

Gates County ABC Board

Performance Audit Report



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Alcoholic Beverage Control

CHAIRMAN:

Hank Bauer

COMMISSIONERS:

La'Tanta (L.T.) McCrimmon
Raleigh

David Sherlin

Raleigh

DEPUTY COMMISSIONER:

Mike DeSilva

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/>

May 27, 2025

Gates County ABC Board

G.P. Kittrell Jr, Chair

730 NC Hwy 32

Sunbury, NC 27979

Chairperson Kittrell,

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

Gates County is in the northeastern part of North Carolina, bordering Virginia. As of the 2020 census, it has a population of 10,478, making it the fifth-least populous county in the state. The county seat is Gatesville. The county is part of the Inner Banks region and is home to Merchants Millpond State Park, a notable natural attraction. Gates County is part of the Inner Banks of North Carolina and home of Merchants Millpond State Park. One of their greatest resources is Gates County's citizens, producing locally and globally as a Hampton Roads community.

As in other areas along the waterways, Indigenous peoples of the Americas lived in this region for thousands of years, with different groups leaving and new ones migrating to settle again. They created settlements, increasingly permanent, along the Chowan River. As recently as 2014 Delois Chavis, a Chowanoke descendant, worked with other Chowanoke to buy 146 acres of the tribe's former reservation land near Bennett's Creek. She had grown up knowing of her Native American identity from her parents and grandparents and is among those who want to revive the tribe. They have organized as the Chowanoke Indian Tribe, and plan to build a cultural center on the land to help their efforts.

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 with payroll, financial reporting, the annual audit, and other bookkeeping duties as needed. 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 April 20, 1965, and it passed. Currently, the Gates County ABC Board appoints a chairperson and two (2) additional board members and a general manager to serve on the ABC board. The Gates County ABC Board currently operates two (2) retail stores. The board staffs thirty (6) in total personnel. These include four (1) full-time employees and five (5) 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 Annette Berryman 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 Gates County ABC Board occurred in 2017. The Commission audit serves as a continuous way to provide local boards with information and best practices that target areas for improvement.



OPERATIONAL OBSERVATIONS, FINDINGS, REQUIRED ACTIONS, & RECOMMENDATIONS

On Wednesday, February 12, 2025, ABC Board Program Analyst II Eric McClary, visited the Gates County ABC Board and interviewed Andrew Anderson (General Manager), and Annette Berryman (Finance Officer). 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, the Gates County ABC Board had a profit percentage to sales of 3.56%. The NC ABC Commission profit to sales standards for ABC Boards with gross sales less than \$2M is 5.0%. The Gates County ABC Board's gross sales totaled \$1,328,199, which was a 6.0% increase from the previous fiscal year.

The operating cost ratio for the Gates County ABC Board was 0.77 in FY 2024. The NC ABC Commission standard for ABC Boards with one or two stores and no mixed beverage sales is .85 or less.

Thus, the Gates County ABC Board did not meet the profitability standard but did meet 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	\$319,302	\$308,744
Income from Operations	\$47,224	\$51,809

Factors affecting profitability and cost include:

- Surrounding areas with other ABC Boards operating stores which are within a 30-mile radius are Pasquotank County, Hertford County, Camden County and Hertford Town ABC Board.
 - An ABC Board's average cost of goods sold (COGS) is between 52% & 54% per year. The Gates County ABC Board's cost of goods sold was approximately **53.5%** in FY

BUDGET ANALYSIS.

	FY 2023-2024 Budget Projections	FY2023-2024 Actual	Variance	Variance %
Sales	\$1,294,150	\$1,328,199	\$34,049	2.6%
Revenue over or (under) Expenditures		\$62,460		

In reviewing the budget to actual analysis of the FY 2023-2024 financial audit, actual sales revenues were 2.6% above forecast. In addition, the net income change during the fiscal year was \$43,557. *The board's collective net position on June 30, 2023, was \$939,317.*

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).*

Gates County ABC made a total of \$297,739 in primary distributions and other taxes were paid to the NC Department of Revenue (NCDOR), and the County Commissioners of Gates County.

