

# 70th Annual Report

## 2023–2024



**NORTHWEST TERRITORIES  
LIQUOR AND  
CANNABIS  
COMMISSION**

Photo credit:  
JCVossler

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Government of  
Northwest Territories

July 30, 2024

MEMBERS OF LEGISLATIVE ASSEMBLY

**NWT Liquor & Cannabis Commission Annual Report**

I am pleased to present, for the information of the Members of the Legislative Assembly, the seventieth Annual Report for the Northwest Territories Liquor & Cannabis Commission for the fiscal year ending March 31, 2024.

A handwritten signature in black ink, appearing to read 'Caroline Wawzonek'.

Caroline Wawzonek  
Minister Responsible for the  
NWT Liquor Commission

Attachment



HONOURABLE CAROLINE WAWZONEK  
MINISTER OF FINANCE

**NWT Liquor & Cannabis Commission**

Pursuant to Subsection 64 (1) of the Liquor Act, we are pleased to submit the seventieth Annual Report of the Northwest Territories Liquor & Cannabis Commission for the fiscal year ending March 31, 2024.

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

A handwritten signature in black ink, appearing to read "Kim Wilkins".

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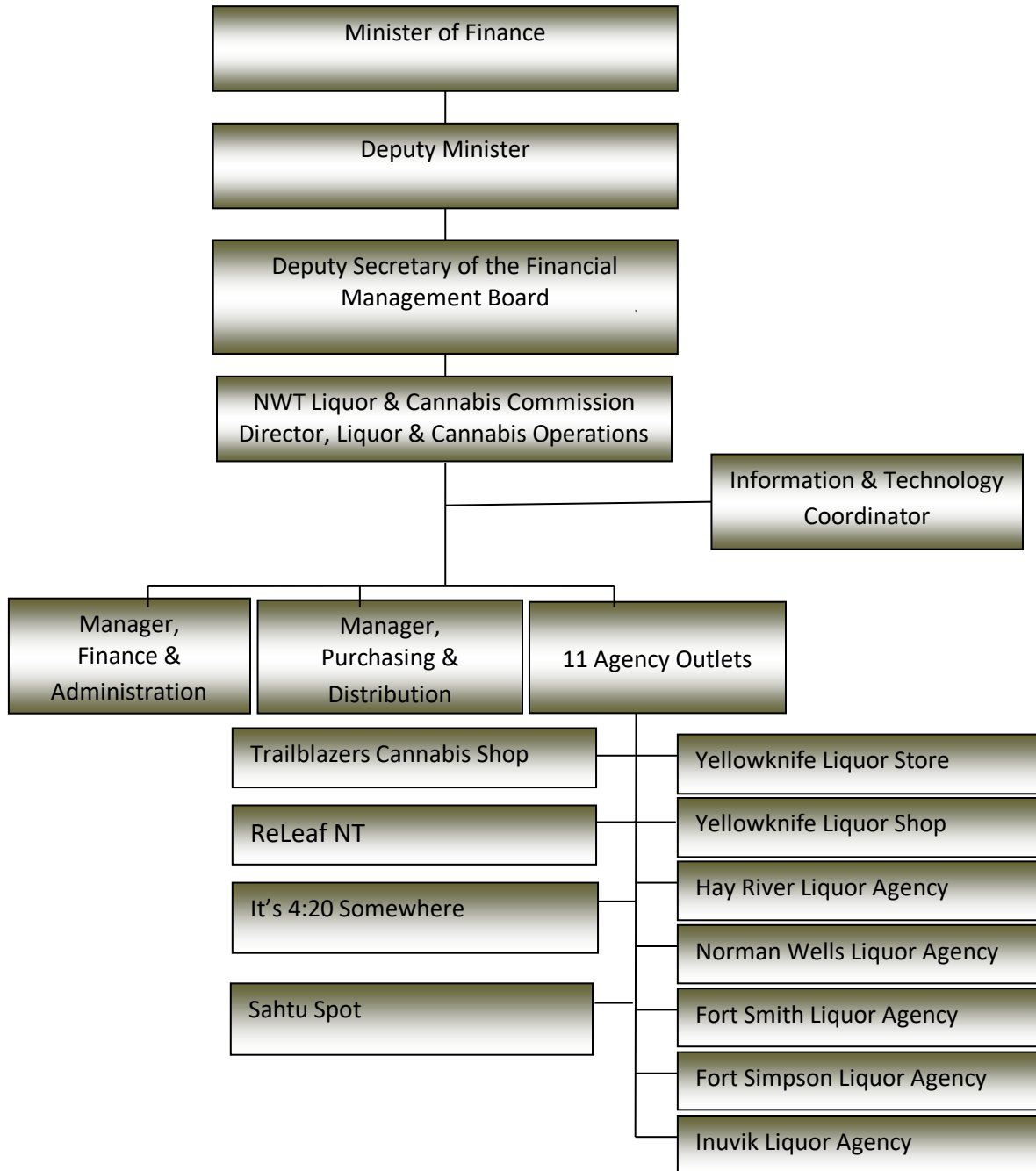
Kim Wilkins  
Director, Liquor & Cannabis Operations  
NWT Liquor & Cannabis Commission

A handwritten signature in black ink, appearing to read "William MacKay".

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William MacKay  
Deputy Minister  
Department of Finance

## Organization Chart





# Northwest Territories Liquor & Cannabis Commission

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# Report on Liquor





## Director of Liquor & Cannabis Operations' Report

The Northwest Territories Liquor & Cannabis Commission (NTLCC) is established under the *Liquor Act*. The *Liquor Act* and the *Cannabis Products Act* of the Northwest Territories authorizes the NTLCC to purchase, sell, classify, and distribute liquor and cannabis in the Northwest Territories.

The 2023-2024 fiscal year showed a sales decrease of (6.76%) over the prior fiscal year at \$51 million in liquor sales. The overall volume of liquor sold, in litres, decreased by (9.19%) over 2022-2023. Subsequently, the annual surplus for liquor was 4.23% below budget targets. The decrease in sales can be attributed to the multiple evacuations within several NWT communities which resulted in four of our seven stores closed anywhere between 4-8 weeks.

Cannabis sales increased over 2022-23 by 11.5%, at \$8.4 million in cannabis sales. Product selection and supply continue to improve across Canada.

Combined sales for liquor and cannabis products of \$59 million provided a total of \$22.8 million dividend payment to the Government of the Northwest Territories.

Sale and distribution of liquor is carried out through a network consisting of seven retail outlets, which are contracted to private sector operators. Two of the seven retail outlets also sell cannabis. There is one private cannabis store in Hay River, one private store in Norman Wells and two in Yellowknife; one which also has a website offering an online option to NWT residents to purchase legal cannabis products.

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

1. Efficient operation, and compliance with legislation, regulation, and policy;
2. Social Responsibility; and
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.

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

A handwritten signature in black ink, appearing to read "Kim Wilkins".

Kim Wilkins  
Director Liquor & Cannabis Operations

## Mandate

### 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.

## Operations

To respond to the needs and concerns of our customers and stakeholders in the fiscal year 2023–2024 we:

- Delivered a wide variety of quality beverage alcohol products through our network of stores.
- Promoted safe and responsible use of beverage alcohol.

## Strategic Objectives

### Goal #1 – Management & Compliance

Operations are managed efficiently and comply with legislation, regulation, and policy.

### Performance Highlights

The operational structure of the NTLCC is designed to deliver optimal service levels for the best possible costs and consists of a headquarters administrative staff of ten and a network of seven stores - operated by private contractors.

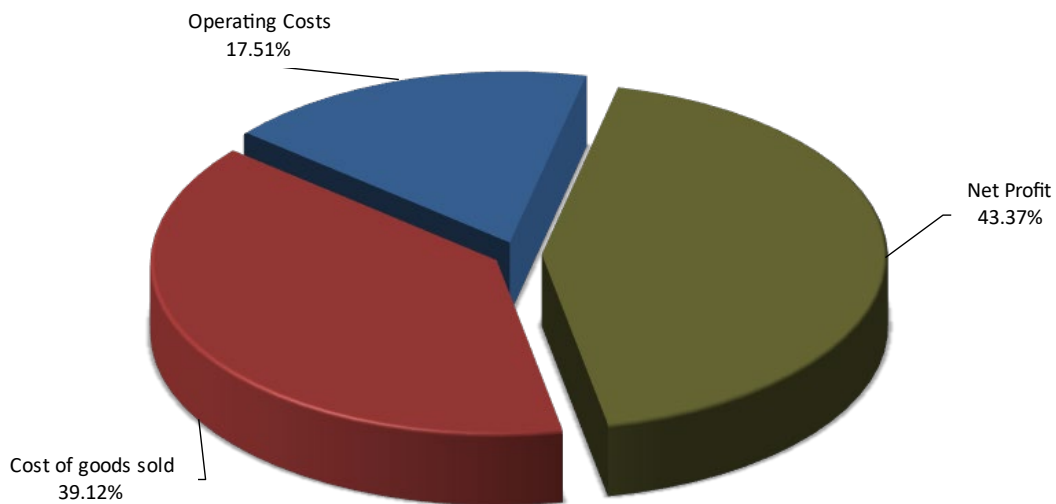
All seven of the private agency stores operate with inventory on consignment from the Commission. Sales to consumers and licensees are incurred through sales by the consignment stores.

