However, the number of times these types of inspections are done is not reported to enforcement unless there is a violation to report. There are three inspectors in Yellowknife, one inspector each in Hay River, Inuvik, Norman Wells, Fort Simpson and Fort Smith.

INSPECTION OF LICENSED PREMISES

In 2009 – 2010 a total of 913 inspections were conducted by the inspectors.

Community	Inspections	
	2010	2009
Fort Simpson	12	11
Fort Smith	148	63
Hay River	161	219
Inuvik	201	214
Norman Wells	63	189
Yellowknife	328	463
Total	913	1,158

Norman Wells was without an inspector for part of the year and as a result fewer inspections were conducted. Yellowknife, meanwhile only had one inspector available for most of the year. The RCMP are active in high risk premises in all communities where there are licensed premises, however they do not report the number of times they walk through the licensed premises.

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 unless the Liquor Licensing Board orders the licensee 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. Some of the issues covered in the training include; recognizing intoxication, identifying minors, responsible serving, managing crowd control, and liabilities.

Licensees are contacted on a regular basis and provided with up-to-date information, or sent written reminders of an ongoing nature that will assist them in complying with the *Liquor Act* and *Regulations*. Licensees also have access to a toll-free line for assistance if required. Every licensee has been provided with a licensee handbook. Permit holders are contacted prior to an event and offered training.

SERVER TRAINING COURSE PARTICIPANTS

Community	2010	2009
Fort Providence	15	16
Fort Simpson	9	0
Fort Smith	23	4
Hay River	64	22
Inuvik	45	0
Norman Wells	1	14
Yellowknife	75	50
Total	232	106

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	Sachs Harbour
Colville Lake	Hay River	Trout River
Enterprise	Inuvik	Wrigley
Fort Providence	Jean Marie River	Yellowknife
Fort Resolution	Kakisa	

RESTRICTED** COMMUNITIES INCLUDE

Behchokò	Fort Liard	Paulatuk
Deline	Fort McPherson	Tulita
Dettah	Fort Simpson*	Ulukhaktok
Fort Good Hope	Norman Wells*	Tuktoyaktuk

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

**As of March 31, 2010

Behchokò

The restriction applies to the amount of liquor an individual can possess or transport in any one-month period within a 25-km radius of the hamlet office. The amount of liquor permitted is one 750 ml container of spirits and either;

- 24 containers (355 ml) of beer;
- 12 containers (355 ml) of beer and one 750 ml container of wine, or
- two 750 ml containers of wine.

Deline

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 Deline 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;
- (d) 24 containers (355 ml) of beer and one litre of wine.

The restriction regulations authorize the Deline 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;
- (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;
 - (d) 48 containers (355 ml) of beer and two litres of wine.

Norman Wells

The restriction applies to the amount of liquor an individual can purchase at the liquor store and to the operating hours of the liquor store. On the days the stores are operating an individual may purchase either;

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

Store hours are from 5:00 p.m. to 8:00 p.m. Tuesday - Friday and from 3:00 p.m. to 7:00 p.m. on Saturday.

Fort Simpson

The restriction applies to the amount of liquor an individual can purchase at the liquor store and to the operating hours of the liquor store. On the days the stores are operating an individual may purchase either;

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

Store hours are from 3:00 p.m. to 7:00 p.m. Monday - Wednesday and 3:00 p.m. to 8:00 p.m. Thursday - Saturday.

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 anytime, 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 750 ml of spirits;
- (e) 1175 ml of spirits.

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 anytime, 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;
- (d) 24 containers (355 ml) of beer and one litre of wine.

Uluhaktok

The restriction prohibits an individual from bringing into the community in any seven-day period, and from possessing at anytime, 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;
- (e) 1775 ml of spirits of hard liquor.

The restriction regulations authorize the Uluhaktok 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 anytime 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;
- (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

Gamètì	Nahanni Butte	Wekweètì
Lutsel'Ke	Tsiigehtchic	Whatì

**NORTHWEST TERRITORIES
LIQUOR LICENSING BOARD**

2009 – 2010

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, 2010)

Chairperson:	Mr. Don Kindt	Yellowknife
Members:	Mrs. Sherry Hodgson	Norman Wells
	Mr. Stanley Jones	Hay River
	Mr. Albert Monchuk	Fort Smith
	Mrs. Lorna Skinner	Yellowknife
	Mr. Wayne Smith	Inuvik

MEETINGS AND/OR PUBLIC HEARINGS

During 2009 - 2010 the Board held meetings and/or hearings in Yellowknife, Hay River, Fort Smith, Inuvik, and Norman Wells as well as by teleconference.

