

*Annual Report*

Fiscal Year  
**2001**

# **NEW HAMPSHIRE LIQUOR COMMISSION**

**Jeanne Shaheen**  
GOVERNOR

## **Executive Council**

**Raymond S. Burton**  
FIRST DISTRICT

**Peter Spaulding**  
SECOND DISTRICT

**Ruth L. Griffin**  
THIRD DISTRICT

**Thomas Colantuono**  
FOURTH DISTRICT

**David K. Wheeler**  
FIFTH DISTRICT



## From the NH Liquor Commission

November 2001

Her Excellency, Governor Jeanne Shaheen

State of New Hampshire

Concord, New Hampshire

Dear Governor Shaheen:

We are pleased to present to you the Fiscal Year 2001 annual report of the New Hampshire Liquor Commission. It covers the results of operations for the period of July 1, 2000, through June 30, 2001, and marks the 67th year of operation for the Commission.

The past fiscal year was one of substantial accomplishment for the Commission. Total sales reached a record-setting \$310 million, an increase of more than \$17 million from FY 2000. Net profit for 2001 also set a record just over \$77.3 million.

This report outlines many of our accomplishments in all areas of our operations and our objectives for the future. Additional financial and operating data regarding the Commission is on file with the Department of Administrative Services or directly available through our office. We welcome your comments, questions, and suggestions and appreciate your continued support in our service to the people of our state.

Respectfully submitted,



JOHN W. BYRNE, CHAIRMAN



ANTHONY C. MAIOLA, COMMISSIONER



PATRICIA T. RUSSELL, COMMISSIONER

## From the Governor

For the past 67 years, the New Hampshire Liquor Commission, under the authority granted to it by the New Hampshire Legislature, has been directly responsible for regulating the sale, distribution, and consumption of alcoholic beverages in the state.

The Commission's role is to ensure that alcohol is consumed and purchased responsibly, in moderation, and only by individuals of legal drinking age. For more information on the Enforcement Division's education and alcohol awareness programs, please visit the Commission web site at [www.state.nh.us/liquor](http://www.state.nh.us/liquor)

This report outlines the financial performance of the Commission and highlights significant achievements in training, customer service, and other areas in fiscal year 2001. My thanks to the Commission and its staff for their continued dedication and commitment to the people of New Hampshire and their service to our many customers from around the world.



GOVERNOR JEANNE SHAHEEN



## Chairman's Message

The first fiscal year of the new millennium has come to a close, and what a year it's been. Sales this year continued to climb, topping out at \$310 million – an increase of \$17 million over FY '00.

There are many factors behind the Liquor Commission's continued success. Not the least of which is our emphasis on wine education, appreciation, and marketing.

Nationally, wine is a multi-billion dollar industry which continues to experience sales growth, especially in the northeast. Recognizing this trend, the Liquor Commission continues to develop programs designed to educate and market wines to consumers. During fiscal 2001, New Hampshire wine sales reached \$137 million, an increase of \$43 million in just five years. Wine sales now make up close to 45% of the Liquor Commission's total sales.

One important component of the Commission's wine initiative is wine tastings. Wine tastings have not only helped increase our wine education and sales efforts, but have helped non-profit organizations around the state spread the word about their organizations and raise much needed funds. This year's annual report profiles several of the many organizations we've assisted over the years.

Keeping our past success in mind, the Commission plans to continue to develop new and innovative ways to market and educate consumers about fine wine in coming years.

On behalf of my fellow Commissioners, I'd like to thank the Governor and Executive Council and members of the General Court for your continued support in all the Commission's marketing efforts. And a special thanks to our employees, without whose dedication and hard work the results outlined in this annual report would not have been possible.

As we now look ahead into a new millennium, we look forward to continued success and service to the people of the Granite State.



JOHN W. BYRNE, CHAIRMAN

## Wine Education

As a result of an elevated enthusiasm for wine, the New Hampshire State Liquor Commission continues to develop new and innovative programs to further educate and market wine to consumers. Efforts that have had a direct impact on our record-breaking sales year after year.