Operational compliance with contracts, regulation and legislation by the store operators was maintained throughout the year. The operations of all liquor outlets are monitored monthly and visited periodically by headquarters management.

## Application of Revenues

The cost to deliver the sales and administration throughout the year was 17.51% of sales revenue, of which 14.15% was paid to liquor store contractors in Commissions.

for the year ended March 31, 2024



### Goal #2 – Social Responsibility

Actively and continuously promote the responsible use of alcohol.

### Performance Highlights

Liquor server training is mandatory in all NWT liquor stores. The SafeServe Certification Program is available online and is open to anyone working in the liquor server industry or those seeking employment as a liquor server.

## Social Responsibility, cont.

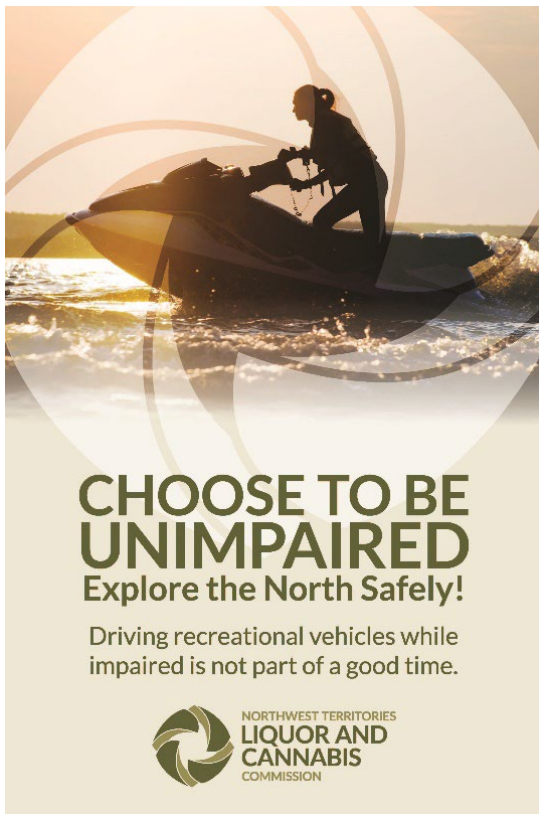
The Check 25 program is intended to strengthen controls concerning service to minors. The program conditions our customers to expect to be asked for proof of identification if they appear to be under the age of 25.

The NTLCC applies warning labels to beverage alcohol containers. The labels warn of the Dangers of Alcohol Consumption during pregnancy, and while driving.

Reusable bags are available in our liquor stores as an alternative to single use paper or plastic bags.

The NTLCC participates with the Canadian Association of Liquor Jurisdictions (CALJ) Social Responsibility Committee in support of socially responsible liquor retailing on a nationwide basis. NTLCC works with other jurisdictions to monitor trends, work collaboratively, facilitate cross-jurisdictional activities where opportunities exist for efficiency/effectiveness, share campaign initiatives, exchange information, present best practices and discuss themes or trends emerging in the field.

We continue to promote awareness that drinking and driving extends to the use of recreational vehicles, through our Choose to be Unimpaired posters.



### Social Responsibility, cont.

The NTLCC promotes increased awareness of Canada’s Low-Risk Drinking Guidelines; Stores make available pamphlets and display posters as provided by the Canadian Centre on Substance Use and Addictions.

The NTLCC, in partnership with the Foster Family Coalition, Mom's Boobs & Babies, and the Government of the NWT launched the joint FASD Awareness Campaign.

We provided the posters to communities to display in Liquor Stores, Licensees (who agreed to participate), Recreational Centres, Community Offices, and any other location that would have an impact on residents.



The NTLCC assists with annual sponsoring of the Foster Family Coalition of the NWT FASD Awareness Day activities on Sept 9.

The NTLCC continued their “Moderation is always in Good Taste! – Drink Responsibly” campaign with My True North Now radio station during 2023-24.

### Goal #3 – Financial Targets

Meet financial income targets.

### Performance Highlights

An extremely active fire season and extended evacuations in many of the NWT’s largest communities resulted in a decline in sales volumes of (6.76%).

Overall litre sales were down (9.19%) with decreases in all categories. The NTLCC annual surplus was (8.27%) below the previous fiscal year.

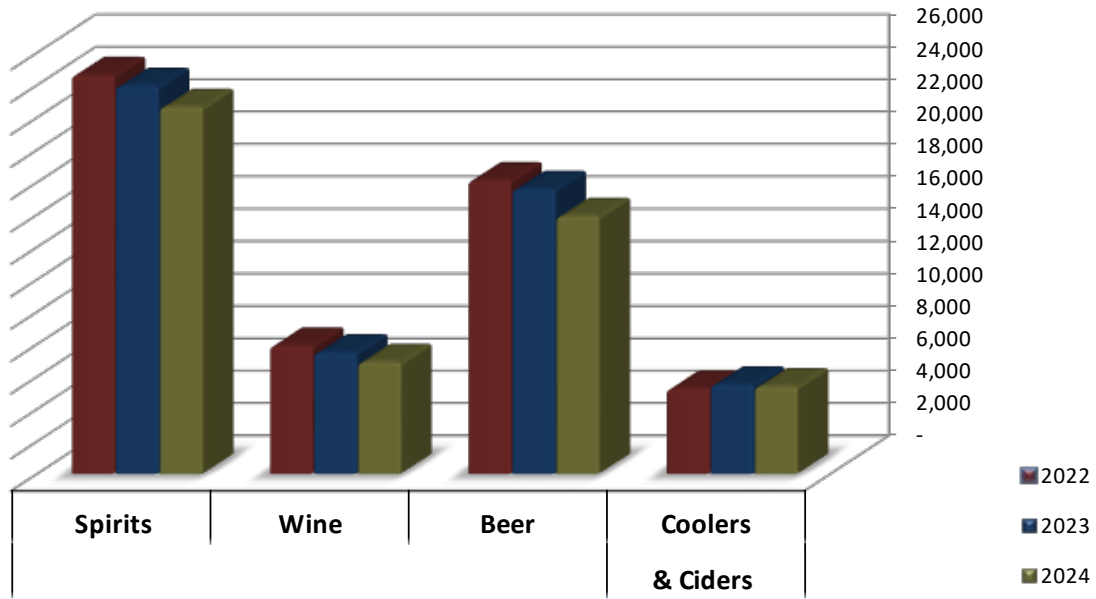
### Five Year Performance History

for the year ending March 31  
(000's)

	2024	2023	2022	2021	2020
<b>Gross Sales</b>	50,697	54,374	55,741	60,865	52,508
<b>Gross Profit</b>	30,860	33,594	34,892	38,638	33,310
<b>as a % of sales</b>	60.9%	61.8%	62.6%	63.5%	63.4%
<b>Other Income</b>	8	15	6	19	28
<b>Net Surplus</b>	21,989	23,972	25,721	29,338	24,652
<b>as a % of sales</b>	43.4%	44.1%	46.1%	48.2%	47.5%
<b>Operating Expenses</b>	8,879	9,637	9,177	9,319	8,686
<b>as a % of sales</b>	17.5%	17.7%	16.5%	15.3%	16.5%

### Three Year Dollar Sales by Category

Gross Dollar Sales had an over-all decrease of (6.76%) from 2023; with decreases in the Spirits (5.43%), Wine (7.95%), Beer (9.53%) and Coolers & Ciders (2.13%).



### Three Year Dollar Sales by Category

for the year ending March 31

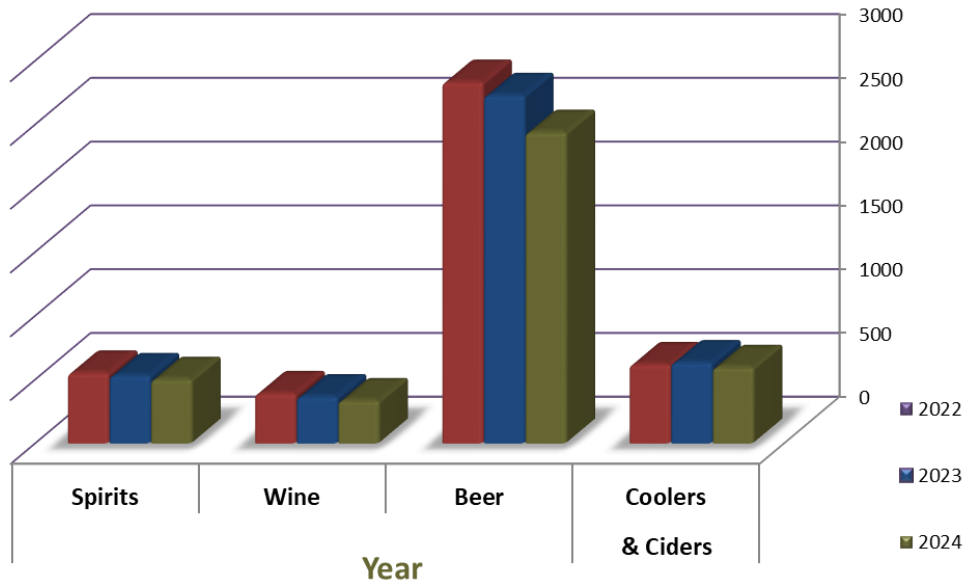
(000's)

	Spirits	Wine	Beer	& Ciders Coolers	Total
2022	24,575	7,875	18,078	5,213	55,741
2023	23,904	7,453	17,545	5,472	54,374
2024	22,607	6,861	15,873	5,356	50,697



### Three Year Litre Sales by Category

Litre Sales had an overall decrease of (9.19%) from 2023. There was a decline in Spirits (5.74%), Wine (8.68%), Beer (10.66%) and Coolers & Ciders (5.93%).



