

Blue Ridge ABC Board

Performance Audit Report



Alcoholic Beverage Control Commission
400 East Tryon Road, Raleigh, NC 27610
p: 919-779-0700 | f: 919-661-5927 | <http://abc.nc.gov>



ABC
COMMISSION
NORTH CAROLINA

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Alcoholic Beverage Control

February 23, 2026

CHAIRMAN:
Hank Bauer

Blue Ridge ABC Board
Charles McGrady, Chair
205 S. Church St
Hendersonville, NC 28792

COMMISSIONERS:
La'Tanta (L.T.) McCrimmon
Raleigh

David Sherlin
Raleigh

Chairperson McGrady,

DEPUTY COMMISSIONER:
Mike DeSilva

On the following pages, you will find the performance audit report conducted by the staff of the ABC Commission reviewing the operations of the Blue Ridge ABC Board. The report consists of an overview of the objectives & background summary, financial analysis and findings, and a summary of actions recommended based upon your board's performance and related findings. Additional considerations are listed as well to provide further guidance and enhance awareness to promote ABC board success.

LOCATION:
400 East Tryon Road
Raleigh NC 27610

MAILING:
4307 Mail Service Center
Raleigh NC 27699-4307

PHONE: (919) 779-0700
<http://abc.nc.gov/>

Please reach out if you have any questions or require assistance in implementing any of the statute requirements, Commission rules, or other recommendations included in the report. On behalf of the North Carolina ABC Commission, I thank you and your staff for your assistance and cooperation in conducting this periodic review. We appreciate the continued efforts by your board to comply with the performance standards, as well as the board's commitment to increase profitability and reduce expenses.

If we can be of assistance in the future, please do not hesitate to reach out to the Commission staff.

Respectfully,

Michael DeSilva
Deputy Commissioner

OBJECTIVE, PURPOSE & BACKGROUND INFORMATION

In addition to regular and special financial audits, G.S. 18B-705(a) authorizes the NC ABC Commission to conduct performance audits of all local ABC boards in the state. Performance audits are examinations of existing operating policies, practices, controls, and activities to determine those areas in which there may be a need for improvement.

The audits are designed to ensure that all local ABC Boards comply with established performance standards pursuant to G.S. 18B-203(a)(20). The audit's scope addresses compliance with ABC laws and rules, store appearance, operating efficiency, solvency, and customer service.

To achieve the objectives of the audit, auditors:

- Review applicable General Statutes, ABC Commission Rules, and Administrative Policies
- Review applicable reports and studies of ABC Boards with similar size and geography.
- Verify compliance with Commission and Board policies.
- Verify results of previous performance audit recommendations
- Review ABC Board annual independent financial audits.
- Review ABC Board reporting and documentation reports.
- Visit the store(s)
- Interview key ABC Board personnel.

Blue Ridge ABC is in Hendersonville, North Carolina, a charming mountain city located in the heart of Henderson County, about 25 miles south of Asheville. Known as the “City of Four Seasons,” it sits in a scenic valley surrounded by the Blue Ridge Mountains, offering mild weather, beautiful views, and a relaxed small-town atmosphere. Hendersonville serves as the county seat and has a population of around 15,000 residents, though it feels larger due to its role as a cultural and economic center for the surrounding area.

The city’s downtown area is one of its most notable features—a vibrant district filled with art galleries, boutique shops, local restaurants, and restored historic buildings. Main Street is lined with planters, public art, and seasonal decorations, making it a welcoming place for both residents and visitors. Each year, Hendersonville hosts the North Carolina Apple Festival, a major event celebrating the region’s long history of apple growing, which remains a key part of the local economy alongside tourism, healthcare, and small business.

The surrounding landscape contributes greatly to Hendersonville’s appeal. With its proximity to Pisgah National Forest, DuPont State Recreational Forest, and the Blue Ridge Parkway, the city offers easy access to outdoor activities such as hiking, fishing, and scenic drives. The nearby waterfalls and mountain trails draw nature lovers year-round.

Hendersonville also places a strong emphasis on community and quality of life. It has a thriving arts scene, several local wineries, and several historic attractions, including the Carl Sandburg Home National Historic Site. The combination of natural beauty, cultural richness, and a friendly community makes Hendersonville a desirable place to live, work, and visit in western North Carolina.