As recent studies have shown, consumers are seeking a greater knowledge of wine, and with that knowledge, are becoming more inclined to appreciate finer wines. With that in mind, the Commission has developed a wine education and marketing program designed to both, meet a growing consumer interest in wine, and to increase sales, by developing a more sophisticated and knowledgeable wine consumer.

At the center of our effort is our Wine & Food Program, which among other things, educates consumers about the distinctiveness of various wine varieties and how to pair fine wines with food. Part of that program includes Wine & Dine, on

WMUR-TV, showcasing New Hampshire restaurants with fine wine lists and culinary talents. Wine & Dine helps to promote the New Hampshire hospitality industry, while continuing to educate consumers about wine and food.

of the Commission's Wine & Food Program is ed in cooperation with non-profit organizations,

New Hampshire State Liquor Commission wine tastings have long been an outstanding opportunity to educate consumers about wines, assist charitable organizations, and overall goodwill in the community.



This year's annual report features some of those charitable organizations and highlights how the Commission's wine tastings have shared in the knowledge of fine wine while helping them continue their selfless efforts throughout our communities.

## Junior Service League, Concord, NH

*"Through the generosity of the New Hampshire Liquor Commission, "A Taste of Concord" has become an anchor fundraising event for the Junior Service League."* Katharine M. Stickney, Wine Tasting Chairman, Junior Service League

This past year's wine tasting to benefit the Junior Service League of Concord was the most successful yet. The event attracted more than 275 people and raised more than \$6,300 to promote interests in philanthropic, educational and civic programs in Concord.

Through a variety of local fundraisers, including the "Taste of Concord," the Junior Service League of Concord is able to service the community with great impact. The Taste of Concord is one of the most successful events held all year to raise money and add more cultural events to the community.

Some of the organizations helped through the Junior Service League of Concord include: Concord Girls and Boys Club, Rape and Domestic Violence Crisis Center, The Children's Place, Concord School District, Child and Family Services, Merrimack Valley Day Care, New England Deaf Camp, Second Start, and many more!

## Claremont Opera House, Claremont, NH

*"The Claremont Opera House is particularly thankful to the New Hampshire State Liquor Commission for their enormous help in making this all possible."* Barbara Agel, Claremont Opera House Board of Directors



The Claremont Opera House with the help of the New Hampshire State Liquor Commission began sponsoring wine tastings years ago. It is one of the longest running wine tastings for the Commission, and one of the most successful fundraisers for the Opera House. Called Autumn Savories, the wine tasting benefits the Opera House operating budget, while at the same time giving local residents an opportunity to learn about wines, restaurants, and catering services.

Over the years, this event has become a popular social event and has continued to grow in both size and money raised. In its first year the Autumn Savories raised approximately \$1,000. This past year it raised more than 4 times that amount.



## Mt. Washington Valley Chamber of Commerce, Bretton Woods, NH

*"The Mt. Washington Valley Business to Business Expo wine tasting is always the highlight of the event. Thanks to the New Hampshire State Liquor Commission, this year was no exception."*

Janice Crawford, Mt. Washington Valley Chamber of Commerce

For the past three years, the Mt. Washington Valley Chamber of Commerce has worked with the New Hampshire State Liquor Commission to promote wine tastings in conjunction with its annual Mt. Washington Valley Business to Business Expo. Each year, the Business to Business Expo attracts hundreds of people, and the wine tasting is an integral part of that event. The Mt. Washington Valley Business to Business Expo has grown to be the largest business expo in Northern New England, thanks in large part to the appeal of the wine tasting.

Many who've attended the Business to Business Expo agree. This past year, the wine tasting raised nearly \$6,000 for the Mt. Washington Valley Chamber of Commerce – money that is used to provide customer service and best practices workshops for business in the North Country.



