

**NUNAVUT LIQUOR COMMISSION  
NUNAVUT LIQUOR LICENSING BOARD**

**ANNUAL REPORT  
2004 – 2005**



# TABLE OF CONTENTS

<b>LETTER OF TRANSMITTAL .....</b>	<b>1</b>
<b>LETTER TO THE MINISTER.....</b>	<b>3</b>
<b>ORGANIZATIONAL STRUCTURE .....</b>	<b>5</b>
<b>GENERAL INFORMATION .....</b>	<b>7</b>
Year in Review .....	7
Liquor Retailing in the Territory .....	7
Import Permits .....	9
Container Deposits .....	9
<b>WAREHOUSING .....</b>	<b>9</b>
<b>LIQUOR LICENSES .....</b>	<b>10</b>
License Holders 2004-2005.....	10
Community Liquor Status .....	11
<b>LIQUOR ENFORCEMENT AND INSPECTIONS REPORT 2004-05 .....</b>	<b>12</b>
Nunavut Liquor Licensing Board Hearings .....	12
<b>NUNAVUT LIQUOR LICENSING BOARD.....</b>	<b>13</b>
<b>AUDITED FINANCIAL STATEMENTS .....</b>	<b>15</b>
Management's Responsibility for Financial Reporting.....	17
Auditor's Report.....	19
Statement of Income .....	21
Statement of Amount Due to the Government of Nunavut .....	22
Balance Sheet .....	23
Statement of Cash Flows .....	24
Nunavut Liquor Management      Schedule 1 .....	29
Nunavut Liquor Board            Schedule 2.....	30

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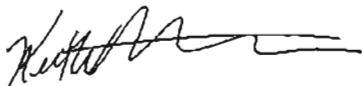
## LETTER OF TRANSMITTAL

THE HONOURABLE EDNA EKHIVALAK ELIAS  
COMMISSIONER  
GOVERNMENT OF NUNAVUT

Dear Madame,

I have the honour of presenting the Annual Report for the Nunavut Liquor Commission and Nunavut Liquor Licensing Board covering the period April 1, 2004 to March 31, 2005.

Respectfully submitted,



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Hon. Keith Peterson  
Minister responsible for Liquor



# LETTER TO THE MINISTER

THE HONOURABLE DAVID SIMAILAK  
MINISTER OF FINANCE

## **Nunavut Liquor Commission and Nunavut Liquor Licensing Board 2004-05 Annual Report**

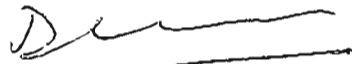
Pursuant to Subsections 9(1) and 61(1) of the Liquor Act, we are pleased to submit the 2004-05 Annual Report for the Nunavut Liquor Commission and Nunavut Liquor Licensing Board for the fiscal year ended March 31, 2005.

We wish to express our thanks to all our staff for all their support and contribution to the progress of the Nunavut Liquor Commission and Nunavut Liquor Licensing Board during this past year.



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Chris D'Arcy  
Acting Assistant Deputy Minister,  
Financial Management



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David Wilman  
Chairman, Liquor Licensing Board



