

# Brunswick ABC Board

## Performance Audit Report



## TABLE OF CONTENTS

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ABC Commission Statement .....	3
Objective, Purpose & Background Information .....	4
Financial Analysis, Observations & Findings .....	6
Recommended Actions & Additional Considerations .....	13-14
Brunswick ABC Response Letter .....	15-16



## Alcoholic Beverage Control

October 1, 2025

CHAIRMAN:

Hank Bauer

COMMISSIONERS:

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Raleigh

David Sherlin

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DEPUTY COMMISSIONER:

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Brunswick ABC Board  
Vacant, Chair  
1494 Vinson Blvd  
Brunswick, NC 28424

Brunswick ABC Board,

On the following pages, you will find the performance audit report conducted by the staff of the ABC Commission reviewing the operations of the Brunswick 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.

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.

Established in 1726 along the Cape Fear River, Brunswick Town was a prominent colonial port and the first permanent European settlement in the Lower Cape Fear region. It played a vital role in exporting tar, pitch, lumber, and turpentine. The town was destroyed by British forces in 1776 during the Revolutionary War and never rebuilt. During the Civil War, Fort Anderson was constructed atop the old village site to defend the Cape Fear River and the port of Wilmington. Today, visitors can explore the archaeological remains, including the ruins of St. Philip's Church and the earthworks of Fort Anderson.

Brunswick County boasts a series of barrier islands and beach towns known collectively as the Brunswick Islands. These include Sunset Beach, Ocean Isle Beach, Holden Beach, Caswell Beach, and Oak Island. Each offers pristine beaches, family-friendly environments, and a variety of recreational activities such as fishing, boating, and kayaking.

Brunswick County is among the fastest-growing counties in the United States, attracting new residents with its coastal lifestyle and proximity to larger cities like Wilmington. The county seat is Bolivia, and other notable towns include Leland, Southport, and Shallotte. 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. The board hired an external accountant who assists the annual audit. All store employee's primary responsibility is to provide friendly customer service to all customers, store upkeep and stock maintenance.

A mixed beverage referendum occurred on November 7, 1967, and it passed. *Currently, the Brunswick ABC Board appoints a chairperson and two (2) additional board members and a general manager to serve on the ABC board.* The Brunswick ABC Board currently operates seven (1) retail store. The board staffs four (4) in total personnel. These include (1) full-time employees and three (3) part-time personnel. The general manager is responsible for daily store operations including supervising personnel, inventory management, and various retail functions. The board's Finance Officer Cathy Cribb provides the board with fiscal management, administrative support, and oversees routine operations of the ABC stores. Sales associate responsibilities include, selling products, daily stocking, and floor upkeep & maintenance.

*The last performance audit for the Brunswick ABC Board occurred in 2018.* The Commission audit serves as a continuous way to provide local boards with information and best practices that target areas for improvement.



1494 Vinson Blvd, Brunswick N.C

## OPERATIONAL OBSERVATIONS, FINDINGS, REQUIRED ACTIONS, & RECOMMENDATIONS

On Thursday, May 22, 2025, ABC Board Program Analyst II Eric McClary, visited the Brunswick ABC Board and interviewed Renay Robertson (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

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#### PROFIT PERCENTAGE TO SALES & OPERATING COST RATIO

- In fiscal year (FY) 2023-2024, the Brunswick ABC Board had a profit percentage to sales ratio of 4.56%. The NC ABC Commission profit to sales standards for ABC Boards with gross sales less than \$2M is 5.0%.
  - Brunswick ABC Board's gross sales totaled \$623,530, which was an approximate 5.7% increase from the previous fiscal year.
- Brunswick ABC Board operates one (1) retail store with no mixed beverage sales. The operating cost ratio for the board was .79 in FY 2023-2024. The NC ABC Commission standard for ABC Boards with one or two stores and mixed beverage is .85 or less.
  - Operating cost ratio is calculated by dividing total operating expenses less depreciation by the gross profit on sales (Total operating expenses less depreciation/Gross Profit).

Thus, the Brunswick ABC Board met the profitability standard and met the operating cost standard set by the NC ABC Commission. Below is a chart showing gross profit on sales and income from operations for the previous two years.