## Rise...for baby and family, Keene, NH

*“Because of the support of the New Hampshire State Liquor Commission, and its Wine Tasting Program, Rise...for baby and family has been able to raise the needed funds to cover program enhancements not covered by our annual budget.”*

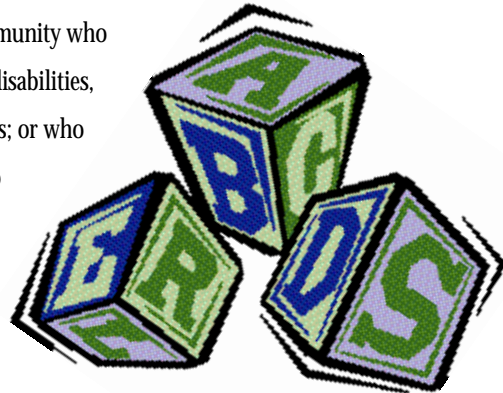
Samantha Wilhelm, Steering Committee, Rise...for baby and family

Working in conjunction with the New Hampshire State Liquor Commission, this year Rise...for baby and family sponsored its first wine tasting to help fund its charitable efforts for area families.

Held at the beautiful Keene Country Club, this inaugural event attracted 13 sponsoring restaurants and more than 200 guests. The event was a huge success, as wine tasters spent the evening learning about and sampling fine wines, all for a worthy cause.

The Rise...for baby and family wine tasting raised an impressive \$5,864. Money that will be used for program enhancements, toys, adaptive equipment, furnishings, and other special projects. With such an outpouring of support, next year's event is already in the works and promises to be even bigger.

Rise...for baby and family is an early intervention agency providing supports and services to infants, toddlers, and their families throughout the Monadnock Region. Annually, Rise...for baby and family provides services to more than 100 children throughout the community who have either specific disabilities, developmental delays; or who may be at risk due to peri-natal health.



## Wine Training

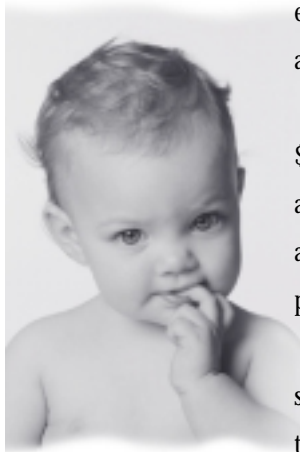
As our consumers continue to become more and more wine savvy, so too must our employees. With that in mind, the Commission also aims to expand its internal wine education programs. Ongoing education and training for our employees is an important step in our success – ensuring our employees' enthusiasm and comfort level in assisting consumers with their wine selection.

Enhanced wine training seminars have helped educate employees on everything from wine basics to the nuances of a vintage port. These seminars, held periodically throughout the year and in different geographic regions of the state, have succeeded in making it easier for employees to more effectively assist customers with their questions about our products. While the number of Commission employees has stayed fairly constant for the past ten years, record-breaking sales numbers suggest that these programs and others are allowing us to perform more effectively and efficiently than ever before.

The NHSLC Employee Wine Training Seminars over the past year included: *The Components of Wine* with Tim Clark, Wine Educator for Robert Mondavi Winery; *Spanish Wines* with Gary Shaw, VP of MS Walker; and *Wines of Chile* with Peter Emery of Banfi Vintners.

The Wine & Food program continues to offer a fun and interesting way to educate consumers about the distinctiveness of various wine varieties and how to select and pair fine wines with food.

As a result of continued strength and support of our already existing programs, enhanced training seminars, and a more sophisticated and enthusiastic wine market, FY 2001 proved to be a robust year in every respect.



## Fiscal Year 2001 Facts

Total liquor sales = \$310 million

Net profit from operations = \$77.3 million

Store with highest sales = \$18.5 million (Hampton-North)

## Personnel Data

CURRENT NUMBER OF EMPLOYEES	06/30/01	06/30/00
Unclassified	3	3
Classified	315	314
Temporary *	415	411
<b>Total</b>	<b>733</b>	<b>728</b>

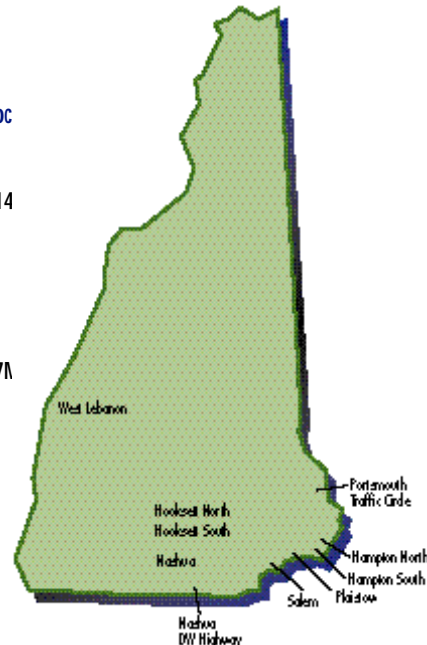
\*Permanent employees are those occupying positions permanently established by the legislature, whereas temporary employees are those whose service is authorized for a limited or intermittent period.