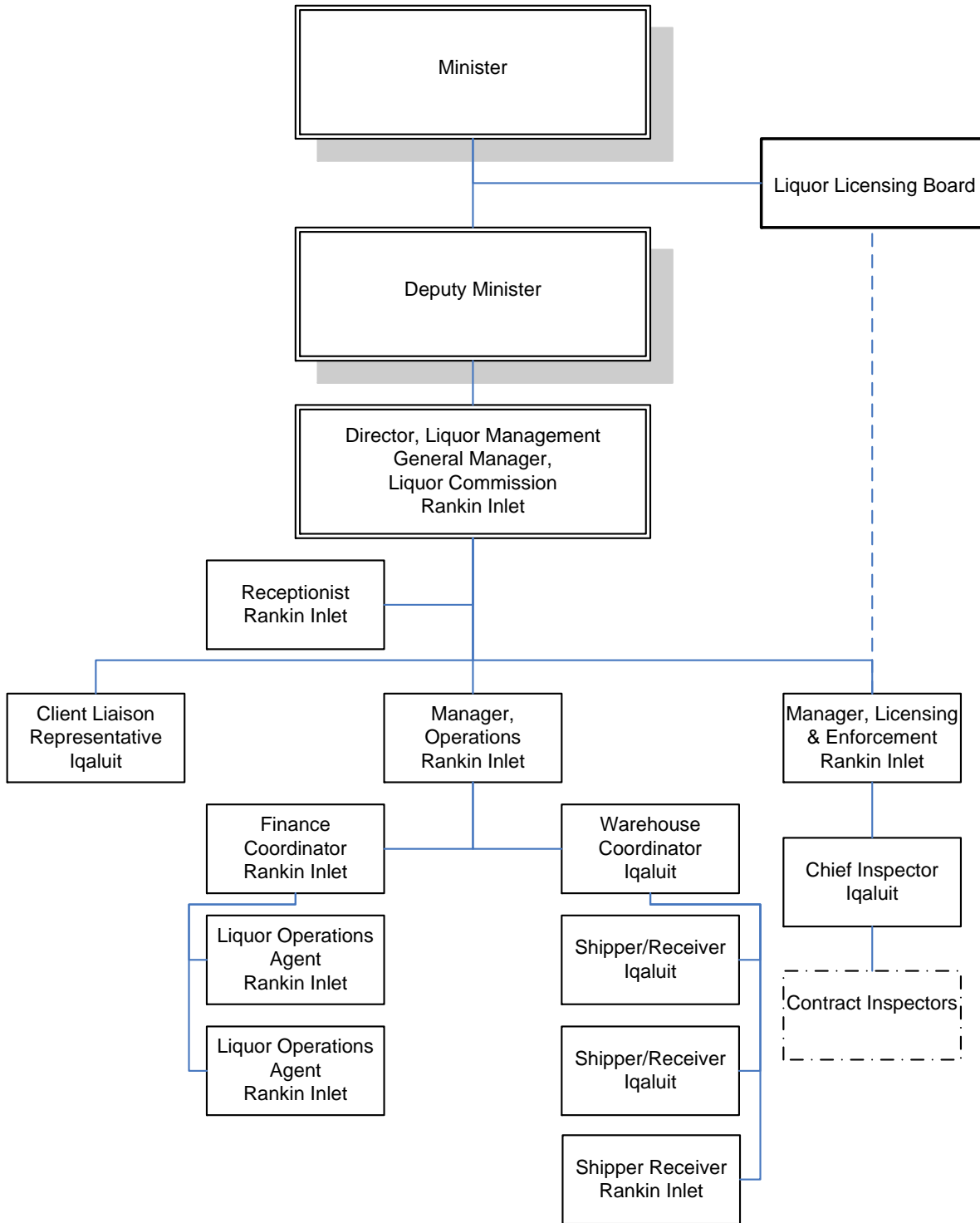
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Peter Ma  
Deputy Minister of Finance





# ORGANIZATIONAL STRUCTURE





# GENERAL INFORMATION

## YEAR IN REVIEW

Nunavut Liquor Management completed its first full year of operations this year. The year cycle included the airlifting of liquor products into Iqaluit and Rankin Inlet, the sealift re-supply, the initiation of new forms and procedures, the sitting of the new Liquor Licensing Board, the staffing and training of personnel, and identification and training of AEC members to the new uniform procedures. This is only but a few of the activities and events that were dealt with in the fiscal year 2004-2005. The initial set up process is a dynamic, on-going process facing existing and new challenges.

## LIQUOR RETAILING IN THE TERRITORY

Nunavummiut may purchase liquor, **without an import permit**, from either the Iqaluit Liquor Warehouse or the Rankin Inlet Liquor Warehouse. There can be no liquor sales to residents living in a prohibited community (Arviat, Coral Harbour, Gjoa Haven, Kimmirut, Pangnirtung, Kugaaruk, Sanikiluaq, Whale Cove). In addition, Iqaluit residents cannot purchase products from the Iqaluit Warehouse but may purchase from the Rankin Inlet Warehouse (this restriction does not apply to Licensees or holders of Special Occasion Permits). Similarly Rankin Inlet residents may not purchase products from the Rankin Inlet Warehouse but may purchase through the Iqaluit Liquor Warehouse (again this restriction does not apply to Licensees or holders of Special Occasion Permits).