### Three Year Litre Sales by Category

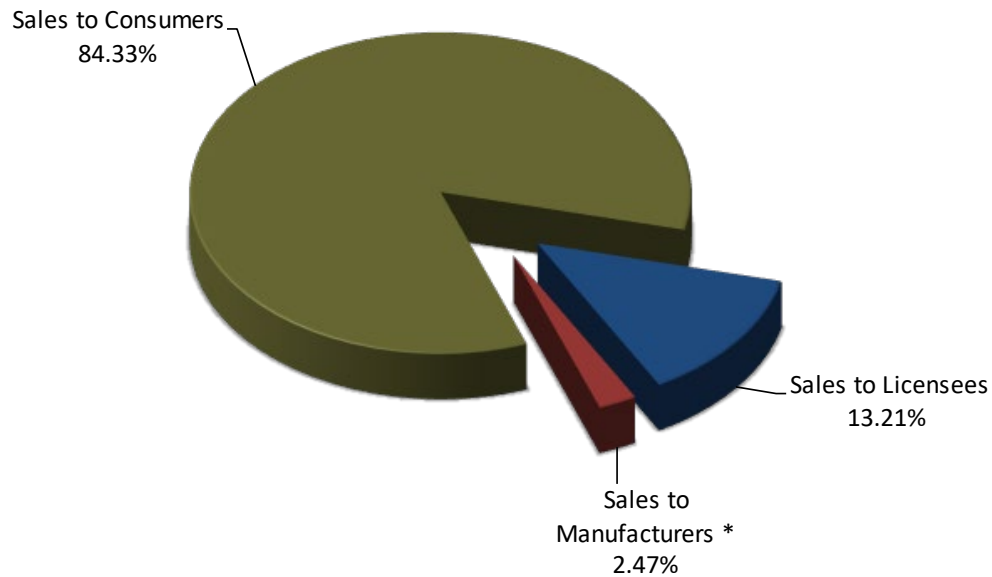
for the year ending March 31  
(000's)

	Spirits	Wine	Beer	Coolers & Ciders	Total
2022	543	382	2,823	609	4,357
2023	523	357	2,720	624	4,224
2024	493	326	2,430	587	3,836

## Litre Sales by Distribution Channel

Litre Sales by Distribution decreased in all categories in 2023. There was a decrease in Consumer Sales of (9.70%), Licensee Sales (6.70%), and Manufacturer Sales (4.46%).

for the year ended March 31, 2024



\* Manufacturer's license markup; per the Liquor Regulations (4.1) A licence holder referred to in paragraph (4)(a) or (b) who sells liquor directly to patrons in the Northwest Territories is deemed to have first sold the liquor to the Commission and purchased it back from the Commission.

## Three Year Litre Sales by Distribution Channel

for the year ending March 31

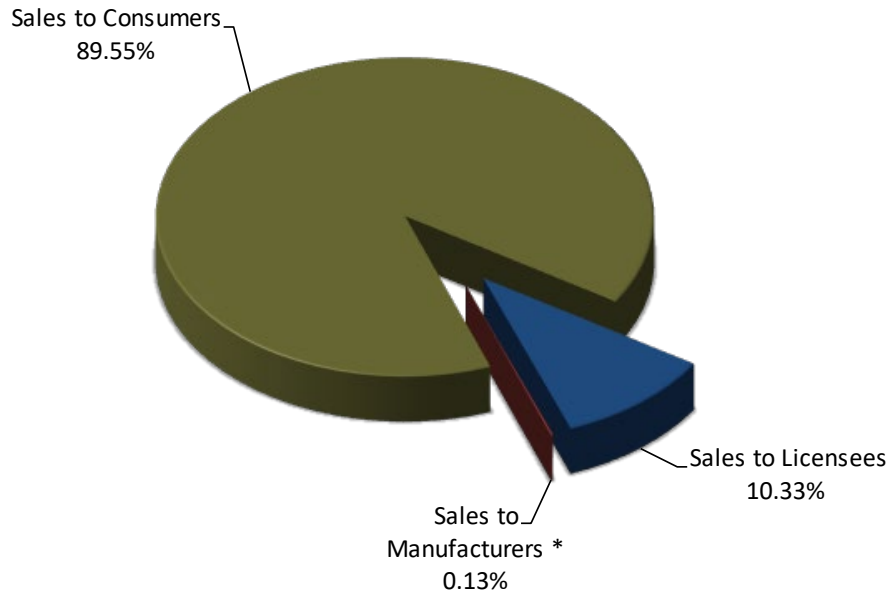
(000's)

	2024	2023	2022
Sales to Consumers	3,235	3,582	3,802
Sales to Licensees	507	543	469
Sales to Manufacturers *	95	99	87
<b>Total</b>	<b>3,836</b>	<b>4,224</b>	<b>4,358</b>

## Dollar Sales by Distribution Channel

Gross Dollar Sales by Distribution decreased from 2023. Consumer Sales decreased (6.99%), Licensee Sales decreased (4.89%), while Manufacturer Sales increased 3.23%.

for the year ended March 31, 2024



\* Manufacturer's license markup; per the Liquor Regulations (4.1) A licence holder referred to in paragraph (4)(a) or (b) who sells liquor directly to patrons in the Northwest Territories is deemed to have first sold the liquor to the Commission and purchased it back from the Commission.

## Three Year Dollar Sales by Distribution Channel

for the year ending March 31

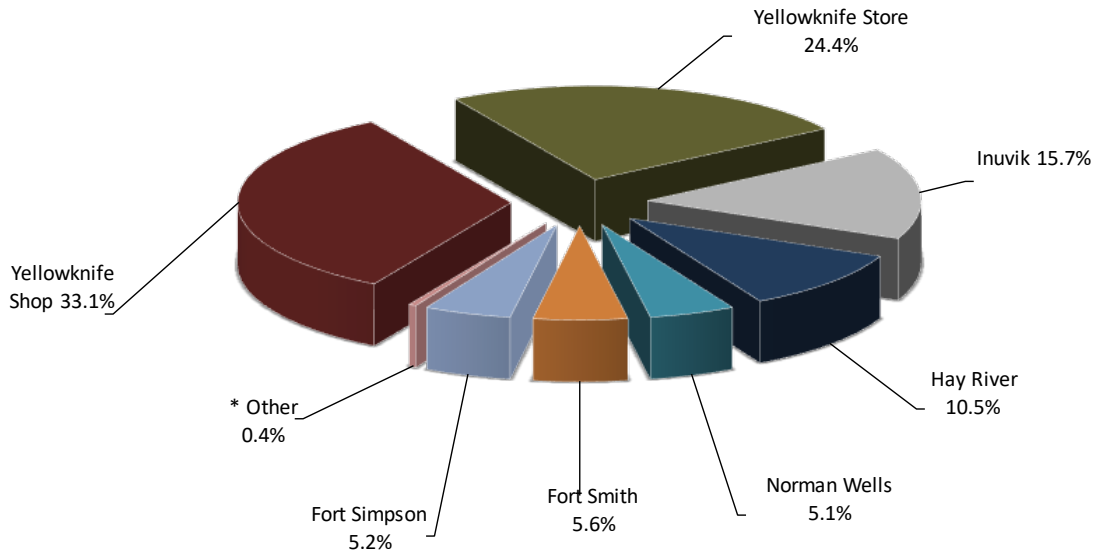
(000's)

	2024	2023	2022
Sales to Consumers	45,397	48,807	51,048
Sales to Licensees	5,236	5,505	4,635
Sales to Manufacturers *	64	62	58
<b>Total</b>	<b>50,697</b>	<b>54,374</b>	<b>55,741</b>

## Store Operations

### Location Sales

for the year ending March 31, 2024



### Sales by Location

for the year ending March 31

(000's)

	2024	2023	2022	2021	Increase (Decrease)
Yellowknife Shop	16,790	18,157	17,864	18,951	(1,367)
Yellowknife Store	12,392	13,262	13,444	15,724	(870)
Inuvik	7,975	7,876	8,145	8,420	99
Hay River	5,315	6,272	7,217	8,057	(957)
Norman Wells	2,571	2,588	2,417	2,755	(17)
Fort Smith	2,816	3,264	3,304	3,477	(448)
Fort Simpson	2,613	2,616	3,036	3,177	(3)
* Other	225	339	314	304	(114)
<b>Total</b>	<b>50,697</b>	<b>54,374</b>	<b>55,741</b>	<b>60,865</b>	<b>(3,677)</b>

\* Other consists of miscellaneous sales that do not conform to the prescribed commission sales.