## Physical Plant and Property Appraisal

	06/30/01	06/30/00
Land and Land Improvements	\$2,681,679	\$2,679,379
Buildings and Improvements	15,783,983	14,559,814
Equipment	7,945,597	7,588,905
<b>Total</b>	<b>\$26,411,259</b>	<b>\$24,828,098</b>
Less: Allowance for Depreciation and Amortization	(11,865,802)	(10,417,882)
<b>Net Fixed Assets</b>	<b>\$14,545,456</b>	<b>\$14,410,216</b>

### NHSLC Top 10 Retail Store Loc

1. Hampton - North (\$18.5M)
2. Portsmouth Traffic Circle (\$14.8M)
3. Hampton - South (\$14.8M)
4. Nashua (\$12.6M)
5. Salem (\$12.3M)
6. Nashua DW Highway (\$11.7M)
7. Hooksett North (\$10.8M)
8. West Lebanon (\$8.8M)
9. Hooksett-South (\$8.3M)
10. Plaistow (\$5.6M)



## State of New Hampshire Liquor Commission Comparative Income Statement-Liquor\*

FISCAL YEARS ENDED 6/30/01 AND 6/30/00	July 01, 2000 through June 30, 2001	July 01, 1999 through June 30, 2000	FY 01	FY 00	Increase/ (Decrease)	Incr/ (Dcr)
<b>REVENUE</b>						
Sales – Retail	\$219,992,368	\$207,365,152	0.72	0.72	12,627,216	0.06
Sales – On-Premise	39,770,908	36,725,941	0.13	0.13	3,044,967	0.08
Sales – Off-Premise	50,440,414	48,688,334	0.17	0.17	1,752,080	0.04
<b>Total Sales</b>	<b>\$310,203,690</b>	<b>\$292,779,427</b>	<b>1.02</b>	<b>1.02</b>	<b>17,424,263</b>	<b>0.06</b>
Less Discounts, Credit Card Fees, Etc.	(5,480,238)	(4,916,632)	-0.02	-0.02	563,606	0.11
<b>Net Sales</b>	<b>\$304,723,452</b>	<b>\$287,862,795</b>	<b>1.00</b>	<b>1.00</b>	<b>16,860,657</b>	<b>0.06</b>
<b>COST OF GOODS</b>						
Inventory Change	(\$928,511)	(\$1,419,102)	0.00	0.00	-490,591	0.35
Purchases Net	219,370,590	207,971,530	0.72	0.72	11,399,060	0.05
Buy-In Storage & Handling	391,407	365,493	0.00	0.00	25,914	0.07
Freight to Stores	1,071,593	985,391	0.00	0.00	86,202	0.09
<b>Total Cost of Sales</b>	<b>\$219,905,079</b>	<b>\$207,903,312</b>	<b>0.72</b>	<b>0.72</b>	<b>12,001,767</b>	<b>0.06</b>
<b>Gross Profit from Sales</b>	<b>\$84,818,372</b>	<b>\$79,959,483</b>	<b>0.28</b>	<b>0.28</b>	<b>4,858,889</b>	<b>0.06</b>
<b>OTHER REVENUE</b>						
Liquor Rep. Fees	\$3,770	\$4,004	0.00	0.00	-234	-0.06
Licenses – Liquor	2,539,183	2,785,647	0.01	0.01	-246,464	-0.09
Licenses – Wine	288	140	0.00	0.00	148	1.06
Brand Registration Fees	14,967	107,950	0.00	0.00	-92,983	-0.86
Check & Administrative Fines	157,399	141,076	0.00	0.00	16,323	0.12
Warehouse Bailment Income	907,739	1,005,428	0.00	0.00	-97,689	-0.10
Wine Tax	10,151	7,892	0.00	0.00	2,259	0.29
Sweepstakes Income	384,890	392,971	0.00	0.00	-8,081	-0.02
Inventory Information	4,204	4,401	0.00	0.00	-197	-0.04
Direct Shipping Permits	86,356	48,415	0.00	0.00	37,941	0.78
Processing/Investigation Fees	50,225	50,691	0.00	0.00	-466	-0.01
Miscellaneous	36,243	31,978	0.00	0.00	4,265	0.13
<b>Total Other Revenue</b>	<b>\$4,195,415</b>	<b>\$4,580,593</b>	<b>0.01</b>	<b>0.01</b>	<b>-385,178</b>	<b>-0.08</b>
<b>Total Gross Profit</b>	<b>\$89,013,787</b>	<b>\$84,540,076</b>	<b>0.29</b>	<b>0.29</b>	<b>4,473,711</b>	<b>0.05</b>