Depending on where the individual lives the procedures vary. Should an individual live in a community governed by an Alcohol Education Committee (AEC) (Arctic Bay, Baker Lake, Qikiqtarjuaq, Cambridge Bay, Cape Dorset, Chesterfield Inlet, Clyde River, Hall Beach, Igloodik, Pond Inlet, Repulse Bay, Resolute Bay) then the individual would apply to that community's AEC to seek approval to bring liquor into the community. The AEC may place restrictions on the purchase or even deny the application. Once an individual has obtained permission from the community AEC (AEC faxes approved sheets listing individuals to the Liquor Commission), an order may be placed. To place an order a person should contact the Liquor Warehouse of his or her choice and obtain an up-to-date stock and price list. Both warehouses have restricted space and may not carry the item or items requested, in which case, should quantities warrant, a special order could be placed by the Liquor Commission, or the person may obtain an import permit and buy the product from outside the Territory, or perhaps settle for a substitute that is available. Once the availability and price of the product has been determined, the individual places their order by fax or may mail it to the Liquor Commission (PO Box 9, Rankin Inlet, Nunavut, X0A 0H0) (Fax 867-645-3327).

Should an individual live in a community under non-restrictive status (Rankin Inlet, Iqaluit, Bathurst Inlet, Grise Fiord, Taloyaok) they will not have to go through the AEC process and can place their order directly with the Liquor Warehouses in Rankin Inlet or Iqaluit. Again, Iqaluit residents order from Rankin Inlet and Rankin Inlet residents order from Iqaluit. All other residents of Nunavut may place their order at either facility. In that case the process is similar to the one described above, as follows: the individual would contact the Liquor Warehouse of his or her choice and obtain an up-to-date stock and price list. Both

warehouses have restricted space and may not carry the item or items requested, in which case (should quantities warrant, a special order could be placed by the Liquor Commission) or the person may obtain an import permit and buy the product from outside the Territory, or perhaps settle for a substitute that is available. Once the availability of the product has been determined the price is also communicated.

When a person has gone through the process of choosing their products and has placed their order, payment for the products must be made and approved prior to their purchases being shipped. Payment must not only be made but verified by the Nunavut Liquor Commission. At the present time, payments are accepted, through certified money instruments that include Money Orders, Northern Store money transfers, certified cheque, bank draft, or direct deposit to the Commission's bank account. The Nunavut Liquor Commission is also able to accept credit cards (VISA and MASTERCARD) for product payment. In addition, residents of Iqaluit and Rankin Inlet are able to use their debit cards for product payment.

Once verified payment has been received, the Liquor Commission will ensure the product order is selected, boxed, and delivered to the airlines for delivery to its destination. Over and above the product price, there is an additional charge for handling and local cartage of \$10.00 (plus GST) per order, and a bottle deposit return fee. The shipment is then sent to the customer who is responsible for the freight costs charged by the airlines and takes responsibility for its safe arrival. Freight costs vary, depending on distance, community, and carrier used.

Licensed outlets, as a condition of obtaining a license, are obligated to purchase their stock through the Nunavut Liquor Commission which may be picked up at the closest Commission warehouse.

The Nunavut Liquor Commission utilizes a flat rate per litre mark-up in the pricing of liquor products.

Current mark-ups per litre are as follows:

Spirits	\$ 21.35
Wine	\$ 6.35
Coolers	\$ 2.73
Beer	\$ 1.58

An Administration Fee of \$0.27 per litre is also applied.

## **IMPORT PERMITS**

A person who is eligible to purchase and consume liquor in Nunavut may personally import 1140 ml of spirits or wine or twelve 355 ml container of beer. An import permit is required to import quantities greater than these amounts. Import Permits may be obtained from the following issuers:

Cambridge Bay	Cambridge Bay Enterprises
Rankin Inlet	Piruqsaijit Ltd
Iqaluit	Nunavut Liquor Enforcement Offices

### **Import Permits Fees**

Spirits	\$ 3.75 per litre
Wine	\$ 2.00 per litre
Coolers/ciders	\$ 0.59 per litre
Beer	\$ 0.56 per litre

## **CONTAINER DEPOSITS**

Nunavut Liquor Management also places a container deposit on all liquor purchases made, bottle, can, or other.

### **Container Deposit Fees**

Bottles, Container	\$0.29
Cans	\$0.14

### **Container Returns**                      South East Baffin Ltd. in Iqaluit

Bottles, Container	\$0.25
Cans	\$0.10

## **WAREHOUSING**

As of November 1, 2004, Nunavut Liquor Management operates two warehouse facilities, headquarters in Rankin Inlet and the Iqaluit warehouse.

## LIQUOR LICENSES

The Nunavut Liquor Licensing Board, in its absolute discretion, on receipt of an application for a license, accompanied by the prescribed fee, may by order issue to the applicant in respect of premises, a license of a specified type and conditions.