The general manager is responsible for the oversight of all daily operations, inventory management, accounts payable, human resource organization and other administrative decisions for the board and other directors that report to him with various other duties. The board hired an external accountant who assists with the annual audit. All store employees’ primary responsibility is to provide friendly customer service to all customers, store upkeep and stock maintenance.

A mixed beverage referendum occurred on July 1, 1951, and passed. The Blue Ridge ABC was authorized by 2024 merger agreement. Currently, the Blue Ridge ABC Board has a chairperson, a Vice Chairman, three board members and a GM to serve on the ABC board. The Blue Ridge ABC Board currently operates (4) retail stores and a mixed beverage outlet. The board staff (36) in total personnel. These include (17) full-time employees and (19) part-time personnel.

The general manager is responsible for all daily store operations including supervising personnel, inventory management, and various retail functions. The board’s Finance Officer Robbie Morgan provides the board with fiscal management, administrative support, and she also oversees financial operations of the ABC stores. Sales associate responsibilities include selling products, daily stocking, and floor upkeep & maintenance.

The last performance audit for the Blue Ridge ABC Board occurred in 2015. The Commission audit serves as a continuous way to provide local boards with information and best practices that target areas for improvement.



205 S. Church St, Hendersonville N.C.

OPERATIONAL OBSERVATIONS, FINDINGS, REQUIRED ACTIONS, & RECOMMENDATIONS

On Monday, November 10, 2025, ABC Board Program Analyst II Eric McClary visited the Blue Ridge ABC Board and interviewed Jeff Nance (General Manager). Below is a financial analysis followed by operation observations, findings, and recommendations related to the performance audit.

FINANCIAL ANALYSIS

PROFIT PERCENTAGE TO SALES & OPERATING COST RATIO

- In fiscal year (FY) 2024-2025, the Blue Ridge ABC Board had a profit percentage to sales ratio of 7.4%. The NC ABC Commission profit to sales standards for ABC Boards with gross sales greater than \$10M is 9.0%.
 - The Blue Ridge ABC Board's gross sales totaled \$13,752,488 which was an approximate 0.3% decrease from the previous fiscal year.
- Blue Ridge ABC Board operates four retail stores with mixed beverage sales. The operating cost ratio for the board was .67 in FY 2024-2025. The NC ABC Commission standard for ABC Boards with three or more stores and mixed beverages is .63 or less. NOTE: financial metrics (profit percent, operating cost ratio) are subject to being reviewed by Chairman Bauer and his team at some point.
- - Operating cost ratio is calculated by dividing total operating expenses into less depreciation by the gross profit on sales (Total operating expenses less depreciation/Gross Profit).
- Below are charts showing gross profit on sales, total operating expenses, and income from operations for recent years.

	FY 2024-2025	FY 2024-2025
Gross Profit on Sales	\$3,417,321	\$3,464,030
Income from Operations	\$1,018,726	\$1,120,593

Factors affecting profitability and cost include:

- Surrounding areas with other ABC systems which are within a 25-mile radius include Fletcher ABC, Asheville ABC, Columbus ABC, Tryon ABC, and Brevard ABC.
- The board currently has approximately 75 active mixed beverage customers. *In FY 2024/2025 mixed beverage accounted for over 15.1% of gross sales.*

FINANCIAL ANALYSIS (cont.)

- *Factors affecting expenses:*
 - Total operating expenses increased by (2.3%) from the last fiscal year.
 - Board salaries and wages were approximately (12.5%) of total annual sales.
 - Cost of Goods Sold (COGS) was roughly 52.0% for the fiscal year with a normal range being 52% to 54%.

BUDGET ANALYSIS

	FY 2024-2025 Budget Projections	FY 2024-2025 Actual	Variance	Variance %
Sales	\$13,865,000	\$13,784,981	(80,019)	0.5%
Revenue over or (under) Expenditures		(33,559)		

In reviewing the budget to actual analysis of the FY 2024-2025 financial audit, actual sales revenues were less than forecasted projections of .5%. After reconciliation, the change in the Board's end net position was \$3,194,139.