\* Unaudited

## State of New Hampshire Liquor Commission Comparative Income Statement-Liquor\*

FISCAL YEARS ENDED 6/30/01 AND 6/30/00	July 01, 2000 through June 30, 2001	July 01, 1999 through June 30, 2000	FY 01	FY 00	Increase/ (Decrease)	Incr/ (Dcr)
<b>OPERATING EXPENSES</b>						
Commissioner's Office	\$506,709	\$628,460	0.00	0.00	-121,751	-0.19
Data Processing	862,260	829,555	0.00	0.00	32,705	0.04
Accounting and Finance	987,877	986,124	0.00	0.00	1,753	0.00
Merchandising – Admin.	404,098	428,960	0.00	0.00	-24,862	-0.06
Purchasing	54,032	54,767	0.00	0.00	-735	-0.01
Human Resources	83,944	80,491	0.00	0.00	3,453	0.04
Merchandising – Stores	16,789,054	16,166,409	0.06	0.06	622,645	0.04
Warehouse	624,417	710,844	0.00	0.00	-86,427	-0.12
Depreciation Expenses –						
• Office of Commissioners	92,773	92,125	0.00	0.00	648	0.01
• Data Processing	651,653	521,368	0.00	0.00	130,285	0.25
• Accounting and Finance	35,675	35,313	0.00	0.00	362	0.01
• Merchandising	116	206	0.00	0.00	-90	-0.44
• Human Resources	102	68	0.00	0.00	34	0.00
• Stores	621,970	582,540	0.00	0.00	39,430	0.07
• Warehouse	80,880	80,206	0.00	0.00	674	0.01
<b>Total Expenses</b>	<b>\$21,795,560</b>	<b>\$21,197,436</b>	<b>0.07</b>	<b>0.07</b>	<b>598,124</b>	<b>0.03</b>
Net Profit –						
• Liquor Operations	\$67,218,227	\$63,342,640	0.22	0.22	3,875,588	0.06
• Licensing & Enforcement	10,068,833	10,439,041	0.03	0.04	-370,208	-0.04
Loss on Disposal of F/A	(12,447)	(2,473)	0.00	0.00	-9,974	4.03
<b>Total Net Profit</b>	<b>\$77,274,613</b>	<b>\$73,779,208</b>	<b>0.25</b>	<b>0.26</b>	<b>3,495,405</b>	<b>0.05</b>

\* Unaudited

### NOTE:

Beginning Inventory	\$19,157,166	\$17,738,064			1,419,102	
Inventory Change	928,511	1,419,102			-490,591	
<b>Ending Inventory</b>	<b>\$20,085,677</b>	<b>\$19,157,166</b>			<b>928,511</b>	