### LICENSE HOLDERS 2004-2005

	<u>License #</u>	<u>Type of Licence</u>
Arctic Resources Ltd.- Discovery Dining Room	001	Dining Room
Bathurst Inlet Dev. Ltd. - Bathurst Inlet Lodge	002	Guest Room
B.P.O. Elks Lodge Branch 570	003	Club
Canadian Forces Station - Alert	004	Special
Canadian Forces Station - Alert	005	Canteen
Canadian Forces Station - Alert	006	Canteen
Ennadai Lodge	007	Guest Room
Frobisher Racquet Club Ltd.	008	Private Recreation Facility
High Arctic Sports Fishing Camps Merkley Lake - Victoria Island	009	Guest Room
Kamotiq Inn Ltd.	010	Dining Room
Nav Leasing Ltd.- Navigator Lounge	011	Cocktail
Navigator Inn Captains Table Dining Room	012	Dining Room
RCMP Iqaluit Mess	013	Canteen
Royal Canadian Legion	014	Club
Siniktarvik Leasing Ltd.	015	Guest Room
Wizards Café	016	Dining Room
902776 NWT Ltd Frobisher Inn Cocktail Lounge Storehouse Bar and Grill	017	Cocktail
902776 NWT Ltd (#2) Gallery Frobisher Inn Dining Room	018	Dining Room
Canadian Arctic Holidays Ltd. - Somerset Island	019	Dining Room

## **COMMUNITY LIQUOR STATUS**

<u>Community</u>	<u>Status</u>	<u>Alcohol Control Method</u>
Arctic Bay	Restricted	Alcohol Education Committee
Arviat	Prohibited	No Liquor Allowed
Baker Lake	Restricted	Alcohol Education Committee
Bathurst Inlet	No Restrictions	
Broughton Island	Restricted	Alcohol Education Committee
Cambridge Bay	Restricted	Alcohol Education Committee
Cape Dorset	Restricted	Alcohol Education Committee
Chesterfield Inlet	Restricted	Alcohol Education Committee
Clyde River	Restricted	Alcohol Education Committee
Coral Harbour	Prohibited	No Liquor Allowed
Gjoa Haven	Prohibited	No Liquor Allowed
Grise Fiord	No Restrictions	
Hall Beach	Restricted	Alcohol Education Committee
Igloolik	Restricted	Alcohol Education Committee
Iqaluit	No Restrictions	
Kugluktuk	No Restrictions	
Kimmirut	Prohibited	No Liquor Allowed
Pangnirtung	Prohibited	No Liquor Allowed
Pelly Bay (Kugaaruk)	Prohibited	No Liquor Allowed
Pond Inlet	Restricted	Alcohol Education Committee
Rankin Inlet	Restricted	Restrictions on Beer
Repulse Bay	Restricted	Alcohol Education Committee
Resolute Bay	Restricted	Alcohol Education Committee
Sanikiluaq	Prohibited	No Liquor Allowed
Taloyaok (Spence Bay)	No Restrictions	
Whale Cove	Prohibited	No Liquor Allowed

# **LIQUOR ENFORCEMENT AND INSPECTIONS REPORT 2004-05**

## **Enforcement and Inspection Activity**

All distribution of liquor products authorized by liquor licenses and special occasion liquor permits issued under the Nunavut Liquor Act is liable to inspection by Nunavut Liquor Enforcement.

These inspections are to ensure adherence to the Nunavut Liquor Act and Regulations.

Conditions pertaining to fire risk, health and the use of tobacco in premises licensed for the sale of liquor are also liable to inspection.

Inspections are carried out by trained contract personnel.

Any infractions observed are brought to the attention of the Chief Inspector in Iqaluit, who reports to the Manager of Enforcement and Inspections at Liquor Management headquarters in Rankin Inlet.

Serious infractions are discussed with the Department of Justice, and where warranted, the licensee must attend a "show cause" hearing before the Nunavut Liquor Licensing Board, with the Department of Justice acting as prosecutor.

Such hearings may result in the imposition of restrictions in accordance with the Nunavut Liquor Act, and could result in the suspension of a license.

## **NUNAVUT LIQUOR LICENSING BOARD HEARINGS**

### **December 9, 2004** Storehouse Bar & Grill Licence #019

Section 98(2)(a) of the Liquor Act - allowing drunkenness on licensed premises (seven counts).

Facts agreed by Licensee; \$5,000 fine.