	FY 2023-2024	FY 2022-2023
Gross Profit on Sales	\$144,827	\$141,535
Income from Operations	\$28,421	\$34,584

*Factors affecting profitability and cost include:*

- Surrounding areas with other ABC Boards operating stores which are within a 25-mile radius are Whiteville ABC Board, Lake Waccamaw ABC Board, Tabor City ABC Board, and West Columbus ABC Board.
- An ABC Board's average cost of goods sold (COGS) is between 52% & 54% per year. The Brunswick ABC Board's cost of goods sold was approximately **54.2%** in FY 2023-2024.

## BUDGET ANALYSIS.

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	FY 2023-2024 Budget Projections	FY2023-2024 <i>Actual</i>	Variance	Variance %
<b>Sales</b>	\$633,500	\$623,530	(9,870)	1.5%
<b>Revenue over or (under)</b>				
<b>Expenditures</b>		(3460)		

In reviewing the budget to actual analysis of the FY 2023-2024 financial audit, actual sales revenues were 1.5% below forecast. In addition, the net income change during the fiscal year was (\$322). *The board's collective net position on June 30, 2024, was \$170,560.*

## DISTRIBUTIONS

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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).*

Brunswick ABC made a total of \$140,446 in primary distributions and other taxes were paid to the NC Department of Revenue (NCDOR), and NC Department of Health & Human Services (NCDHHS).

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

- Five percent (5%) of the profits to the Brunswick General Fund for the Fire Department.
- Fifty percent (50%) to the Brunswick General Fund.
- Forty Five percent (45%) to the Columbus County General Fund

## WORKING CAPITAL

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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.

- o NCAC 15A .0902 sets a working capital maximum standard for boards with annual gross sales less than \$1.5M as an amount equal to four (4) months of gross sales.
- o 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, 2024, the Brunswick ABC Board is required to maintain a minimum working capital of \$18,580 with a maximum working capital amount of \$161,028.

- o The Brunswick ABC Board had a working capital balance of \$158,936 which is more than the minimum and less the maximum Commission requirements for this section (\*).

### **\* FY 2023-2024: *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.



## PERSONNEL, OPERATIONAL & ADMINISTRATIVE COMPLIANCE

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

The board holds board meetings the 4th Tuesday of each month at 6:00 PM, records regular meeting minutes, and provides public notification and awareness of these meetings. The meeting minutes were not organized properly for review and not on site. The GM advised that the Board Chair keeps the meeting minutes at her office which is at another location. The board does record regular meeting minutes and provide public notification and awareness of these meetings. The GM does not know how the meetings minutes are organized, for these reasons the Board meetings were not viewed and not verified to prove order of proceedings, provision of sufficient detail that a reasonable person would be able to follow what transpired.

°Training Records: Board members and board personnel are fully compliant on ethics training referencing GS 18B-706.

° Oath of Office: All board members have taken an oath per the general the general manager, however copies are not maintained on site. All board members should take an oath before taking office or before the execution of the office per G.S. 11-7. *Written template is available in the operations manual on Commission website.*

- General Manager (GM) Salary and Board Member compensation: GM salary fully adheres to 18B-700(g1) statute requirements. The Board member compensation complies with statute 18B-700(g) requirement.
- Board website review: The board's login website was updated by the Commission in 2022 for board member term tenure information (*begin dates & end dates*). **Special note**: As part of a revalidation effort, the Commission has worked to revalidate term tenure information for all ABC boards across the state, working directly with the appointing authorities. As a value-added measure for all ABC boards and Commission records tracking in summer 2022, the term begin dates as well as term end dates were entered on all individual ABC board websites.
  - *The expectation going forward is that ABC boards will better 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.*
- Board Personnel & Board Members: The general manager was unable to provide clear oversight with record keeping of the board meeting minutes. The Finance Officer provides board members with monthly sales information and previous year's applicable sales and operational concerns along with financials from accounting firm. Board members are heavily encouraged by the Commission to use checks and balances to ensure that cash management practices are upheld; also, boards should routinely review any notes and recommendations provided by the CPA firm on annual audits.