## State of New Hampshire Liquor Commission Statement of Financial Position June 30, 2001\*

	June 30, 2001	June 30, 2000	Increase/ (Decrease)	Incr/ (Dcr)
<b>Assets</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$4,028,278	\$3,030,271	998,007	0.33
Accounts Receivable	4,110,013	3,997,685	112,329	0.03
Net Due from Other Agencies	0	3,666,145	-3,666,145	-1.00
Liquor Inventory	20,085,677	19,157,166	928,511	0.05
<b>Total Current Assets</b>	<b>\$28,223,968</b>	<b>\$29,851,267</b>	<b>-1,627,299</b>	<b>-0.06</b>
<b>PROPERTY, PLANT &amp; EQUIPMENT</b>				
Land & Land Improvements	\$2,681,679	\$2,679,379	2,300	0.00
Buildings and Leasehold Improvements	15,783,983	14,559,814	1,224,169	0.08
Vehicles, Equipment and Furniture	7,945,597	7,588,905	356,692	0.05
<b>Total Property, Plant and Equipment</b>	<b>\$26,411,259</b>	<b>\$24,828,098</b>	<b>1,583,161</b>	<b>0.06</b>
Less Allowance for Depreciation and Amortization	(11,865,802)	(10,417,882)	1,447,921	0.14
Net Property, Plant and Equipment	14,545,456	14,410,216	135,240	0.01
<b>Total Assets</b>	<b>\$42,769,424</b>	<b>\$44,261,483</b>	<b>-1,492,059</b>	<b>-0.03</b>
<b>Liabilities &amp; Funded Equity</b>				
Accounts Payable	\$22,609,262	\$25,611,954	-3,002,692	-1.12
Accrued Payroll	639,000	602,000	37,000	.06
Deferred Income	2,248,740	1,855,312	393,427	0.21
Compensated Absences Payable	1,679,000	1,782,000	-103,000	-0.06
Net Due to Other Agencies	1,047,966	0	1,047,966	1.00
<b>Total Current Liabilities</b>	<b>\$28,223,968</b>	<b>\$29,851,267</b>	<b>-1,627,299</b>	<b>-0.06</b>
<b>Total Fund Equity</b>	<b>14,545,456</b>	<b>14,410,216</b>	<b>135,240</b>	<b>0.01</b>
<b>Total Liabilities &amp; Funded Equity</b>	<b>\$42,769,424</b>	<b>\$44,261,483</b>	<b>-1,492,059</b>	<b>-0.03</b>

\* Unaudited

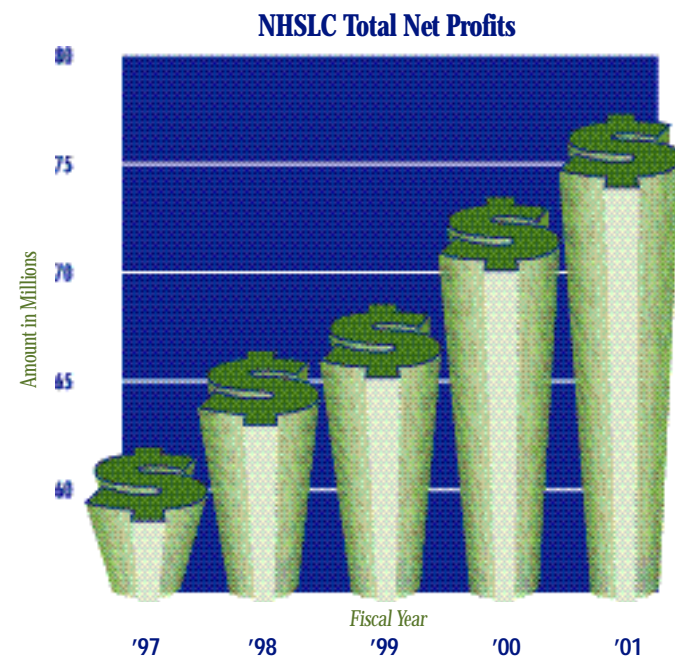
## State of New Hampshire Liquor Commission Five-Year Comparative Statement of Operations-Liquor\*