The Board holds application hearings to consider new applications for liquor licenses and to transfer existing liquor licenses, as well as to consider requests from licensees for exemptions to the *Liquor Act and Regulations* where it is in the Board's power to do so.

The Board holds compliance hearings to determine if a licensee's liquor license will be suspended cancelled or a lesser penalty imposed when allegations of violations against the *Liquor Act or Regulations* are reported.

The Board holds administrative meetings to review; correspondence sent on their behalf, approvals done on their behalf, policy, and any other issue brought forward for Board attention or review of an administrative nature.

NWT LIQUOR LICENSES

There are four classes of licence 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 classes of licenses were in effect in the following communities on March 31, 2010.

Community	Class A	Class B	Class C	Class D
Fort Providence	2	1	-	-
Fort Simpson	2	1	-	2
Fort Smith	3	1	-	6
Hay River	3	6	-	6
Inuvik	3	4	-	4
Norman Wells	4	4	-	2
Yellowknife	18	21	1	9
Total	35	38	1	29

LIQUOR LICENSING BOARD COMPLIANCE HEARINGS

The Liquor Licensing Board is a quasi-judicial board that has the power to bring licensees to a Compliance Hearing to determine why their liquor license 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 licensees appeared before the Liquor Licensing Board at a Compliance Hearing during the period of April 1, 2009 to March 31, 2010. Dispositions vary according to the specifics of each case.

COMPLIANCE HEARINGS

Hearing Date, Licensee, Location	Violation/Allegation	Disposition
April 27, 2009 953781 NWT LTD. o/a After 8 Neighbourhood Billiard Room Yellowknife NT	The licensee was found to be in violation of section 77. (1) of the <i>Liquor Act</i> (no person shall sell or supply liquor to a minor).	The liquor licence was suspended for one day and the licensee was fined \$500.
April 28, 2009 Royal Canadian Legion Fort Smith NT	The licensee was found to be in violation of section 62. (1) of the <i>Liquor Regulations</i> (made structural alterations without first obtaining the approval of the Board).	The liquor licence was suspended for three days and the licensee was fined \$300.
April 29, 2009 Frosty's Arctic Pub & Apartment Hotel LTD o/a Mad Trapper Inuvik NT	The licensee was found in violation of section 92 of the <i>Liquor Regulations</i> (allowed an intoxicated person to enter or remain in the licensed premises).	The liquor licence was suspended for two days and the licensee was fined \$500.
May 25, 2009 4578 NWT LTD. o/a Hot Shots Pub & Grub Yellowknife NT	The licensee was found in violation of section 93 of the <i>Liquor Act</i> (sold or served liquor to an intoxicated person).	The liquor licence was suspended for two days and the licensee was fined \$750.

<p>June 24, 2009</p> <p>Rayuka Inn o/a Boilerhouse Lounge</p> <p>Norman Wells NT</p>	<p>Count #1: The licensee was found in violation of section 28 of the <i>Liquor Regulations</i> (operating outside of operating hours).</p> <p>Count #2: The licensee was found in violation on two counts of section 92 of the <i>Liquor Act</i> (allowed an intoxicated person to enter or remain in a licensed premises).</p> <p>Count #3: The licensee was found in violation of section 33. (3) of the <i>Liquor Regulations</i> (allowed a patron to remove liquor from the premises).</p>	<p>The liquor licence was suspended for ten days and the licensee was fined \$3000 for all counts.</p>
<p>June 25, 2009</p> <p>Frosty's Arctic Pub & Apartment Hotel LTD. o/a Mad Trapper</p> <p>Inuvik NT</p>	<p>Count #1: The licensee was found in violation of section 93 of the <i>Liquor Act</i> (sold or served liquor to an intoxicated person).</p> <p>Count #2: The licensee was found in violation of section 92 of the <i>Liquor Act</i> (allowed an intoxicated person to enter or remain in a licensed premises).</p>	<p>The liquor licence was suspended for five days and the licensee was fined \$2000.</p>
<p>October 20, 2009</p> <p>4884 NWT LTD. o/a Hogie's Pub, Grill and Bistro</p> <p>Hay River NT</p>	<p>Count#1: The licensee allegedly violated section 33 of the <i>Liquor Regulations</i> (allowed a person to consume liquor in a licensed premise that was not obtained from the licence holder).</p> <p>Count #2: The licensee was found in violation of section 92 of the <i>Liquor Act</i> (allowed an intoxicated person to enter or remain in a licensed premises).</p>	<p>1) The licensee showed cause on Count #1.</p> <p>2) The liquor licence was suspended for two days on Count #2.</p>
<p>February 23, 2010</p> <p>JJ's Rock n' Roll Lounge LTD.</p> <p>Fort Smith NT</p>	<p>The licensee was found to be in violation of section 92 of the <i>Liquor Act</i> (allowed an intoxicated person to remain on the premises).</p>	<p>The liquor licence was suspended for one day and the licensee was fined \$500.</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 2009 - 2010 there were 361 ordinary and resale permits issued across the Northwest Territories.