## Statement of Operations by Location

(for the year ended March 31, 2024 with comparative figures for 2023)  
 (revenue and expenses directly related to sales per location)

### Yellowknife Shop (\$000's)

					2024	2023
	Spirits	Wine	Beer	Coolers	Total	Total
<b>Sales</b>						
Consumers	5,837	2,245	4,145	1,573	13,800	14,970
Licensees	832	491	1,386	281	2,990	3,188
	6,669	2,736	5,531	1,854	16,790	18,158
Cost of goods sold	2,227	1,365	2,451	860	6,903	7,370
Gross margin	4,442	1,371	3,080	994	9,887	10,788
Other income					-	-
Operating expenses					2,438	2,810
Net income					7,449	7,978

### Yellowknife Store (\$000's)

					2024	2023
	Spirits	Wine	Beer	Coolers	Total	Total
<b>Sales</b>						
Consumers	5,985	2,323	3,071	1,013	12,392	13,262
Licensees	-	-	-	-	-	-
	5,985	2,323	3,071	1,013	12,392	13,262
Cost of goods sold	1,872	1,105	1,372	463	4,812	5,047
Gross margin	4,113	1,218	1,699	550	7,580	8,215
Other income					-	-
Operating expenses					1,335	1,283
Net income					6,245	6,932

## Statement of Operations by Location, Cont.

(for the year ended March 31, 2024 with comparative figures for 2023)  
(revenue and expenses directly related to sales per location)

### Inuvik Operations (\$000's)

	Spirits	Wine	Beer	Coolers	2024 Total	2023 Total
<b>Sales</b>						
Consumers	3,743	627	2,106	954	7,430	7,379
Licensees	111	19	332	83	545	497
	3,854	646	2,438	1,037	7,975	7,876
Cost of goods sold	1,208	289	1,075	496	3,068	2,923
Gross margin	2,646	357	1,363	541	4,907	4,953
Other income					-	-
Operating expenses					874	946
Net income					4,033	4,007

### Hay River Operations (\$000's)

	Spirits	Wine	Beer	Coolers	2024 Total	2023 Total
<b>Sales</b>						
Consumers	1,709	454	1,471	491	4,125	4,927
Licensees	513	23	598	56	1,190	1,345
	2,222	477	2,069	547	5,315	6,272
Cost of goods sold	681	206	847	242	1,976	2,310
Gross margin	1,541	271	1,222	305	3,339	3,962
Other income					-	-
Operating expenses					911	1,003
Net income					2,428	2,959

## Statement of Operations by Location, Cont.

(for the year ended March 31, 2024 with comparative figures for 2023)  
 (revenue and expenses directly related to sales per location)

### Norman Wells Operations

(\$000's)

	Spirits	Wine	Beer	Coolers	2024 Total	2023 Total
<b>Sales</b>						
Consumers	1,331	154	810	161	2,456	2,477
Licensees	26	8	70	11	115	11
	<u>1,357</u>	<u>162</u>	<u>880</u>	<u>172</u>	<u>2,571</u>	<u>2,588</u>
Cost of goods sold	<u>422</u>	<u>79</u>	<u>504</u>	<u>89</u>	<u>1,094</u>	<u>922</u>
Gross margin	935	83	376	83	1,477	1,666
Other income					-	-
Operating expenses					<u>615</u>	<u>660</u>
Net income					862	1,006

### Fort Smith Operations

(\$000's)

	Spirits	Wine	Beer	Coolers	2024 Total	2023 Total
<b>Sales</b>						
Consumers	1,014	262	971	400	2,647	3,086
Licensees	48	5	97	19	169	178
	<u>1,062</u>	<u>267</u>	<u>1,068</u>	<u>419</u>	<u>2,816</u>	<u>3,264</u>
Cost of goods sold	<u>338</u>	<u>120</u>	<u>434</u>	<u>179</u>	<u>1,071</u>	<u>1,205</u>
Gross margin	724	147	634	240	1,745	2,059
Other income					-	-
Operating expenses					<u>545</u>	<u>663</u>
Net income					1,200	1,396

## Statement of Operations by Location, Cont.

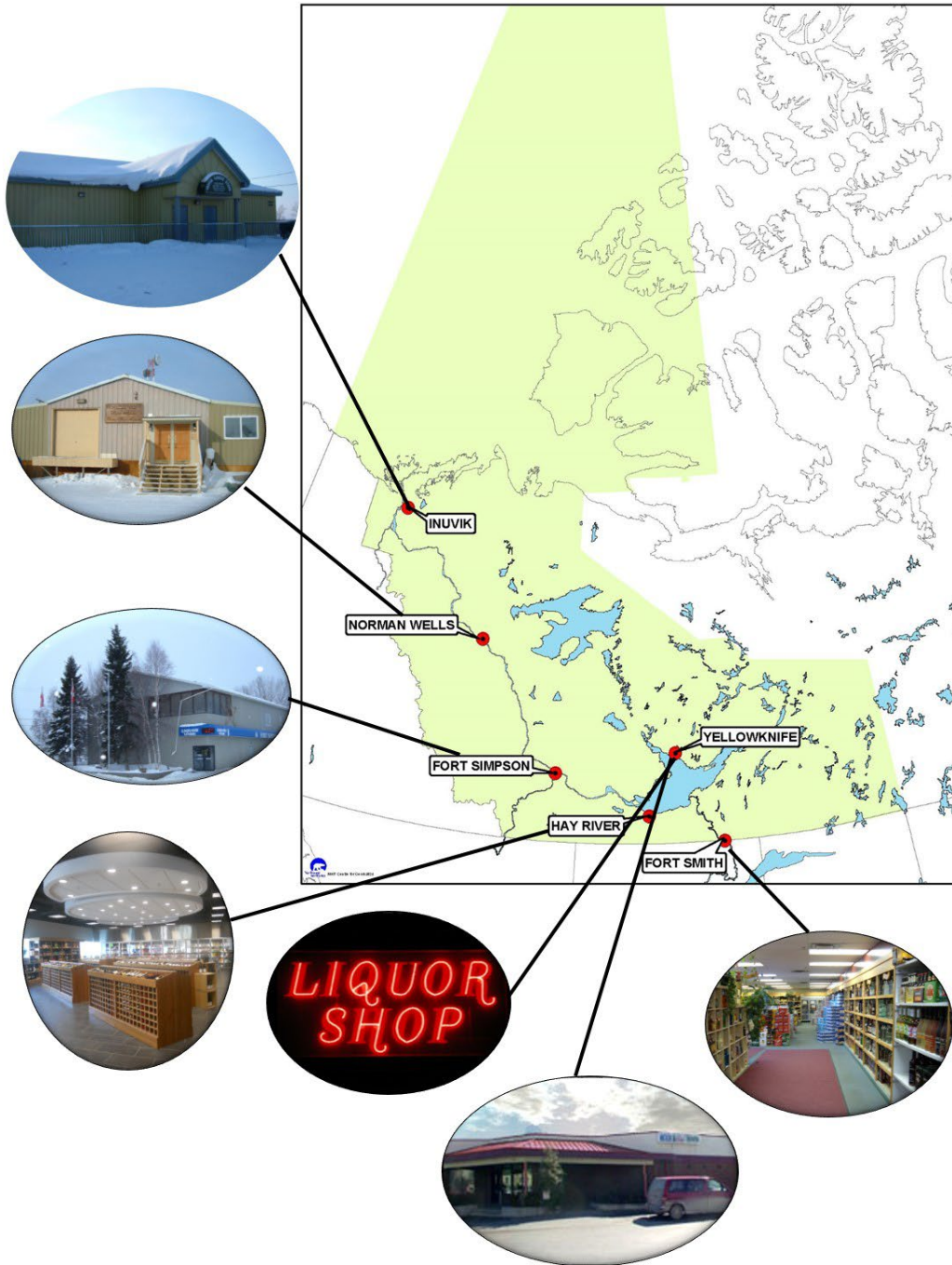
(for the year ended March 31, 2024 with comparative figures for 2023)  
 (revenue and expenses directly related to sales per location)

### Fort Simpson Operations (\$000's)

	Spirits	Wine	Beer	Coolers	2024 Total	2023 Total
Sales						
Consumers	1,336	153	616	281	2,386	2,430
Licensees	99	3	98	27	227	186
	<u>1,435</u>	<u>156</u>	<u>714</u>	<u>308</u>	<u>2,613</u>	<u>2,616</u>
Cost of goods sold	<u>404</u>	<u>65</u>	<u>272</u>	<u>130</u>	<u>871</u>	<u>867</u>
Gross margin	1,031	91	442	178	1,742	1,749
Other income					-	-
Operating expenses					<u>516</u>	<u>544</u>
Net income					<u>1,226</u>	<u>1,205</u>



## Store Locations





# Report on Cannabis

## Mandate

On June 1, 2018, the Legislative Assembly of the Northwest Territories enacted Bill 6, the “*Cannabis Legalization and Regulation Implementation Act*”, which legalized the sale and use of cannabis in the Northwest Territories once the federal legislation was passed.

The federal legislation, *Bill C45, Cannabis Act* was passed by Royal Assent June 21, 2018. Cannabis became legal for sale by order of the Governor in Council October 17, 2018; as the day on which certain provisions of the *Cannabis Act* Come into Force. The *Cannabis Act* was amended October 17, 2019, to include edible cannabis, cannabis extracts, and cannabis topicals.