DISTRIBUTIONS

G.S. 18B-805 (b) requires the board to pay from gross receipts, all expenses, excise, and rehabilitation taxes. G.S. 18B-805(c)(2) requires the board to *typically* distribute at least five percent (5%) of applicable gross receipts to law enforcement and *typically* at least seven percent (7%) for alcohol education. *Before assigning these percentage distributions, G.S. 18B-805(c)(1) requires the board to first make a minimum quarterly distribution of the 3.5% markup & relevant bottle charges to certain county/municipal recipients. Some of these distribution percentages are designated by an official local enabling act (and thus distribution requirements and recipients are subject to vary).* Blue Ridge ABC made a total of \$3,180,910 in primary distributions and other taxes were paid to the NC Department of Revenue (NCDOR), NC Department of Health & Human Services (NCDHHS), and the county commissioners of Henderson County.

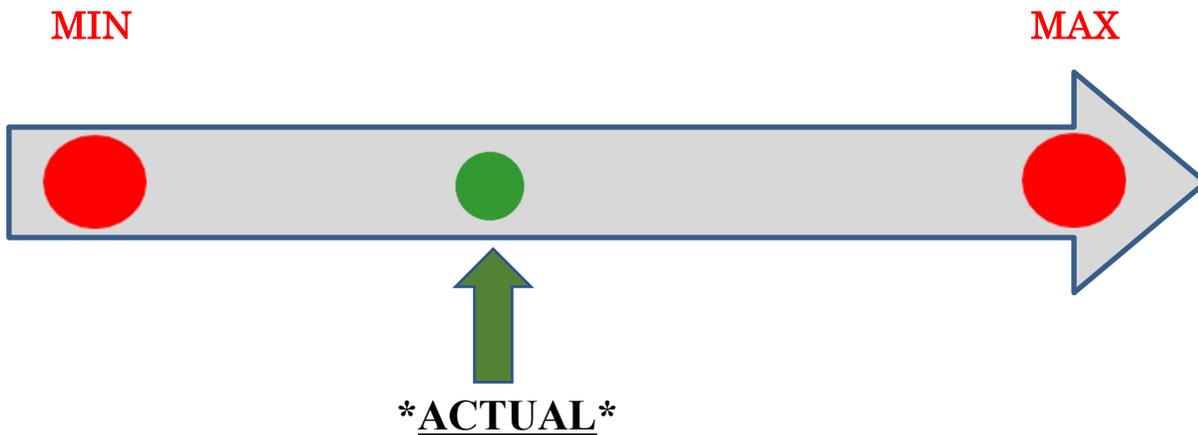
Per the local enabling act, the distribution formula for recipients of net profits is as follows:

- Hendersonville stores
- 50% to city
- 25% to county
- 24% to board of education
- 1% to county library
- Laurel Park store(s)
- 62% to town
- 25% to county
- 12% to board of education
- 1% to county library
-

WORKING CAPITAL

- G.S. 18B-805(d) allows the board to set aside a portion of the remaining gross receipts, within the limits set by the rules of the Commission, as cash to operate the ABC system.
 - NCAC 15A .0902 sets a working capital maximum standard for boards with annual gross sales greater than \$1.5M as an amount equal to three (3) months of gross sales.
 - G.S. 18B-702(g)(3) defines "Working Capital" as the total of cash, investments, and inventory less all unsecured liabilities. As it pertains to working capital computation, gross sales mean gross receipts from the sale of alcoholic beverages less distributions as defined in G.S. 18B-805(b)(2), (3), and (4).
- Based upon the existing rules, as of June 30, 2025, the Blue Ridge ABC Board is required to maintain a minimum working capital of \$406,599 with a maximum working capital amount of \$2,642,894.
 - The Blue Ridge ABC Board had a working capital balance of \$1,047,973 which is more than the minimum and less than the maximum Commission requirements for this section (*).

*** FY 2024-2025: Working Capital (WC) graphic**



Under 18B-805(d), with approval of the appointing authority for the board, the local board may set aside a portion of the remaining gross receipts as a fund for specific capital improvements whenever working capital is exceeded.