- POLICIES: The board has a personnel manual on site; however, the Commission does not have an electronic copy. The Commission also does not have a current copy of their travel policy. For travel policy, Commission records indicate the board adheres to the State's travel policy.
- Additional policies could be considered and provided to the Commission for record keeping including but not limited to, tastings or employee tastings, and social media.
- FINANCIAL INSIGHT: Invoices are processed monthly by the Finance Officer. Invoice records for recent liquor purchases reflect them as being paid routinely well inside of 30 days. Taxes and distributions are paid in a routine and timely manner. The board uses Quick Books for routine journal entries.

## **PERSONNEL, OPERATIONAL & ADMINISTRATIVE COMPLIANCE (cont.)**

- Bank deposits are routinely made each business day per review of bank Statements and discussion with GM. For safeguard measures and adherence to *Commission rule 15A .0905 Daily Deposits*, the board utilizes a locked fireproof safe for integrity of funds that remain at the board at any given time.
- All board members and applicable personnel are each bonded for \$50,000 per G.S. 18B-700(i).
- Law Enforcement (LE) Contract: The board does have an active contract on file. The GM feels that the current contract may be outdated and that a new police chief is in place. The board has not been submitting LE reports since June 2023.
- The annual CPA audit was received and logged by the Commission on September 28, 2024.
- INTERNAL CONTROLS/FINANCIAL INSIGHT:
  - Invoice information is entered into Quick Books; cash requirements are printed for the truck shipments.
  - The board's FO is responsible for all accounting related controls including billing, payroll, and reconciliations.
  - After the store closes, the manager and or personnel compiles all monies collected and stores the monies deposit bag and placed in the safe.
  - Personnel review deposits and the FO compares deposit slips with bank statements and a board member reviews at monthly reconciliation. *For safeguard measures and adherence to Commission rule 15A0905 Daily Deposits, the board utilizes a locked fireproof safe for integrity of funds that remain at the board at any given time.*
  - Full time employees are not enrolled in any retirement system.
  - All employees are subject to on-line RASP training and other various behavioral standards. *Board could consider in person RASP or law enforcement training from local or state level agencies for responsible alcohol sales and other applicable rules and laws.*
  - Board has a debit card, with a current zero balance, in the possession of the general manager.
  - Board uses pens for bills to prevent counterfeit exchanges.
  - No conflicts pertaining to nepotism found and per discussion with general manager.
  - Board has a code of ethics policy on file with the Commission.

➤ **STATUTORY DISTRIBUTIONS:**

- Net Profit Distributions - The Brunswick 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 properly disbursed at or above the regular 7% statute amount. This distribution category has been increased moderately annually.

<b>NC GENERAL STATUTE: 18B-805 (c)(1)</b>			
<b>Calculation of Minimum Mandatory Distribution for Net Profit to Designated Recipients</b>  <i>Note: Referencing CPA Audit Reports</i>		<b>Brunswick ABC Board Net profit distribution made annually by fiscal year</b>	
CPA Calculated Amount		Total paid to recipient(s)	
<b>FY-2024</b>	<b>\$18,464</b>	<b>FY-2024</b>	<b>\$18,464</b>
<b>FY-2023</b>	<b>\$17,488</b>	<b>FY-2023</b>	<b>\$22,188</b>
<b>FY-2022</b>	<b>\$17,532</b>	<b>FY-2022</b>	<b>\$38,849</b>

**PERSONNEL, OPERATIONAL & ADMINISTRATIVE COMPLIANCE (cont.)**

- LAW ENFORCEMENT (LE) REPORTS: Reports have not been submitted online routinely since June 2023 and none for the current YTD.
- LAW ENFORCEMENT (LE) CONTRACT: The Commission does have a current electronic copy of a law enforcement contract on file; however the GM feels that a new police chief is in office.
- INVENTORY: Full store inventories are conducted monthly, and the GM also conducts spot checks in certain categories are conducted at random intervals.
- INTERNAL CONTROLS:
  - The board has a full time Finance Officer and with no full-time employees to support the general manager.
  - The Finance Officer prepares monthly financial statements for the board. The GM reviews and makes these available for the monthly board meetings.
  - Invoice information is entered into Quick Books and cash requirements are printed for the truck shipments.
  - Bank Deposits are made each day by members of the management staff. The Finance Officer compares the deposit slips with bank statements. *For safeguard measures and adherence to Commission rule 15A0905 Daily Deposits, the board utilizes a locked fireproof safe for integrity of funds that remain at the board at any given time.*