The *Cannabis Legalization and Regulation Implementation Act* was amended March 31, 2020, to the *Cannabis Products Act and Regulations*, which authorizes the NTLCC to purchase, sell, classify, and distribute cannabis in the Northwest Territories.

Cannabis products are distributed from the NTLCC Cannabis warehouse in Hay River.

NWT residents can purchase cannabis at NTLCC liquor stores in Fort Smith, and Fort Simpson, and four private stores: two in Yellowknife, one in Hay River, and a newly opened one in Norman Wells. During 2023-24 the NTLCC liquor store in Norman Wells ceased sales of cannabis, as a new private store opened in the community.

NWT residents also have the option to purchase cannabis on-line from ReLeaf NT, one of the private stores in Yellowknife, the only legal NWT on-line store.

## Operations

To respond to the needs and concerns of our customers and stakeholders in the fiscal year 2023–2024 we:

- Delivered a wide variety of quality cannabis products through our network of NWT stores and our on-line store.
- Promoted safe and responsible use of cannabis.

## Strategic Objectives

### Goal #1 – Management & Compliance

Operations are managed efficiently and comply with legislation, regulation, and policy.

### Performance Highlights

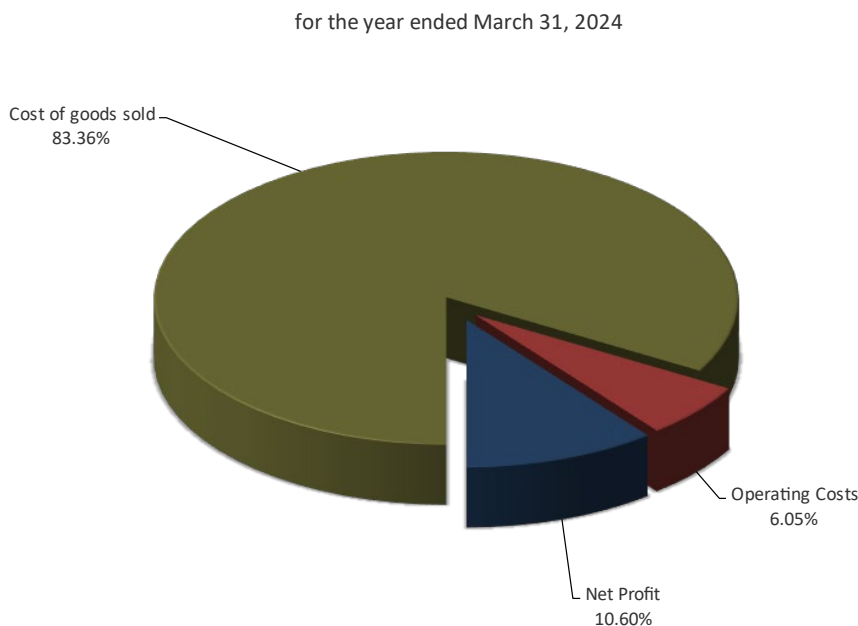
The operational structure of the NTLCC is designed to deliver optimal service levels for the best possible costs and consists of a headquarters administrative staff of ten and a network of two consignment stores operated by private contractors in conjunction with our liquor stores, four private cannabis retail stores, including one also operating as an online cannabis store.

Cannabis inventory is owned by the NTLCC until it is sold to the retail customer from the Liquor Stores selling cannabis and wholesaled to the Private Stores.

Operational compliance with contracts, regulation and legislation, by the retail stores was maintained throughout the year. The operations of all contracted retail stores selling cannabis product are monitored monthly and visited periodically by headquarters management.

### Application of Revenues

The cost to deliver the sales and administration of cannabis product throughout the year was 6.05% of sales revenue, of which 2.50% was paid to liquor retail stores for selling cannabis in commissions.



## **Goal #2 – Social Responsibility**

Actively and continuously promote the responsible use of cannabis.

### **Performance Highlights**

The NTLCC supports the responsible use of cannabis through various awareness programs and initiatives.

The NTLCC participates with the Canadian Cannabis Jurisdictional Leadership (CCJL) Social Responsibility Subcommittee in support of socially responsible cannabis retailing on a nationwide basis. NTLCC works with the other jurisdictions to identify opportunities for collaboration, share best practices and evidence-informed education and streamline social responsibility efforts.

The committee works together to facilitate a space and community for knowledge sharing and partnership among jurisdictions. We work together to ensure cannabis messaging is current and standardized as much as possible across jurisdictions, with the focus being on responsible consumption.

The NTLCC jointly supports the responsible use of cannabis with other GNWT departments including:

- Department of Health & Social Services – Health Effects of Cannabis,
- Worker’s Safety and Compensation Commission – Workplace Impairment
- NTLCC – “Recreational Vehicle: Choose to be UnImpaired”.
- CRISM - Canada’s Lower-Risk Cannabis Use Guidelines
- Department of Infrastructure – Drug Impaired Driving

### Goal #3 – Financial Targets

Meet financial income targets.

### Performance Highlights

The NTLCC’s annual surplus decreased (1.74%) from the previous fiscal year. The change in Gross Profit Percentage from 2021 to current is a result of a change in sales model from consignment to private stores in Yellowknife, Hay River and now Norman Wells, as well as the private online store. Private Stores purchase Cannabis from the NTLCC at a wholesale price rather than receiving a commission on sales. Operating expenses have declined due to the closure of the NTLCC’s own online store. They are starting to increase as we become better able to identify and allocate the resources required for the operations.

### Five Year Performance History

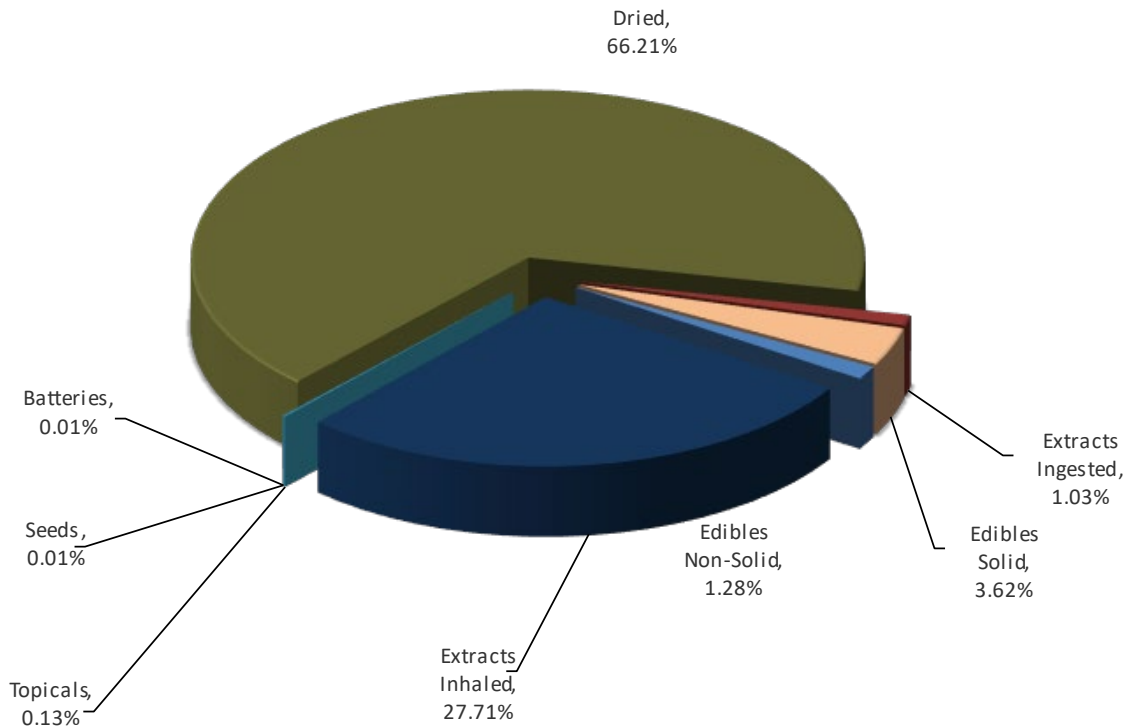
for the year ending March 31  
(000's)

	2024	2023	2022	2021	2020
<b>Gross Sales</b>	8,437	7,566	7,447	5,141	3,252
<b>Gross Profit</b>	1,405	1,305	1,405	1,581	1,200
<b>as a % of sales</b>	16.7%	17.2%	18.9%	30.8%	36.9%
<b>Net Surplus</b>	895	911	818	709	405
<b>as a % of sales</b>	10.6%	12.0%	11.0%	13.8%	12.5%
<b>Operating Expenses</b>	510	394	587	872	795
<b>as a % of sales</b>	6.0%	5.2%	7.9%	17.0%	24.4%

### Cannabis Dollar Sales by Category

Dollar Sales of Cannabis by Sales Category; Dried Cannabis represents 66.21% of product sold in the NWT, Extracts Ingested 1.03%, Edibles Solid 3.62%, Edibles Non-Solid 1.28%, Extracts Inhaled 27.71%, Topicals 0.13%, and both Seeds and other at 0.01%.