➤ **STATUTORY DISTRIBUTIONS:**

- Net Profit Distributions - The Blue Ridge ABC Board has routinely made the minimum mandatory distributions to the designated recipients over the last three years referencing NCGS 18B-805(c)(1). **The table below references distributions calculated by CPA on the left and total net profit distributions made by the ABC Board for the last three (3) years on the right.**
- Law Enforcement Distributions: Have been properly disbursed at or above the regular 5% statute amount over the last three (3) fiscal years.
- Alcohol Education Distributions: Have been disbursed at or above the standard 7% statute amount of the last three (3)

NC GENERAL STATUTE: 18B-805 (c)(1)			
Calculation of Minimum Mandatory Distribution for Net Profit to Designated Recipients		Blue Ridge ABC Board Net profit distribution made annually by fiscal year	
<i>Note: Referencing CPA Audit Reports</i>			
CPA Calculated Amount		Total paid to recipient(s)	
FY-2025	\$380,722	FY-2025	\$1,066,060
FY-2024	\$382,566	FY-2024	\$941,833
FY-2023	\$320,049	FY-2023	\$735,000

PERSONNEL, OPERATIONAL & ADMINISTRATIVE COMPLIANCE

The findings for personnel, operational & administrative compliance are as follows:

Board Members

- The board consists of *chairperson*, a Vice Chairperson, an Asst Gm/FO and a General Manager, three board members and a general manager to serve the board.
 - All board members are compliant with ethics training.
 - Member terms are properly staggered.
 - Board Members have professional experience in accounting, business, insurance and politics and other professional areas.
- Members have taken an oath of office per G.S. 11-7, and copies of oaths are available at the board’s administrative office.
- Meetings are generally held on the fourth ‘last’ Tuesday of each month, and public notices are posted on the doors of each retail store. Notices are also forwarded to each municipality.
- Meeting minutes are well organized and available and follow the order of proceedings, providing detail of business discussed in a transparent and easily comprehensible manner.

- o The board minutes were reviewed and contained most required notations including time and date, approval of previous meetings minutes, and distinguished between new and old minutes.
- o Full financial reports prepared by the board's Finance Officer and are presented to the board at each meeting. They include sales for mixed beverages, comparisons for previous year, P&L and balance sheet, warehouse expenses, Law Enforcement expenses and Credit Card sales.
- o Board members are heavily encouraged by the Commission to use checks and balances to ensure that cash management practices are upheld, especially on payroll. Boards should also routinely review any notes and recommendations provided by the CPA firm on annual audits.
- The board's login website had been updated at and prior to Commission visit and contains accurate information pertaining to board members, personnel, and store location.
 - o *The Commission's expectation going forward is that ABC boards will routinely manage this information online, and work to communicate with the Commission particularly when new members are added, or whenever any current serving members resign before a term has ended.*

Law Enforcement

- The board has its LE contract with the Hendersonville Police department, and The Laurel Park Police Department and documentation is on file in Commission records.
- Law enforcement reports are submitted regularly by LT Darrah and Chief Bobby Trotter and are current to date. The Board obtains pertinent data from executives from each LE agency.
 - o Reports often provide details of activities for accountability per G.S. 18B-501(f1).

Board Personnel

- The board currently has (36) total employees, with (17) full-time, (19) part-time.
- General Manager has served in this role with the board for approximately 7 years and has over additional years working in finance and management.
 - o General Manager is full time; his salary is within the allowable compensation per G.S. 18B-700(g1). All members are compliant with required ethics training.
 - o Their responsibilities include full oversight of all daily store operations, human resources, ordering, inventory, and other operational tasks.
- The Finance Officer supports the manager with many additional responsibilities. Both the GM and Asst GM/FO are cross-trained, they both have key responsibilities on the Board. They are also compliant with ethics training.
- The Finance Officer has served the board for around fourteen years. Her responsibilities include the overseeing of billing, processing invoices, many other financial and administrative duties, and additional management of other operational activities.
- Many of the board's store employees are part-time sales associates and primarily responsible for providing friendly customer service, general store cleaning and upkeep, and stock maintenance.
- Training is provided for new employees from management and other personnel and is on the job and mentorship styled.
 - o RASP training has been completed in recent years, and management is receptive to the idea and benefit.
 - o Product knowledge training is handled informally between management and team members.