➤ EXPENSES:

- Total expenses decreased by roughly 11.6 % from the last fiscal year.
- Salaries and Wages were roughly 7.9% of total annual sales.
- Cost of Goods Sold (COGS) was 54.2%.

## **STORE INSIGHT & OVERVIEW**

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*The findings for store insight & overview are as follows:*

- Store has a small yet modern layout, good ergonomics for shoppers, and plenty of inventory on the shelves.
- Sales associate interactions with customers are attentive, courteous, and all are eager to meet the needs of the customers.
- The board has no (0) MXB customers as of May 22, 2025.
- A random sample of approximately 100 items were selected to determine if uniform pricing is displayed. Of those selected, there were no pricing discrepancies. Every item reflected the correct quarterly or monthly SPA price. The board highlights the monthly SPA products very well with visual aids.
- 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 4<sup>th</sup>, and Labor Day annually.
- The store displays the required Fetal Alcohol Syndrome poster required by G.S. 18B-808. A new poster was provided to replace the older one.
- Most products are placed within the designated categories; premium products are found at eye-level or top shelf. Some other areas had bottle sizes of the same products decreasing in size from top to bottom, with larger bottles placed at the top. Bottles were fronted and dusted. Bottles are also organized from top to bottom on some shelves, to increase the possibility of sales. Bottles were properly fronted and dusted.
- Outside area surrounding the store is well-maintained and free of debris or trash.
- Security systems are in place and functional in all designated areas.
- *Eight (8) cameras work to cover the property footprint with three (3) outside and five (5) interior cameras.*

## RECOMMENDED ACTIONS (PER STATUTES OR COMMISSION RULES)

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- 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 established authorized use (sample copy forwarded for consideration). A tastings policy is recommended if tastings are done routinely.
- Board does not have copies of oath before taking office or before the execution of the office per G.S. 11-7. *Written copies of oaths should be available at the board's administrative office.*
- The board shall submit a copy of the law enforcement report to the appointing authority and the Commission by the 5th business day of each month per G.S. 18B-501(f1). The LEO system is provided for municipalities to capture this data as a good option. Otherwise, the ABC boards would have to submit the required data. On the board log in website.
- ABC Board members must complete ethics training within one (1) year of each appointment and again following all reappointments under NCGS 18B-706(b).
- The Commission recognizes that the board follows the state's travel policy, however the Board does not have a policy on site. As a reminder, the board must annually obtain approval from the appointing authority to adhere to their local government travel policy and annually provide the Commission a copy of this approval per G.S. 18B-700(g2).
- The board is recommended to forward a current law enforcement contract. Please provide a copy to the Commission *per G.S. 18B-501(f).*

## ADDITIONAL CONSIDERATIONS & GUIDANCE ....

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- 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 30<sup>th</sup>.
- 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.

Brunswick ABC Board  
1494 Vinson Blvd  
Brunswick, NC 28424

NC ABC Commission  
400 E. Tryon Road  
Raleigh, NC 27610

September 9, 2025

Item 1:  
All recommendations will be followed.

Item 2:  
All recommendations will be followed per NCAC 15A.1102 Rule.

Item 3:  
All recommendations will be followed.

Item 4:  
All recommendations will be followed.

Item 5:  
All recommendations will be followed per NCGS

Item 6:  
An updated copy has been submitted.

Item 7:  
An updated copy has been submitted.

Sincerely,

Cathy F. Cribb, Finance Officer  
Brunswick ABC Board

9 - 23 - 2025  
Month Day Year

Brunswick  
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

\_\_\_\_\_  
Board Member

[Signature]  
Board Member

\_\_\_\_\_  
Board Member