PERMITS ISSUED

Community	2010		2009	
	Resale	Ordinary	Resale	Ordinary
Fort Smith	24	5	17	19
Fort Simpson	13	5	7	9
Hay River	83	9	78	20
Inuvik	39	8	37	4
Norman Wells	26	2	39	16
Yellowknife	72	88	78	111
Total	248	113	256	169

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 licensees and the general public.

AUDITED FINANCIAL STATEMENTS 2009 – 2010

The financial transactions for the operation of the Northwest Territories Liquor Licensing Board and Liquor Licensing and Enforcement are processed and administrated through the Northwest Territories Liquor Commission. The audited financial statements are therefore a consolidation of the financial activities incurred to administer Part I as well as Part II of the *Liquor Act*.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Financial Statements

Year ended March 31, 2010

NORTHWEST TERRITORIES LIQUOR COMMISSION

Index to Financial Statements

March 31, 2010

Management's Responsibility for Financial Reporting

Auditor's Report

Statement of Financial Position	42
Statement of Accumulated Surplus	43
Statement of Operations	44
Statement of Change in Net Financial Resources.....	45
Statement of Cash Flow.....	46
Notes to Financial Statements.....	47

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) for the public sector. Where GAAP permits alternative accounting methods, management has chosen those that are most appropriate. Where required, management's judgments and best estimates 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 Commission complies with all statutory requirements.

The Auditor General of Canada 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, she also examines transactions that have come to her notice, to ensure they are, in all significant respects, in accordance with the statutory authorities of the Commission.



Kyle Reid
General Manager

May 14, 2010



Bureau du vérificateur général du Canada
Office of the Auditor General of Canada

AUDITOR'S REPORT

To the Minister of Finance

I have audited the statement of financial position of the Northwest Territories Liquor Commission as at March 31, 2010 and the statements of accumulated surplus, operations, change in net financial resources and cash flow for the year then ended. These financial statements are the responsibility of the Commission's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2010 and the results of its operations, the change in its net financial resources and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act* of the Northwest Territories, I report that, in my opinion, these principles 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 Commission and the financial statements are in agreement therewith. In addition, the transactions of the Commission 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* and regulations.

A handwritten signature in black ink, appearing to read 'Guy LeGras'.

Guy LeGras, CA
Principal
for the Auditor General of Canada

Edmonton, Canada
May 14, 2010

NORTHWEST TERRITORIES LIQUOR COMMISSION

Statement of Financial Position

As at March 31 (\$000)	2010	2009
Financial assets		
Cash	\$ 2,710	\$ 2,715
Inventories for resale (note 3)	3,539	3,366
	<u>6,249</u>	<u>6,081</u>
Liabilities		
Accounts payable and accrued liabilities	2,262	2,319
Pension and other employee benefits (note 4)	80	73
	<u>2,342</u>	<u>2,392</u>
Net financial resources	<u>3,907</u>	<u>3,689</u>
Non-financial assets		
Tangible capital assets (note 5)	231	371
Prepaid expenses	37	34
	<u>268</u>	<u>405</u>
Accumulated surplus	<u>\$ 4,175</u>	<u>\$ 4,094</u>

Contractual obligations (note 8)

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

Approved by management:



 Kyle Reid
 General Manager

NORTHWEST TERRITORIES LIQUOR COMMISSION**Statement of Accumulated Surplus**

For the year ended March 31 (\$000)	2010		2009	
Accumulated surplus, beginning of year	\$	4,094	\$	4,092
Add: Annual surplus		23,303		22,655
<u>Less: Amounts transferred to the Consolidated Revenue Fund</u>		<u>(23,222)</u>		<u>(22,653)</u>
Increase in accumulated surplus		81		2
Accumulated surplus, end of year	\$	4,175	\$	4,094

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

NORTHWEST TERRITORIES LIQUOR COMMISSION

Statement of Operations

For the year ended March 31 (\$000)	2010	2010	2009
	Budget	Actual	Actual
Sales			
Beer	\$ 19,965	\$ 19,203	\$ 19,283
Spirits	19,122	18,312	18,324
Wine	5,754	5,894	5,654
Coolers and ciders	1,495	1,371	1,388
	46,336	44,780	44,649
Cost of goods sold			
Beer	8,306	8,016	8,334
Spirits	5,354	5,101	5,465
Wine	2,567	2,666	2,767
Coolers and ciders	698	599	623
	16,925	16,382	17,189
Gross profit on sales	29,411	28,398	27,460
Other income			
License fees and permits (note 6)	451	417	437
Import fees and other income	5	6	6
	456	423	443
Expenses (notes 6 and 7)			
Commissions to agents	3,237	3,178	3,082
Salaries, wages and employee benefits	1,405	1,333	1,267
Administration	506	518	408
Amortization of tangible capital assets	180	158	181
Travel	142	146	123
Rent	103	97	97
Board member honoraria	50	56	54
Inspectors' fees	35	32	36
	5,658	5,518	5,248
Annual surplus	\$ 24,209	\$ 23,303	\$ 22,655

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

NORTHWEST TERRITORIES LIQUOR COMMISSION**Statement of Change in Net Financial Resources**

For the year ended March 31 (\$000)	2010		2010		2009	
	Budget		Actual		Actual	
Net financial resources, beginning of year	\$ 3,689	\$	3,689	\$	3,569	
Items affecting net financial resources:						
Increase in accumulated surplus	2		81		2	
Net investment in tangible capital assets						
Acquisitions	(20)		(18)		(55)	
Amortization Expense	180		158		181	
(Increase) in prepaid expenses	(8)		(3)		(8)	
Net financial resources, end of year	\$ 3,843	\$	3,907	\$	3,689	

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

NORTHWEST TERRITORIES LIQUOR COMMISSION**Statement of Cash Flow**

For the year ended March 31 (\$000)	2010	2009
Operating transactions		
Cash received from customers	\$ 45,203	\$ 45,095
Cash paid to employees and suppliers	(21,968)	(23,119)
Cash provided by operating activities	23,235	21,976
Capital transactions		
Purchase of tangible capital assets	(18)	(55)
Financing transactions		
Cash transferred to the Consolidated Revenue Fund	(23,222)	(22,653)
Increase (decrease) in cash	(5)	(732)
Cash, beginning of year	2,715	3,447
Cash, end of year	\$ 2,710	\$ 2,715

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

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements

March 31, 2010 (\$000)

1. Authority and operations

The Northwest Territories Liquor Commission (the "Commission") was established under the *Liquor Act* (the "Act") for the purposes of operating liquor stores and distributing liquor in the Northwest Territories (NWT). The NWT Liquor Licensing Board (Board) was also established under the same 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 activities of the Board are administered by 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 may also receive a working capital advance from the Consolidated Revenue Fund (CRF) of the Government of the NWT Territories 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, 2010, the Fund's assets exceeded the liabilities by \$ 3,907 \$ (2009 - \$3,689).

The Commission and the Board are not considered to be separate legal entities apart from the Department of Finance of the NWT and are also not subject to the requirements of the *Income Tax Act*.

2. Significant accounting policies

(a) Basis of presentation

The financial statements of the Commission 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 Northwest Territories Liquor Licensing Board which have been combined with the activities of the Commission in the Statement of Operations and which are also disclosed separately in note 6 of the financial statements.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements

March 31, 2010 (\$000)

2. Significant accounting policies (continued)

(b) Measurement uncertainty

The preparation of financial statements in accordance with GAAP 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.

(c) Revenue recognition

The Commission recognizes revenue on an accrual basis (i.e. when the goods are shipped and the customer assumes all risks of ownership and the collection of any amounts receivable is considered probable).

(d) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. Cost includes invoiced cost, freight, duties and taxes.