- Employee files are kept in the administrative office and include tax and other applicable information and personnel manual acknowledgment form.
- Full time employees are enrolled in LGERS.
- No conflicts pertaining to nepotism found and per discussion with general manager.

Policies

- The board has a comprehensive personnel manual that details various policies, behavioral standards, and aspects of employee benefits. Some of the headlines included in the manual are as follows:
 - o Ethics standards and customer, employee, and personnel relationship.
 - o Media, internet, equipment usage and cell phones.
 - o Alcohol sales for identification of age, intoxication, employee, or families.
 - o Cash handling including deposits and register balancing.
 - o Pay leave and benefits including holidays, timekeeping, scheduling, overtime, insurance, illness, medical, military, pregnancy, and employment categories.
 - o Conduct standards including appearance, attendance, etiquette, drug or alcohol use, smoking, discipline, and harassment.
 - o Employee evaluations, and discipline.
- Additional policies that are practiced include shelf management, breakage, price discrepancy, mixed beverage, and a code of ethics.
- For travel, the board chooses to adhere to the State travel policy in compliance with G.S. 18B-700(g2).

Operations

- Full inventory is conducted quarterly with code-based inventories and other random counts conducted more frequently.
 - o All store managers participate, along with other team members.
 - o Scanners are used, and discrepancies are investigated.
 - o Adjustments are made by the finance staff
 - o Strategies for slow-moving products include a sales promotion tag that's colored and moving products around to different sections.
- Board receives deliveries on Tuesday of each week.
 - o Offload is conducted using a check off sheet and documenting cases in increments.
 - o Variances are reviewed and recounted before sending notification to LB&B.
- The board currently has 75 mixed beverage customer accounts.
 - o Invoices are provided to permittees at the time of the transaction and copies are retained for each account.
 - o Mixed beverage customers use a separate location to obtain orders Loading dock entrance for purchases and staff assist in verifying order accuracy and helping the customers with loading. The warehouse has its own entrance door.
 - o The Board does not provide MXB delivery service.
- Customers make liquor orders by using their own par sheet and call the stores for orders. A contact number is used specifically for MXB orders.
- Allocated products are reserved for both retail and mixed beverage accounts, to a reasonable extent.

Financial, Administrative, and Internal Controls

- Invoices for liquor are processed monthly or sooner for all deliveries and are paid weekly and roughly 20% of payments are processed via printed written checks, while the remainder of payments are made via ACH.
 - *A sample of payment dates was reviewed and indicated invoices were paid within the thirty-day requirement.*
 - Board's checks have the required disbursement certificate in compliance with G.S. 18B-702(q).
 - The Blue Ridge ABC Board requires two signatures on checks. The General Manager and the Finance Officer are both authorized to sign checks.
 - The pre-audit stamp required by G.S. 18B-702(m) is also being properly affixed to purchase orders.
 - The general manager has a credit card, and it's kept in a secure location at the administrative office.
 - Itemized receipts for purchases are provided to the finance officer for review before the account is balanced. The General Manager will sign off on them.
 - Deposits are made daily for the previous business day. Deposit slips and other banking information are retained at the board's office and processed by the Board's Finance Officer. The FO and the Deputy FO also conduct month end reconciliation.
- The board operates 4 retail stores. *Each store has a minimum of two to three registers.*
- Drawers are counted at the beginning and end of each shift and a slip for each till is signed by the applicable employee.
- Funds are kept in a pooling bank approved by the North Carolina Treasury Office.
 - Payroll is bi-weekly and processed by board's the Office Operations Manager and they utilize Traverse with the accounting, tax and other reductions.
 - Employees use time sheet APP called Time Sheets to document clock in and out and hours. They are reviewed by the appointed board staff. The store managers approve the hours and the Office Operations manager will then approve the staff times and approve payment.
 - Board keeps thorough records for unsaleable merchandise reports and emails copies of the claims to the Commission regularly in compliance with NCAC 15A .1701(c).
 - The annual CPA audit was received by the Commission on September 25, 2025.
 - All board members and the general manager and finance officer are each bonded for \$50,000 per G.S. 18B-700(i).