Comment from Board on seriousness of offence and that maximum penalty allowed is a 12 month suspension.

### **December 9, 2004** **February 9, 2005** Legion #168 Club Licence #014

Section 98(2)(a) of the Liquor Act - allowing drunkenness on licensed premises (two counts)

Adjourned by consent to February 9, 2005

Counts reduced to two and facts agreed by Licensee; \$5,000 fine per count, for a total of \$10,000 and suspension for three days on February 10, 11 and 12, 2005 and thereafter until fine is paid in full. Comment from Board regarding seriousness of offence and identified that maximum penalty allowed is a 12 month suspension.

### **December 9, 2004** **February 9, 2005** **March 22, 2005** Kamotiq Inn Dining Room Licence #010

Section 98(2)(a) of the Liquor Act - allowing drunkenness on licensed premises (eight counts).

Adjourned to February 9, 2005 at request of Licensee

Adjourned to March 22, 2005 at request of Licensee on a peremptory basis



# NUNAVUT LIQUOR LICENSING BOARD

## Nunavut Liquor Licensing Board Members 2004 – 2005

<u>Name</u>	<u>Position</u>	<u>Community</u>
KAMOOKAK, Raymond	Chairperson	Gjoa Haven
TAPARTI, Louis	Vice Chair	Rankin Inlet
OHOKANNOAK, Darrell	Member	Cambridge Bay
NAULAQ, Rosie	Member	Iqaluit
IPAKOHAK, Frank	Member	Kugluktuk
BENNET, Ross	Member	Iqaluit
INUKTALUK, Mary	Member	Sanikiluaq



## **AUDITED FINANCIAL STATEMENTS**

The financial transactions of the Liquor Licensing Board and Liquor Licensing and Enforcement are processed through the Nunavut 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.



## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The Nunavut Liquor Commission ("the Commission") maintains internal financial and management systems and practices which are designated to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis and that the Commission acts in accordance with the Laws of Nunavut and Canada. The Commission's management recognizes its responsibility for conducting the Commission's affair in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to a territorial agency.

The accompanying financial statements were prepared by management in conformity with Canadian generally accepted accounting principles appropriate in the circumstances.

To discharge the responsibility for the integrity and objectivity of financial reporting, management maintains a systems of internal controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with government legislation, are properly authorized, reliable financial records are maintained, and assets are adequately account for and safeguarded.

Mackay LLP has been retained to provide an independent, objective audit for the purpose of expressing an opinion on the financial statements. They also consider whether the transactions which come to their notice in the course of the audit are, in all significant respects, in accordance with specified legislation.

  
\_\_\_\_\_  
Chris D'Arcy  
Acting Assistant Deputy Minister  
Financial Management



**CHARTERED  
ACCOUNTANTS**  
MacKay LLP

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P.O. Box 727  
Yellowknife, NT X1A 2N5  
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Fax: (867) 920-4135  
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**mackay.ca**

## **Auditor's Report**

### **To the Minister of Finance Government of Nunavut**

We have audited the balance sheet of Nunavut Liquor Commission as at March 31, 2005 and the statements of income, amount due to the Government of Nunavut and cash flows for the period then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatements. 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.

We were appointed as auditors of the Commission subsequent to March 31, 2005 therefore we were not able to observe the counting of physical inventories at the end of the period nor satisfy ourselves concerning those inventory quantities by alternative means. Also, salaries and benefits paid to employees of the Commission are administered by the Government of Nunavut, and are audited as part of the Government of Nunavut. Our audit scope was limited as we were instructed not to audit the components of salaries and benefits expenditures. Also, we were unable to confirm with the Government of Nunavut the balance of the Liquor Revolving Fund. Accordingly, we were not able to determine whether any adjustments might be necessary to cost of sales, salaries and benefits expenditure, net earnings for the year, inventory, liabilities, amounts due to the Government of Nunavut, and cash provided by operations.

In our opinion, except for the effects of adjustments, if any, which might have been determined to be necessary had we been able to audit inventory and salaries and benefits expenditure as described in the preceding paragraphs, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2005, and the results of its operations and cash flows for the period then ended.

We further report in accordance with the Financial Administration Act of Nunavut that, in our opinion, proper books and records of accounts have been kept by the authority, the financial statements are in agreement therewith and the transactions that have come under our examination have, in all material respects, been within the statutory powers of the Commission.

The financial statements as at October 31, 2004, and for the period then ended were audited by another firm of accountants who expressed an opinion with reservation on those statements in their report dated March 30, 2005.