(e) Tangible capital assets

Tangible capital assets are recorded at cost. Amortization is determined on a straight-line basis using the following rates:

Asset	Rate
Furniture and fixtures	20%
Computer hardware and software	30%
Leasehold improvements	Over the life of the lease and any additional renewal period

(f) Pension benefits

All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The Commission's contributions reflect the full cost as employer. This amount is currently based on a multiple of an employee's required contributions, and may change over time depending on the experience of the Plan. The Commission's contributions are expensed during the year in which the services are rendered and represent the total pension obligation of the Commission. The Commission is not currently required to make contributions with respect to actuarial deficiencies of the Public Service Pension Plan.

(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.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements

March 31, 2010 (\$000)

(h) Future accounting changes

During the current year PSAB approved new standards on liabilities for contaminated sites and tax revenues. As at March 31, 2010 these standards were not yet in force. The future accounting implications of these new standards on the Commission are not expected to be significant.

3. Inventories for resale

	2010	2009
Spirits	\$ 1,465	\$ 1,430
Beer	1,310	1,231
Wine	629	561
Coolers and ciders	135	144
	\$ 3,539	\$ 3,366

4. Pension and other employee benefits

a) Pension benefits:

The Commission and all eligible employees contribute to the Public Service Pension Plan. This pension plan provides benefits based on years of service and average earnings at retirement. The benefits are fully indexed to the increase in the consumer price index. The Commission's and employees' contributions to the Public Service Pension Plan for the year were as follows:

	2010	2009
Commission's contributions	\$ 119	\$ 117
Employees' contributions	59	55

b) Severance and removal benefits

The Commission provides severance benefits to its employees based on years of service and final salary. The Commission 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:

	2010	2009
Accrued benefit obligation, beginning of year	\$ 73	\$ 76
Cost (recoveries) for the year	12	(3)
Benefits paid during the year	(5)	-
Accrued benefit obligation, end of year	\$ 80	\$ 73

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements

March 31, 2010 (\$000)

5. Tangible capital assets

	Furniture and fixtures	Computer hardware and software	Leasehold improvements	2010	2009
Cost:					
Opening balance	\$ 92	\$ 583	\$ 205	\$ 880	\$ 829
Acquisitions	-	18	-	18	55
Disposals and write-downs	-	-	-	-	(4)
Closing balance	\$ 92	\$ 601	\$ 205	\$ 898	\$ 880
Accumulated Amortization:					
Opening balance	(65)	(345)	(99)	(509)	(332)
Amortization	16	(205)	31	(158)	(181)
Disposals and write-downs	-	-	-	-	4
Closing balance	(49)	(550)	(68)	(667)	(509)
Net book value	\$ 43	\$ 51	\$ 137	\$ 231	\$ 371

NORTHWEST TERRITORIES LIQUOR COMMISSION**Notes to Financial Statements****March 31, 2010 (\$000)****6. Liquor Licensing Board of the Northwest Territories**

The revenues and expenses of the Board are as follows:

	2010	2009
Revenues:		
Licensee fees	\$ 341	\$ 364
Special occasion permits as opposed to licenses	37	41
Annual license fees	31	21
Other	8	11
	<u>417</u>	<u>437</u>
Expenses:		
Salaries, wages and benefits	366	345
Travel	106	69
Honoraria	56	54
Other	104	113
	<u>632</u>	<u>581</u>
Net loss	\$ (215)	\$ (144)

The net loss is funded by the Government of the NWT.

7. Related party transactions

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

The Government of the NWT provides the following services on behalf of the Commission:

	2010	2009
Provision of salaries, wages and employee benefits	\$ 1,336	\$ 1,228
Administrative services (legal services and other costs)	84	72
	<u>\$ 1,420</u>	<u>\$ 1,300</u>

The cost of these services has been recognized on the statement of operations.

Included in accounts payable and accrued liabilities is an amount of \$195 (2009 - \$189) for bottle deposits payable to Environment and Natural Resources and \$9 (2009 - \$12) for other government departments.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements

March 31, 2010 (\$000)

8. Contractual obligations

The Commission has a five year lease agreement ending April 30, 2011 for its office premises. The minimum annual payments for the lease over the next two years are:

Year ending March 31:

2011	82
2012	7
	<hr/>
	\$ 89

Annual lease payments for the office premises include operating costs and property taxes which are subject to annual increases based on the consumer price index and adjustments for property tax assessments.

9. Comparative figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.