AMOUNT IN THOUSANDS	FY 01	FY00	FY 99	FY 98	FY 97
<b>SALES</b>					
Sales – Retail	\$219,992	\$207,365	\$192,014	\$181,205	\$173,184
Sales – On-Premise	39,771	36,726	33,682	31,903	29,344
Sales – Off-Premise	50,440	48,688	44,413	42,482	38,562
<b>Total Sales</b>	<b>\$310,203</b>	<b>\$292,779</b>	<b>\$270,109</b>	<b>\$255,590</b>	<b>\$241,090</b>
Less Discounts, CC, Etc.	5,480	4,916	4,591	3,634	3,257
<b>Net Sales</b>	<b>\$304,723</b>	<b>\$287,863</b>	<b>\$265,518</b>	<b>\$251,956</b>	<b>\$237,833</b>
Cost of Goods Sold	219,905	207,903	191,770	180,994	171,358
<b>Gross Profit on Sales</b>	<b>\$84,818</b>	<b>\$79,960</b>	<b>\$73,748</b>	<b>\$70,962</b>	<b>\$66,475</b>
<b>OTHER REVENUE</b>					
Liquor and Wine Licenses	\$2,539	\$2,786	\$2,844	\$2,777	\$2,784
Liquor Rep. Fees	4	4	4	4	4
Sweepstakes Income	385	393	448	420	405
Miscellaneous	1,267	1,397	1,251	1,260	1,371
<b>Total Other Revenue</b>	<b>\$4,195</b>	<b>\$4,580</b>	<b>\$4,547</b>	<b>\$4,461</b>	<b>\$4,564</b>
<b>Total Gross Profit</b>	<b>\$89,013</b>	<b>\$84,540</b>	<b>\$78,295</b>	<b>\$75,423</b>	<b>\$71,039</b>
<b>OPERATING EXPENSES</b>					
Office of Commission	\$507	\$629	\$470	\$455	\$535
Data Processing	862	829	811	688	772
Accounting and Finance	988	986	959	842	941
Merchandising – Administration	404	429	349	322	316
Human Resources	84	81	71	75	
Purchasing	54	55	52	53	51
Merchandising – Stores	16,789	16,167	15,604	15,270	14,888
Warehouse	624	711	649	721	660
<b>Total Operating Expenses</b>	<b>\$20,312</b>	<b>\$19,887</b>	<b>\$18,965</b>	<b>\$18,426</b>	<b>\$18,163</b>
<b>Net Operating Profit</b>	<b>\$68,701</b>	<b>\$64,653</b>	<b>\$59,330</b>	<b>\$56,997</b>	<b>\$52,876</b>

## State of New Hampshire Liquor Commission Five-Year Comparative Statement of Operations-Liquor\*

AMOUNT IN THOUSANDS	FY 01	FY 00	FY 99	FY 98	FY 97
<b>OTHER EXPENSES</b>					
Depreciation	\$1,483	\$1,311	\$896	\$814	\$1,049
(Gain)/Loss on F/A	12	2	6	21	6
<b>Total Other Expenses</b>	<b>\$1,495</b>	<b>\$1,313</b>	<b>\$902</b>	<b>\$835</b>	<b>\$1,055</b>
<b>Net Profit from Liquor</b>	<b>\$67,206</b>	<b>\$63,340</b>	<b>\$58,428</b>	<b>\$56,162</b>	<b>\$51,821</b>
<b>ENFORCEMENT AND LICENSING</b>					
Rev. – Beer Tax and Permits	\$11,769	\$12,301	\$11,617	\$11,442	\$11,366
Exp. – Enforcement and Licensing	1,658	1,813	1,358	1,207	1,187
Depreciation	42	49	0	0	2
<b>Net Profit from Enforcement</b>	<b>\$10,069</b>	<b>\$10,439</b>	<b>\$10,259</b>	<b>\$10,235</b>	<b>\$10,177</b>
<b>Total Net Profit</b>	<b>\$77,275</b>	<b>\$73,779</b>	<b>\$68,687</b>	<b>\$66,397</b>	<b>\$61,998</b>

\* Unaudited



FY '97 to FY '01 net profit to New Hampshire's General Fund has totaled \$348 million.



## STATE LIQUOR & WINE OUTLET STORES NH LIQUOR COMMISSION



John W. Byrne  
CHAIRMAN



Anthony C. Maiola  
COMMISSIONER



Patricia T. Russell  
COMMISSIONER

New Hampshire Liquor Commission

PO Box 503

Storrs Street

Concord, NH 03302-0503

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