**Rankin Inlet, Nunavut  
November 21, 2005**

*Mackay LLP*

**Chartered Accountants**





# Nunavut Liquor Commission

## Statement of Income

For the period ended,	(unaudited) Budget March 31, 2005	Actual March 31, 2005	Actual October 31, 2004
<b>Sales</b>			
Beer	\$ 342,173	\$ 911,799	\$ 1,577,210
Spirits	1,119,595	327,836	459,412
Wine	87,850	109,781	139,873
Coolers and ciders	8	7,191	17,250
	<b>1,549,626</b>	<b>1,356,607</b>	2,193,745
<b>Cost of Sales</b>			
Beer	498,541	420,661	527,111
Spirits	104,167	84,437	138,621
Wine	37,500	42,547	61,835
Coolers and ciders	2,708	3,764	9,673
	<b>642,916</b>	<b>551,409</b>	737,240
<b>Gross margin</b>	<b>906,710</b>	<b>805,198</b>	1,456,505
<b>Other income</b>			
Licenses fees and permits	93,671	101,332	105,481
Import fees	75,000	123,338	231,946
	<b>168,671</b>	<b>224,670</b>	337,427
	<b>1,075,381</b>	<b>1,029,868</b>	1,793,932
<b>Expenses</b>			
Advertising	1,667	-	262
Amortization	3,333	13,065	5,007
Administration fee	20,821	-	55,074
Communications	3,958	2,999	4,307
Computer services	11,458	1,462	1,182
Contractor fees	-	107,730	39,352
Honoraria	20,417	1,750	9,543
Office	19,916	24,523	19,436
Professional fees	-	16,000	13,375
Repairs and maintenance	18,750	1,518	1,515
Rent	152,567	194,656	202,376
Travel	16,667	83,183	8,169
Utilities	10,833	16,687	11,037
Salaries and benefits	256,263	290,542	353,000
	<b>536,650</b>	<b>754,115</b>	723,635
<b>Net income</b>	<b>\$ 538,731</b>	<b>\$ 275,753</b>	<b>\$ 1,070,297</b>

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## Nunavut Liquor Commission

### Statement of Amount Due to the Government of Nunavut

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<b>For the period ended</b>	<b>March 31, 2005</b>	<b>October 31, 2004</b>
Balance, beginning of period	\$ 1,864,560	\$ 1,671,014
Net earnings for the period	275,753	1,070,297
Net transfer of funds to the Gov't of Nunavut	(1,484,418)	(876,751)
	<b>\$ 655,895</b>	<b>\$ 1,864,560</b>

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## Nunavut Liquor Commission

### Balance Sheet

As at	March 31, 2005	October 31, 2004
<b>Assets</b>		
<b>Current</b>		
Cash	\$ -	\$ 965,848
Accounts receivable	34,073	7,618
Inventory (Note 3)	644,934	1,183,577
Prepaid expenses	42,686	-
	<b>721,693</b>	<b>2,157,043</b>
<b>Property and equipment (Note 4)</b>	<b>83,930</b>	<b>35,317</b>
	<b>\$ 805,623</b>	<b>\$ 2,192,360</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 91,135	\$ 219,063
Due to the Government of Nunavut (Note 5)	655,895	1,864,560
Bottle deposit outstanding	4,203	15,220
Deferred revenue	19,223	-
	<b>770,456</b>	<b>2,098,843</b>
<b>Employee future benefits (Note 6)</b>	<b>35,167</b>	<b>93,517</b>
	<b>\$ 805,623</b>	<b>\$ 2,192,360</b>

### Commitments (Note 9)

Approved on behalf of Nunavut Liquor Management

  
\_\_\_\_\_  
Chris D'Arcy  
Acting Assistant Deputy Minister,  
Financial Management

  
\_\_\_\_\_  
Peter Ma  
Deputy Minister for Finance

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## Nunavut Liquor Commission

### Statement of Cash Flows

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For the period ended,	March 31, 2005	October 31, 2004
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Cash received from customers	\$ 1,563,028	\$ 2,526,510
Cash paid to suppliers	(633,891)	(2,054,919)
Cash paid to employees	(348,892)	(310,772)
	<b>580,245</b>	160,819
<b>Financing activities</b>		
Cash transferred to Government of Nunavut	<b>(1,484,418)</b>	(876,751)
<b>Investing activities</b>		
Purchase of property and equipment	<b>(61,675)</b>	(35,317)
<b>Change in cash position</b>	<b>(965,848)</b>	(751,249)
<b>Cash position, beginning of year</b>	<b>965,848</b>	1,717,097
<b>Cash position, end of year</b>	<b>\$ -</b>	<b>\$ 965,848</b>