STORE INSIGHT & OVERVIEW

- The board and administrative office are located off a major commercial thoroughfare and near an interstate.
 - Outside area surrounding the store is well-maintained and free of debris or trash.
 - There is ample parking and easy access for deliveries.
- Each store's showroom-retail area is moderately large and shelving, endcaps, and other displays are well organized.
 - Showroom space is aesthetically pleasant at most locations, well-lit, and allows for easy flow for patrons and staff.
 - The Boards' floor's carpeting is clean, and the hardwood flooring is also very nice.
 - The Fetal Alcohol Syndrome poster required by G.S. 18B-808 is displayed, and the quarterly price book is available should customers request.
 - Listings for specially priced items are printed and available for customers to review.
- The warehouse and administrative areas are equipped with administrative offices for various board employees and officials.
 - The board's warehouse is organized and can accommodate many cases.
- Shelf management practices are fully implemented, and a written plan is available for store personnel which corresponds with NCAC 15A .1708.
 - Products are fronted and dusted, and most are placed in categorized areas at all stores.
 - Premium products are generally found at eye-level or on top shelf at all stores.
 - Bottles are generally arranged so they increase in size left to right of the same item, at the retail locations.
- Sales associate interactions at the board's retail locations with customers are attentive, courteous, and the staff are very familiar with many of their patrons.
 - Price discrepancies are handled in the customer favor if the shelf tag were to be lower than the current price mandate. The board also provides a price discrepancy form to the customer to be filed.
- Stores are generally open Monday-Saturday 9 am until 9:00 pm, Fri-Sat 10:00. The Laurel Park store operates from 9-8 Monday through Thursday. Besides closing on the two (2) required annual holidays and every Sunday, the board may opt to continue closing on New Year's Day, July 4th, and Labor Day annually.
- Security systems are in place and functional in all designated areas.
 - *The Blue Ridge ABC Board has approximately (0) cameras.*

RECOMMENDED ACTIONS (PER STATUTES OR COMMISSION RULES)

- ABC Boards are required to operate within a balanced budget each fiscal year. Budget amendments must be approved by the board before any funds are transferred between accounts and utilized, occurring at the actual point of time an adjustment of funds is necessary. This would include the point in time during the fiscal year when the board will exceed its annual forecasted sales budget. *Ensure budget amendment copies are submitted to the ABC Commission as required per NCGS 18B-702(h), to include a final reconciliation budget amendment for the fiscal year end.*
- Please ensure all newly adopted policies or any updated policies are submitted electronically to the Commission for recordkeeping and review per NCAC 15A .1102 Rule. Electronic copies of the personnel manual should be emailed to Commission personnel for recordkeeping. A credit card policy is recommended to establish authorized use (sample copy forwarded for consideration). A tastings policy is recommended if tastings are done routinely.
- ABC Boards are required to work within general minimum and maximum limits for working capital, as established per Commission Rule NCAC 15A .0902(a)(2). When ABC Boards exceed maximum working capital in any given FY due to planned capital improvements, please secure written approval from the applicable County or Municipal authorities per N.C.G.S. 18B-805(d) and forward to the Commission. As best measure, securing documentation prior to exceeding maximum working capital would be the most ideal approach.
- For the fiscal year ended June 30, 2025, the expenditures made by the Alcoholic Beverage Control Board for taxes based on revenues, cost of goods sold, operating expenses, and distributions exceeded the authorized appropriations made by the governing board by \$648,501. Management and the Board will more closely review the budget reports to ensure compliance in future years.