for the year ended March 31, 2024

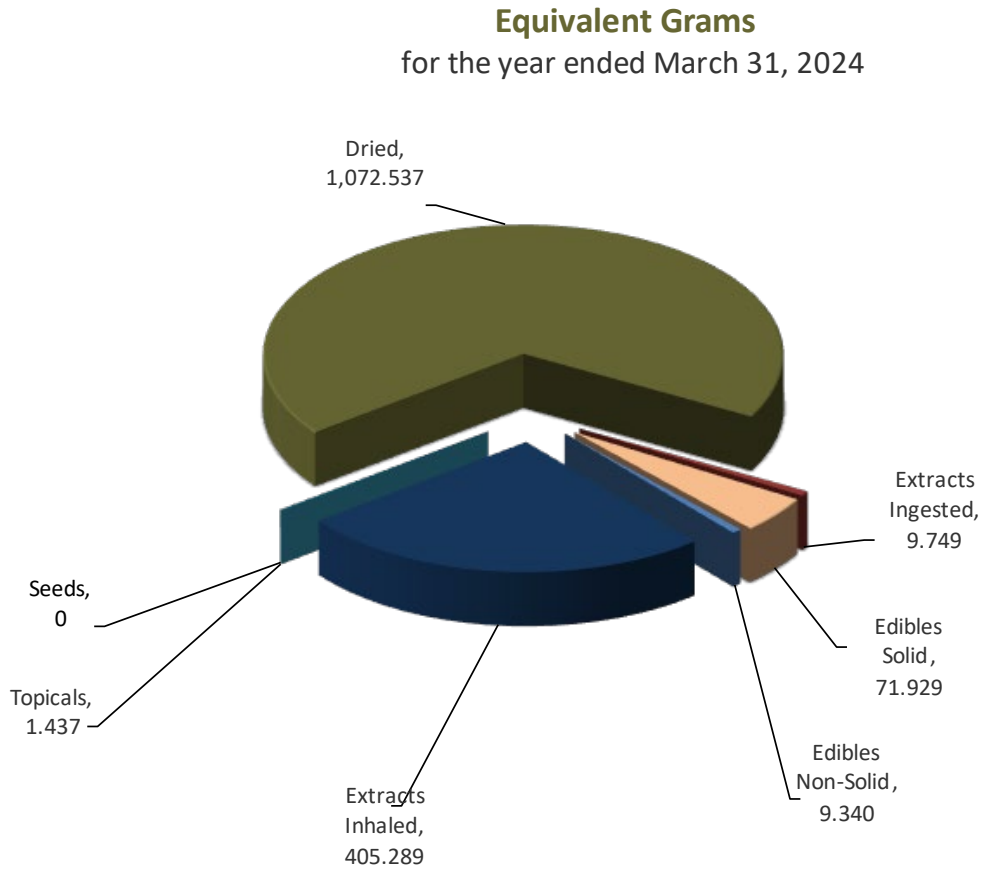


### Dollar Sales by Category

for the year ending March 31  
(000's)

	Extracts		Edibles		Extracts Inhaled	Topicals	Seeds	Batteries	Total
	Dried	Ingested	Solid	Non-Solid					
2021	4,324	326	126	50	283	0	3	30	5,141
2022	5,465	255	254	104	1,318	23	23	5	7,447
2023	5,653	161	277	103	1,349	21	1	1	7,566
2024	5,586	87	305	108	2,338	11	1	1	8,437

## Cannabis Volume Sales by Category



## Volume Sales by Category

for the year ending March 31

(\$000's)

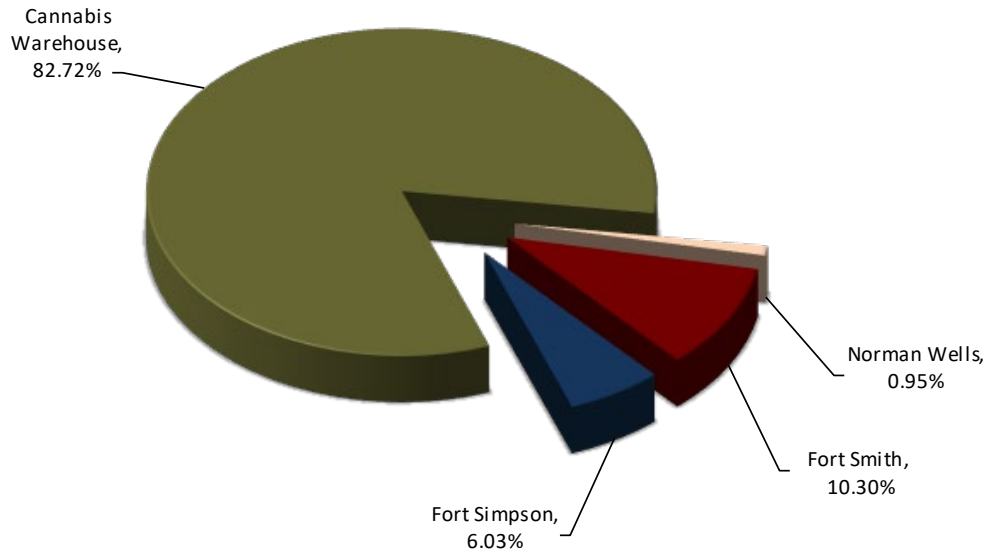
Cannabis, Grams and Equiv:	2024	2023	2022	2021
Dried	1072.537	626.429	676.17	482.68
Extracts Ingested	9.749	9.996	7.87	15.52
Edibles Solid	71.929	94.461	42.49	22.95
Edibles Non-Solid	9.34	11.676	69.04	45.96
Extracts Inhaled	405.289	167.668	104.16	10.54
Topicals	1.437	3.044	0.47	-
Seeds **	0	280	640	264

\*\* Seeds are reported by total number of seeds



## Store Operations

**Location Sales**  
for the year ending March 31, 2024



### Sales by Location

for the year ending March 31  
(000's)

	2024	2023	2022	2021	Increase (Decrease)
On-line Store	-	-	8	20	-
Yellowknife Shop	-	-	-	1,730	-
Hay River	-	-	448	740	-
Cannabis Warehouse	6,979	6,037	5,547	1,453	942
Norman Wells	80	341	344	335	(261)
Fort Smith	869	729	641	444	140
Fort Simpson	509	459	459	419	50
	8,437	7,566	7,447	5,141	871

## Statement of Operations by Location

(for the year ended March 31, 2024, with comparative figures for 2023)  
(revenue and expenses directly related to sales per location)

### Norman Wells Operations

(\$000's)

	Extracts		Edibles		Edibles		Extracts		2024	2023
	Dried	Ingested	Solid	Non-Solid	Inhaled	Topicals	Seeds	Other	Total	Total
Sales										
Consumers	66	1	-	-	13	-	-	-	80	341
Cost of goods sold	49	1	-	-	10	-	-	-	60	238
Gross margin	17	0	-	-	3	-	-	-	20	103
Operating expenses									11	49
Net income									9	54

### Fort Smith Operations

(\$000's)

	Extracts		Edibles		Edibles		Extracts		2024	2023
	Dried	Ingested	Solid	Non-Solid	Inhaled	Topicals	Seeds	Other	Total	Total
Sales										
Consumers	572	20	24	13	238	1	-	1	869	729
Cost of goods sold	343	12	14	8	143	1	-	1	520	495
Gross margin	229	8	10	5	95	-	-	-	349	234
Operating expenses									126	106
Net income									223	128

## Statement of Operations by Location, cont.

(for the year ended March 31, 2024, with comparative figures for 2023)  
(revenue and expenses directly related to sales per location)