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# Nunavut Liquor Commission

## Notes to Financial Statements (Unaudited)

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March 31, 2005

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### 1. Authority and Operations

The Nunavut Liquor Commission (the "Commission") is established under Part II of the *Liquor Act* of Nunavut. The Commission is responsible for the operation of the liquor warehouse and the purchase and distribution of liquor in Nunavut through the Liquor Revolving Fund. It is named in Schedule A to the *Financial Administration Act*. The Commission is authorized by the Legislative Assembly to receive interest free working capital advances from time to time not exceeding \$6,500,000 to finance its operations.

Net income for the year is to be transferred to the Government of Nunavut in accordance with the *Liquor Act*. The absence of working capital advances has resulted in the Commission retaining the cash surpluses to continue operations.

These financial statements include the operations of the Liquor Licensing Board of Nunavut (schedule 2)

The Commission is non-taxable under the *Income Tax Act*.

### 2. Significant Accounting Policies

The following is a summary of the significant accounting policies used by management in the preparation of these financial statements.

#### (a) Revenue recognition

Revenue is recognized when the goods are sold or the services are provided.

#### (b) Inventory

Inventory is recorded at the lower of cost or net realizable value on a first-in, first-out basis.

#### (c) Property and equipment

Property and equipment is recorded at cost. Amortization is calculated by the declining balance method at the annual rates set out in note 4.

#### (d) Deferred revenue

Revenue received in advance of goods being provided and services being performed is deferred. The amounts will be taken into income when the goods and services are provided.

#### (e) Financial instruments

All significant financial assets, financial liabilities and equity instruments of the Commission are either recognized or disclosed in the financial statements together with available information for a reasonable assessment of future cash flows, interest rate risk and credit risk. Where practicable the fair values of financial assets and financial liabilities have been determined and disclosed; otherwise only available information pertinent to fair value has been disclosed.

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## Nunavut Liquor Commission

### Notes to Financial Statements (Unaudited)

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March 31, 2005

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#### 2. Significant Accounting Policies (continued)

##### (f) Employee future benefits

Employee future benefits are accrued as employees render the services necessary to earn them.

##### (g) Use of estimates

The preparation of this financial information in conformity with Canadian generally accepted accounting principles 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 information and the amounts of revenues and expenditures during the period. Actual results could differ from those estimates.

#### 3. Inventory

	March 31, 2005	October 31 2004
Iqaluit warehouse		
Spirits	\$ 214,926	\$ 290,384
Wine	92,483	131,972
Beer	194,531	628,440
Coolers and ciders	692	3,205
	<hr/> 502,632	<hr/> 1,054,001
Rankin Inlet warehouse		
Spirits	47,144	55,465
Wine	6,198	8,459
Beer	84,703	60,232
Coolers and ciders	4,257	5,420
	<hr/> 142,302	<hr/> 129,576
	<hr/> <b>\$ 644,934</b>	<hr/> <b>\$ 1,183,577</b>

#### 4. Property and Equipment

				March 31 2005	October 31 2004
	Rate	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and equipment	20%	\$ 35,145	\$ 6,686	\$ 28,459	\$ 31,044
Computers	30%	46,216	23,809	22,407	4,273
Software	100%	41,765	8,701	33,064	-
		<hr/> \$ 123,126	<hr/> \$ 39,196	<hr/> <b>\$ 83,930</b>	<hr/> <b>\$ 35,317</b>

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## Nunavut Liquor Commission

### Notes to Financial Statements (Unaudited)

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**March 31, 2005**

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#### 5. Due to Government of Nunavut

The cash received by the Commission has been included in the amount due to the Government of Nunavut.

	<b>2005</b>	2004
Due to Government of Nunavut	\$ 3,253,401	\$ 1,864,560
Cash deposited to the Nunavut Liquor Commission	(2,597,506)	-
<b>Total due to Government of Nunavut</b>	<b>\$ 655,895</b>	<b>\$ 1,864,560</b>

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#### 6. Employee Future Benefits

The Commission has accrued leave benefits in accordance with article 17 of the collective agreement between the Nunavut Employees Union and the Government of Nunavut.