ADDITIONAL CONSIDERATIONS & GUIDANCE

- The Commission's primary focus for ABC board members:
- ABC board members are highly encouraged to meet monthly for the best formal oversight and review of board operations, routinely recording meeting minutes (*adhering to closed meeting requirements where applicable*) and ensuring either no conflicts of interest are present or that they are addressed appropriately when presented. Monthly sales should be reported to the Commission at beginning of next month, providing annual budgets, budget amendments, miscellaneous financial reporting to Commission following timelines, and ensuring Commission has annual CPA audits by Sept 30th.
- ABC boards are highly encouraged to keep term begin dates & term end dates updated on the Commission's board login website for all ABC board members and other information such as store hour changes, pictures, email updates, etc. *Moreover, liaising with the Commission when new members are appointed or when member resign early before term has ended is very important for recordkeeping efforts of the Commission.*
- ABC boards are highly encouraged to find straightforward ways to lower any recurring expenses. *A very tangible way to lower operating costs is to fully maximize monthly special purchase allowance (SPA) liquor products that routinely sell well in the store to lower cost of goods sold (COGS).* ABC Boards can limit the number of personnel travelling to conference and convention events across the state. Other ways to try to improve expenses include requesting bids annually from various vendors to get the best rates possible on financial audits, various utilities, maintenance contracts, and *credit card processing companies.*
- ABC boards are encouraged to closely review financial statements monthly, comparing with the annual budget forecast, approving budget amendments when necessary and submitting copies to the Commission for anticipated sales increases as well as other adjustments for budgeted accounts.
- Cross training opportunities for personnel should be maximized to ensure solid continuity of operations occurs for ABC boards. Also, training opportunities can work well to develop store employees for increased responsibility roles and serving to make both the routine operations and employee morale stronger.
- NCAC Rule 15A .1701 requires quarterly reports be submitted for any unsaleable merchandise (breakage) and retain original copies for three (3) years. *All breakage reports should only be transmitted via email submission to Commission staff; copies should not be mailed.*
- As a reminder, remove all faded posters and replace with new ones when applicable. Reach out to the Commission to provide fetal alcohol syndrome posters, NC Dept of Labor can provide wage & hour posters, and OSHA can provide some applicable federal posters if any are needed.
- ABC boards can explore additional training opportunities periodically available through the ABC Commission as well as partnering with other ABC boards on specific areas such as best retail and marketing practices.

JANUARY 27th 2026
Month Day Year

BLUE RIDGE ABC BOARD
ABC Board

Certificate of Accountability

This document assures this Board and the State of North Carolina that the following statutory duties required of local ABC Boards have been properly performed.

- ✓ 1. The system has complied with all State uniform pricing requirements pursuant to NCGS §18B-804.
- ✓ 2. That all alcoholic beverages sold have been approved by the Commission for sale in this State pursuant to NCGS §18B-800.
- ✓ 3. That all "gross receipts" pursuant to NCGS §18B-805(a) have been properly accounted for and are lawful.
- ✓ 4. That all taxes due and board expenses have been properly and timely paid pursuant to NCGS §18B-805(b).
- ✓ 5. That all distributions pursuant to NCGS §18B-805 have been properly and timely paid.
- ✓ 6. That the finance officer for the board has properly performed all duties as required pursuant to NCGS §18B-702(k).

[Signature]
General Manager

[Signature]
Financial Officer

[Signature]
Chairman

[Signature]
Board Member

[Signature]
Board Member

[Signature]
Board Member

[Signature]
Board Member

Blue Ridge ABC Board
205 S. Church Street
828 693-4112

general@hendersonvilleabc.com

Mr. Eric McClary
Program Analyst / Board Auditor
919-637-0297
Eric.McClary@abc.nc.gov

Chuck McGrady – Chair
Mark Pace – Vice Chair
Ken Calhoun – Member
Marcie Kane – Member
Paul Bakke – Member
Jeff Nance – General Manager
Robbie Morgan – Assistant GM

January 27, 2026

We truly appreciate your support and recommendations from the audit recently performed. The performance audit will help us with the areas that need improvement. Please find below our responses to the findings and recommendations.

Item 1: Profit Percentage to Sales Ratio

The Blue Ridge ABC Board had 7.4% ratio for fiscal year end 2024-2025, and the standard for boards with gross sales greater than \$10M is 9.0%. All recommendations will be followed.

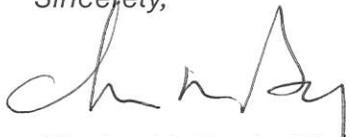
Item 2: Operating Cost Ratio

The Blue Ridge ABC Board was .67 for fiscal year end 2024-2025, and the standard for boards with three (3) or more stores and mixed beverages is .63 or less. All recommendations will be followed.

Item 3: ABC Boards are required to Operate within a Balanced Budget each Fiscal Year

The Blue Ridge ABC Management and the Board will review the budget reports more closely to ensure compliance in future years. All recommendations will be followed.

Sincerely,



Charles McGrady, Chair
Blue Ridge ABC Board