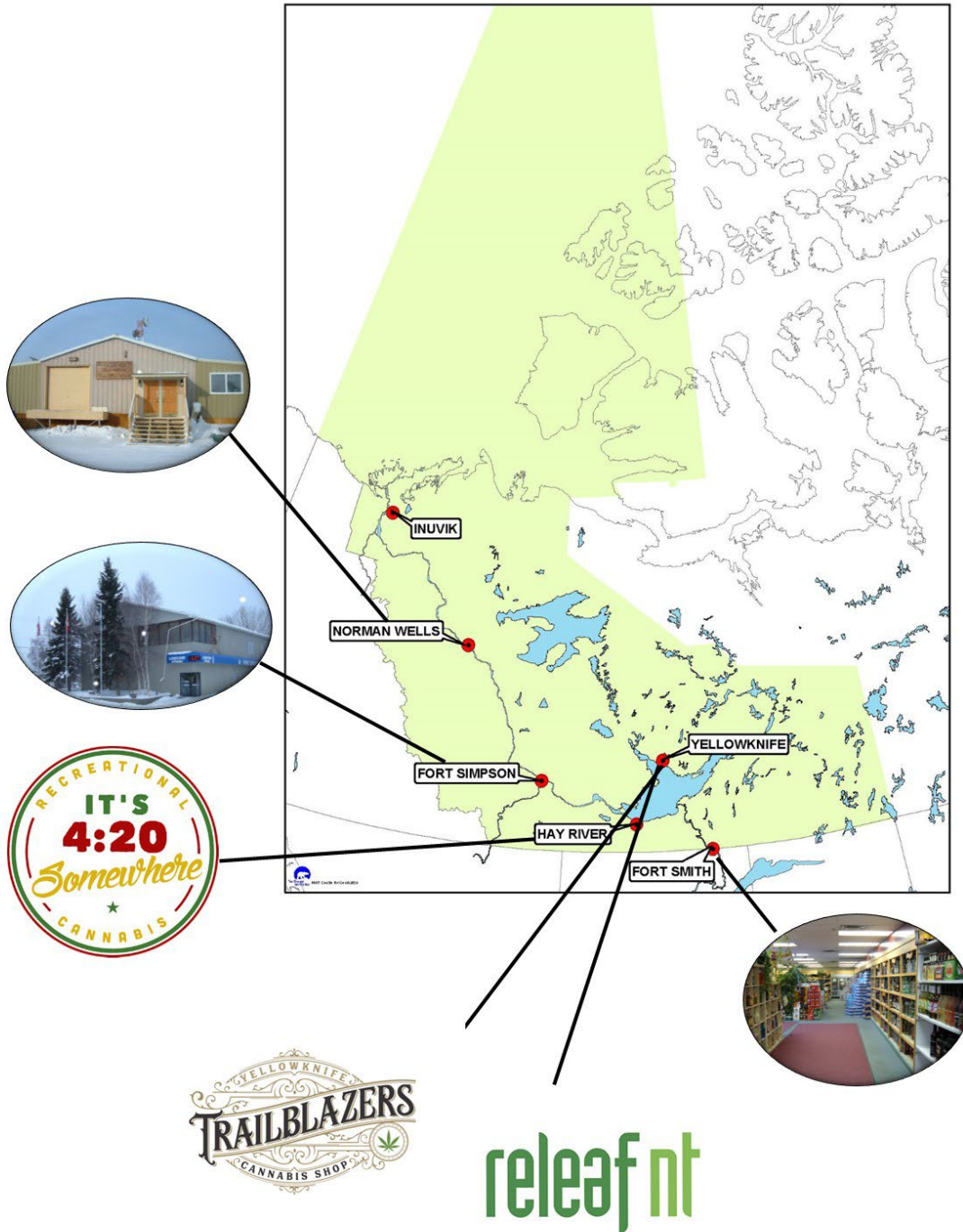
### Fort Simpson Operations (\$000's)

	Extracts		Edibles	Edibles	Extracts				2024	2023
	Dried	Ingested	Solid	Non Solid	Inhaled	Topicals	Seeds	Other	Total	Total
Sales										
Consumers	397	6	12	5	88	1	-	-	509	459
Cost of goods sold	320	5	10	4	71	1	-	-	410	316
Gross margin	77	1	2	1	17	0	-	-	99	143
Operating expenses									73	66
Net income									26	77

### Cannabis Warehouse (\$000's)

	Extracts		Edibles	Edibles	Extracts				2024	2023
	Dried	Ingested	Solid	Non Solid	Inhaled	Topicals	Seeds	Other	Total	Total
Sales										
Consumers	4,552	60	268	91	2,000	8	-	-	6,979	6,037
Cost of goods sold	3,941	52	232	79	1,732	7	-	-	6,042	5,212
Gross margin	611	8	36	12	268	1	-	-	937	825
Operating expenses									299	286
Net income									539	539

## Store Locations



The map displays the Northwest Territories with a light green shaded area indicating the operational region. Six red dots mark the store locations: Inuvik, Norman Wells, Fort Simpson, Hay River, Yellowknife, and Fort Smith. Lines connect these dots to circular images: Inuvik and Norman Wells are linked to exterior photos of store buildings; Fort Simpson is linked to a circular logo that reads "RECREATIONAL IT'S 4:20 Somewhere CANNABIS"; Yellowknife and Fort Smith are linked to an interior photo of a store aisle. At the bottom, there are two logos: "YELLOWKNIFE TRAILBLAZERS CANNABIS SHOP" and "releaf nt".



# **Audited Financial Report Statements**

## **2022 - 2023**

**Northwest Territories Liquor & Cannabis Commission**

**Financial Statements**

**Year ended March 31, 2024**

# Northwest Territories Liquor & Cannabis Commission

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### March 31, 2024

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## Management's Responsibility for Financial Reporting

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

The financial statements have been prepared in accordance with the Public Sector Accounting Standards, as recommended by the Public Sector Accounting Standards Board. 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 Commission complies with all statutory requirements.

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



Kim Wilkins  
Director, Liquor & Cannabis Operations  
NWT Liquor & Cannabis Commission  
June 30, 2024



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## INDEPENDENT AUDITOR'S REPORT

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To the Ministers of NWT Liquor & Cannabis Commission

*Qualified Opinion*

We have audited the financial statements of NWT Liquor & Cannabis Commission (the commission), which comprise the statement of financial position as at March 31, 2024, and the statements of operations, changes in accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the commission as at March 31, 2024, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS)

*Basis for Qualified Opinion*

The Government of the Northwest Territories is responsible for the calculation and distribution of the Commission's salaries, wages and employee benefits expense for public service employees, the accuracy of which is not susceptible to complete audit verification. We have satisfied ourselves that the payroll information provided by the GNWT is properly reflected in the Commission's records. As a result, we were not able to determine whether any adjustments might be necessary to expenses, liabilities or accumulated surplus.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the commission in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

*Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, 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.

In preparing the financial statements, management is responsible for assessing the commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the commission's financial reporting process.

(continues)

*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Hay River, Northwest Territories  
June 28, 2024

Ashton Chartered Professional Accountants

# Northwest Territories Liquor & Cannabis Commission

## Statement of Financial Position

<b>As at March 31 (\$000)</b>	<b>2024</b>	<b>2023</b>
<b>Financial Assets</b>		
Cash	\$ 3,839	\$ 4,637
Accounts receivable	822	151
Inventories for resale (note 3)	3,227	3,104
	<u>7,888</u>	<u>7,892</u>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities (note 7)	2,130	1,676
Pension and other employee benefits (note 4)	54	62
Due to the NWT Liquor Licensing Board (note 5)	117	92
	<u>2,301</u>	<u>1,830</u>
<b>Net Financial Assets</b>	<u>5,587</u>	<u>6,062</u>
<b>Non-Financial Assets</b>		
Tangible capital assets (note 6)	351	434
Prepaid expenses	166	115
	<u>517</u>	<u>549</u>
<b>Accumulated Surplus</b>	<u>\$ 6,104</u>	<u>\$ 6,611</u>

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

Approved by the Northwest Territories Liquor & Cannabis Commission:



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Kim Wilkins  
Director, Liquor & Cannabis Operations

## Northwest Territories Liquor & Cannabis Commission

### Statement of Operations

For the year ended March 31 (\$000)

	2024	2024	2023
	Budget	Actual	Actual
<b>Sales</b>			
Spirits	\$ 23,751	\$ 22,607	\$ 23,904
Wine	8,537	6,861	7,453
Beer	19,141	15,873	17,545
Coolers and Ciders	5,784	5,356	5,472
Cannabis	9,487	8,437	7,566
	<u>66,700</u>	<u>59,134</u>	<u>61,940</u>
<b>Cost of goods sold</b>			
Spirits	7,253	7,153	7,458
Wine	3,945	3,271	3,525
Beer	7,958	6,954	7,426
Coolers and Ciders	2,456	2,458	2,371
Cannabis	7,808	7,033	6,261
	<u>29,420</u>	<u>26,869</u>	<u>27,041</u>
<b>Gross profit on sales</b>	<u>37,280</u>	<u>32,265</u>	<u>34,899</u>
<b>Other income</b>			
Government contribution - services provided without charge (note 7)	-	1	6
Import fees and Income	8	7	9
	<u>8</u>	<u>8</u>	<u>15</u>
<b>Expenses (notes 7)</b>			
Commissions to agents - Liquor	7,176	6,041	6,510
Commissions to agents - Cannabis	216	211	221
Licensee Discounts	581	523	554
Salaries, wages and employee benefits	1,251	1,279	1,270
Administration - Liquor	710	652	801
Administration - Cannabis	150	152	173
Travel	30	38	26
Rent	352	329	313
Amortization of tangible capital assets (note 6)	109	122	120
Professional Fees	42	42	43
	<u>10,617</u>	<u>9,389</u>	<u>10,031</u>
<b>Annual surplus</b>	<u>\$ 26,671</u>	<u>\$ 22,884</u>	<u>\$ 24,883</u>

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

## Northwest Territories Liquor & Cannabis Commission

### Statement of Accumulated Surplus

<b>For the year ended March 31 (\$000)</b>	<b>2024</b>		<b>2023</b>	
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>	
<b>Accumulated surplus, beginning of the year</b>	\$ 6,611	\$ 6,611	\$	8,452
Annual surplus	26,671	22,884		24,883
Amounts transferred to the Consolidated Revenue Fund	(25,900)	(22,900)		(26,233)
Amounts Transferred to the NWT Liquor Licensing Board (note 5)	(771)	(491)		(491)
Increase in accumulated surplus	-	(507)		(1,841)
<b>Accumulated surplus, end of year</b>	\$ 6,611	\$ 6,104	\$	6,611