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

#### 7. Operations of the Liquor Licensing Board of Nunavut

The operations of the Liquor Licensing Board of Nunavut are administered by the Commission. The net earnings (loss) generated in the period represents amounts due to (from) the Government of Nunavut. The Liquor Licensing Board of Nunavut does not have separate banking facilities apart from the Commission.

#### 8. Related Party Transactions

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

The Commission is provided various administrative services by the Government of Nunavut, the value of which is not reflected in these financial statements. The administrative costs include legal services by the Department of Justice and payroll services provided by Department of Finance.

The Commission was charged rent for a warehouse from the Government of Nunavut in the amount of \$49,498 during the period (\$45,000 during the period ended October 31, 2004).

At March 31, 2005 the Commission had a balance owing of \$35,115 (\$131,000 for the period ended October 31, 2004) to the Government of Nunavut in addition to the amount disclosed on the balance sheet. This amount is included in accounts payable.

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## **Nunavut Liquor Commission**

### **Notes to Financial Statements (Unaudited)**

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**March 31, 2005**

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#### **9. Commitments**

The Commission has entered into a ten year lease expiring April 1, 2014 for its warehouse and office premises. The minimum annual lease payments are \$266,156 per year consisting of \$20,293 per month for the rent of the building and \$1,887 per month for tenant improvement costs. The tenant improvement costs included in the annual lease payments are subject to increases based on the value of capital improvement costs plus a 15% administration fee.

#### **10. Financial Instruments**

Financial instruments consist of recorded amounts of accounts receivable, accounts payable, bottle deposits, and employee future benefits which will result in future cash outlays.

(a) Fair value

The Commission's carrying value of cash and cash equivalents, accounts payable and accrued liabilities, and bottle deposits approximates its fair value due to the immediate or short-term maturity of these instruments. The fair value of the amounts due to the Government of Nunavut are less than carrying value, as the amounts are non-interest bearing. As the amounts have no terms of repayment, the fair value cannot be calculated with any degree of certainty.

#### **11. Budget Amounts**

The budget amounts are prepared for internal purposes and are approved by the Legislative Assembly of the Government of Nunavut. The amounts are prorated to the number of months in the period.

#### **12. Comparative Amounts**

Certain of the comparative figures have been reclassified to conform with the presentation adopted in the current year.



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## Nunavut Liquor Commission

### Nunavut Liquor Management

### SCHEDULE 1

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For the period ended,	March 31, 2005	October 31, 2004
<b>Sales</b>		
Beer	\$ 911,799	\$ 1,577,210
Spirits	327,836	459,412
Wine	109,781	139,873
Coolers and ciders	7,191	17,250
	<b>1,356,607</b>	<b>2,193,745</b>
<b>Cost of Sales</b>		
Beer	420,661	527,111
Spirits	84,437	138,621
Wine	42,547	61,835
Coolers and ciders	3,764	9,673
	<b>551,409</b>	<b>737,240</b>
<b>Gross margin</b>	<b>805,198</b>	<b>1,456,505</b>
<b>Expenses</b>		
Advertising	-	262
Amortization	13,065	5,007
Administration fee	-	55,074
Communications	2,999	4,307
Computer services	1,462	1,182
Contractor fees	-	39,352
Office	24,460	13,294
Repairs and maintenance	1,518	1,515
Rent	194,656	200,757
Travel	24,952	8,169
Utilities	16,687	11,037
Salaries and benefits	260,768	277,000
	<b>540,567</b>	<b>616,956</b>
<b>Income from operations</b>	<b>264,631</b>	<b>839,549</b>
<b>Other income</b>		
Import fees	<b>73,490</b>	<b>231,946</b>
<b>Net income</b>	<b>\$ 338,121</b>	<b>\$ 1,071,495</b>

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## Nunavut Liquor Commission

### Nunavut Liquor Board

### SCHEDULE 2

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For the period ended,	March 31, 2005	October 31, 2004
<b>Revenue</b>		
Licenses and fines	\$ 101,332	\$ 105,481
Import fees	49,848	-
	<b>151,180</b>	105,481
<b>Expenses</b>		
Contractor fees	107,730	-
Honoraria	1,750	9,543
Office	63	6,142
Professional fees	16,000	13,375
Rent	-	1,619
Travel	58,231	-
Salaries and benefits	29,774	76,000
	<b>213,548</b>	106,679
<b>Net Loss</b>	<b>\$ (62,368)</b>	<b>\$ (1,198)</b>

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