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

## Northwest Territories Liquor & Cannabis Commission

### Statement of Changes in Net Financial Assets

<b>For the year ended March 31 (\$000)</b>	<b>2024</b>		<b>2024</b>		<b>2023</b>	
	<b>Budget</b>		<b>Actual</b>		<b>Actual</b>	
<b>Net financial assets, beginning of year</b>	\$	6,062	\$	6,062	\$	7,951
Items affecting net financial resources:						
Increase (decrease) in accumulated surplus		-		(507)		(1,841)
Net investment in tangible capital assets:						
Acquisitions		-		(39)		(145)
Amortization expense		109		122		120
Increase in prepaid expenses		-		(51)		(23)
<b>Net financial assets, end of year</b>	\$	6,171	\$	5,587	\$	6,062

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

## Northwest Territories Liquor & Cannabis Commission

### Statement of Cash Flow

<b>For the year ended March 31 (\$000)</b>	<b>2024</b>	<b>2023</b>
<b>Operating activities</b>		
Cash received from customers	\$ 59,219	\$ 61,870
Cash paid to employees and suppliers	(36,612)	(37,240)
Cash provided by operating activities	22,607	24,630
<b>Capital activities</b>		
Purchase of tangible capital assets	(39)	(145)
<b>Financing activities</b>		
Cash transferred to the Consolidated Revenue Fund	(22,900)	(26,233)
Cash transferred to the NWT Licensing Board	(466)	(513)
Cash provided by financing activities	(23,366)	(26,746)
<b>Change in cash</b>	(798)	(2,261)
<b>Cash, beginning of year</b>	4,637	6,898
<b>Cash, end of Year</b>	\$ 3,839	\$ 4,637

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

# Northwest Territories Liquor & Cannabis Commission

## Notes to Financial Statements

### March 31, 2024 (\$000)

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#### 1. Authority and operations

The Northwest Territories Liquor & Cannabis 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 (the "NWT"). The Northwest Territories Liquor Licensing Board (the "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 (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 \$12,000.
- 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, 2024 the Fund's assets exceeded the liabilities by \$5,587 (2023 – \$6,062).

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

#### 2. Significant accounting policies

##### (a) Basis of accounting

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 Chartered Professional Accountants of Canada.

##### (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 & Cannabis Commission

## Notes to Financial Statements

March 31, 2024 (\$000)

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### 2. Significant accounting policies (continued)

#### (c) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Commission and the revenue can be reliably measured, regardless of when the payment is received.

Revenue is measured at the fair value of the consideration received or receivable, excluding rebates, recycling fees, and sales taxes or duties.

The Commission assesses its revenue arrangements to determine if it is acting as principal or agent. It acts as a principal in its sales to consumers through its consignment stores. The Commission acts as an agent where manufacturers sell liquor directly to patrons, as well as through the wholesale sale of Cannabis to private stores.

Other income includes revenue from administration fees, restocking fees and in-kind income.

#### (d) Services provided without charge

The Commission 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) 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.

#### (f) 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	5 Year Straight Line
Computer hardware and software	3 Year Straight Line
Leasehold improvements	Over the life of the lease plus any additional renewal period

# Northwest Territories Liquor & Cannabis Commission

## Notes to Financial Statements

**March 31, 2024 (\$000)**

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### 2. Significant accounting policies (continued)

#### (g) Pension benefits

The employees of the Commission 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 Commission to cover current service cost. Pursuant to legislation currently in place, the Commission 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 Commission.

#### (h) Other employee benefits

Employees are entitled to severance benefits, reimbursement of removal costs and other compensated absences, as provided for under labour contracts and conditions of employment, based upon years of service. The cost of these benefits is accrued as the employees render the services necessary to earn them. The cost of these benefits were actuarially determined using the projected unit credit valuation methodology and expected utilization methods.

### 3. Inventories for resale

	<b>2024</b>	<b>2023</b>
Spirits	\$ 1,171	\$ 1,163
Wine	531	531
Beer	821	694
Coolers and ciders	298	258
Cannabis	406	458
	<b>\$ 3,227</b>	<b>\$ 3,104</b>

### 4. Other employee future benefits

In addition to pension benefits, the Commission provides severance (resignation and retirement), removal and compensated absence (sick, special, maternity, and parental leave) benefits to its employees. The benefit plans are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit liability.

# Northwest Territories Liquor & Cannabis Commission

## Notes to Financial Statements

**March 31, 2024 (\$000)**

### 4. Other employee future benefits (continued)

Severance benefits are paid to the Commission's employees based on the type of termination (e.g., resignation versus retirement) and appropriate combinations that include inputs such as when the employee is hired, the rate of pay, the number of years of continuous employment, age and if the benefit is subject to maximum benefit limits. Removal benefits are subject to several criteria, the main ones being location of hire, employee category and length of service. The benefits under these two categories were valued using the projected unit credit methodology.

Compensated absence benefits accrue as employees render service and are paid upon the occurrence of an event resulting in eligibility for benefits under the terms of the plan. Events include, but are not limited to, employee or dependent illness and death of an immediate family member. Benefits that accrue under compensated absence benefits, excluding maternity and parental leave, were actuarially valued using the expected utilization methodology. Non-accruing benefits include maternity and parental leave and are recognized when the leave commences.

#### Valuation results

The last actuarial valuation was completed as at February 11, 2022. The results were extrapolated to March 31, 2024. The values presented below are for all the benefits under the Compensated Absences and Termination Benefits for the Commission.

	2024			2023		
	Severance and Removal Obligation	Accumulated Sick & Special Obligation	Total	Severance and Removal Obligation	Accumulated Sick & Special Obligation	Total
<b>Accrued benefit obligation,</b>						
beginning of the year	\$ 77	\$ 14	\$ 92	\$ 88	\$ 14	\$ 102
Current Service Costs	2	1	3	2	1	4
Actuarial (gain)/loss	7	(1)	7	4	1	5
Interest Cost	4	1	4	0	(1)	(1)
Benefits paid during the year	(21)	(1)	(22)	(17)	(1)	(18)
<b>Accrued benefit obligation,</b>						
end of the year	\$ 69	\$ 14	\$ 84	\$ 78	\$ 14	\$ 92
<b>Unamortized net actuarial gain (loss)</b>	(6)	(24)	(30)	1	(30)	(29)
<b>Accrued benefit (liability)/asset</b>	\$ 63	\$ (9)	\$ 54	\$ 79	\$ (16)	\$ 63

# Northwest Territories Liquor & Cannabis Commission

## Notes to Financial Statements

March 31, 2024 (\$000)

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### 4. Other employee future benefits (continued)

	<u>2024</u>	<u>2023</u>
Expected inflation rate	2.0%	2.0%
Discount rate used to determine the accrued benefit obligation	5.3%	4.8%
Expected average remaining service life of related employee groups (EARSL)	10.3	10.3

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

2025	\$	13
2026		17
2027		13
2028		11
2029		9
2030 and beyond		<u>36</u>
	\$	<u>99</u>

### 5. Due to/from the NWT Liquor Licensing Board

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 capital assets for use by the Board and Enforcement without charge.

# Northwest Territories Liquor & Cannabis Commission

## Notes to Financial Statements

March 31, 2024 (\$000)

### 6. Tangible capital assets

	Computer				
	Furniture and	hardware	Leasehold	2024	2023
	fixtures	and software	improvements		
<b>Cost:</b>					
Opening balance	\$ 145	\$ 891	\$ 860	\$ 1,896	\$ 1,751
Acquisitions	2	17	20	39	144
Disposals and write-downs	-	-	-	-	-
Closing balance	147	908	880	1,935	1,895
<b>Accumulated Amortization:</b>					
Opening balance	(132)	(741)	(589)	(1,462)	(1,341)
Amortization	(5)	(77)	(40)	(122)	(120)
Disposals and write-downs	-	-	-	-	-
	(137)	(818)	(629)	(1,584)	(1,461)
<b>Net book value</b>	\$ 10	\$ 90	\$ 251	\$ 351	\$ 434

# Northwest Territories Liquor & Cannabis Commission

## Notes to Financial Statements

**March 31, 2024 (\$000)**

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### 7. Related party transactions

The Commission is related, in terms of common ownership, to all GNWT 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 Commission incurred \$1,278 (2023 – \$1,270) related to salaries, wages, and employee benefits for the Commission's employees. The Commission reimburses the Department of Finance for these costs.

The Department of Justice provides the Commission with legal services without charge. The total cost of these services has been estimated to be \$1 (2023 – \$6). The cost of the services noted above has been recognized on the statement of operations.

Included in accounts payable and accrued liabilities is an amount of \$147 (2023 – \$153) for bottle deposits payable to the Department of Environment and Natural Resources, \$219 (2023 – \$80) for salaries, wages, and employee benefits payable to the Department of Finance, and \$0 (2022 - \$0) other various Government Departments.

### 8. Contractual obligations

The Commission has a five-year lease agreement ending April 30, 2026 for its office premises. The Commission also has a five-year lease agreement ending September 30, 2026 with the option of extending the lease for one further term of five years for the Hay River Liquor Store. The minimum annual lease payments for the leases over the next five year(s) are:

2024/25	\$ 248
2025/26	\$ 248
2026/27	\$ 88

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

### 9. Financial instruments

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

The commission is subject to credit risk with respect to accounts receivable. Credit risk arises from the possibility that debtors may experience financial difficulty and be unable to fulfill their obligations. Credit risk is considered minimal as most sales are done on a cash-on-delivery basis.

The carrying value of the financial instrument approximates fair value.