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

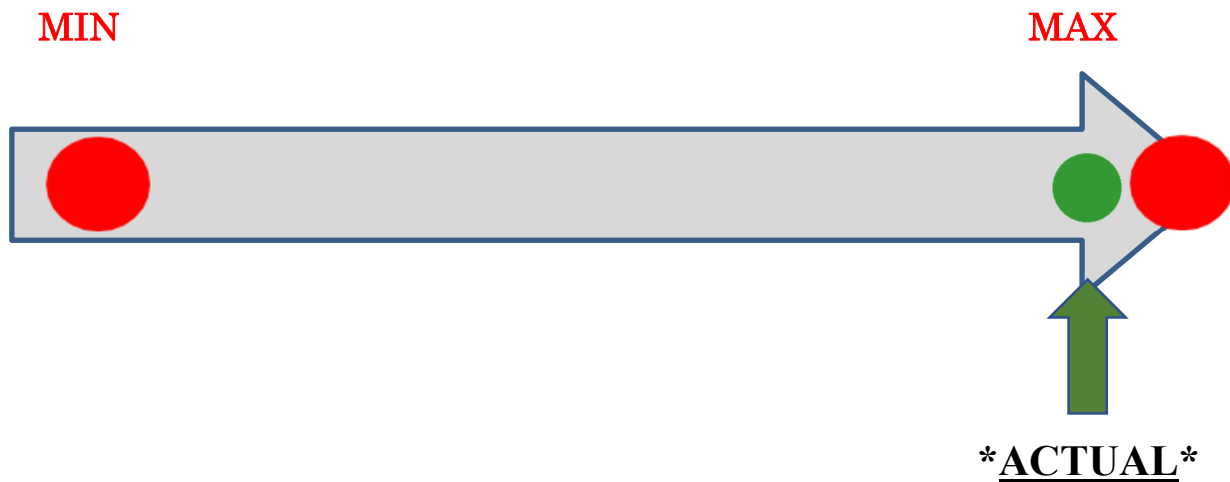
- One Hundred percent (100%) to Gates County General Fund.

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. The NC ABC Commission has set a working capital standard for boards with annual gross sales more than \$1.5M an amount equal to four (4) months of sales revenue.

Based upon the existing rules, as of June 30, 2024, the Gates County ABC Board is required to maintain a minimum working capital of \$39,634 with a maximum working capital amount of \$343,488. The Gates County ABC Board had a working capital balance of \$343,488 which is the maximum amount allowed by the Commission requirements.

*** 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

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

The board holds board meetings the 3rd Monday of each month at 7:00 PM, records regular meeting minutes, and provides public notification and awareness of these meetings. The meeting minutes are organized in a folder for review. They record regular meeting minutes and provide public notification and awareness of these meetings. The meetings are organized by session and kept in a book. Board meetings were viewed and followed the order of proceedings, providing 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 not taken an oath per the general manager's recollection. 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 is very meticulous with oversight and recordkeeping including keeping board meeting minutes in heavily reinforced binder. The GM 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 a current copy. Also, the Commission does not have a current copy of their travel policy. For travel policy, Commission records indicate the board adheres to their municipal travel policy. *Per discussion with the general manager, and because of very limited travel and for simplicity, the board will consider adhering 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.

- BUDGETS: In FY-2024, the board met the projected budgeted sales. *Based on sales trajectory for the current fiscal year, the board is tracking well on projected sales through November 2024.*
- FINANCIAL INSIGHT: Invoices are processed are processed monthly by the General Manager. 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 Microsoft Dynamics NV 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 has an active contract on file however is outdated. The board also has not been submitting LE reports since October 2023. A new and updated contract will be submitted by the board with the new Sherriff's signature.
- The annual CPA audit was received and logged by the Commission on August 28, 2024.
- INTERNAL CONTROLS/FINANCIAL INSIGHT:
 - Invoice information is entered into QuickBooks, cash requirements are printed for the truck shipments.
 - The board utilizes a third-party accounting firm for all accounting related controls including billing, payroll, and reconciliations.
 - After the store closes, the manager compiles all monies collected and stores the monies deposit bag and placed in the safe.
 - Bank deposits are made daily by GM. The Finance Officer compares the deposit slips with bank statements.
 - Personnel review deposits and the general manager 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.*
 - All board members, General Manager - Finance Officer are each bonded for \$50,000 per G.S. 18B-700(i). *Board could consider insuring bonds cover other applicable staff to include other employees per G.S. 18B-803(b)(c).*
 - Full time employees are enrolled in LGERS and have insurance coverage.
 - 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 credit 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 Gates County 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.

NC GENERAL STATUTE: 18B-805 (c)(1)			
Calculation of Minimum Mandatory Distribution for Net Profit to Designated Recipients		Gates County 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-2024	\$37,700	FY-2024	\$0
FY-2023	\$35,587	FY-2023	\$0
FY-2022	\$34,161	FY-2022	\$0

PERSONNEL, OPERATIONAL & ADMINISTRATIVE COMPLIANCE (cont.)

- LAW ENFORCEMENT (LE) REPORTS: Reports have been submitted online routinely since October 2024; however, January 2025 has not been submitted.
- LAW ENFORCEMENT (LE) CONTRACT: The Commission does have a current electronic copy of a law enforcement contract on file but does not reflect the current contracted agency. The LE reports have been submitted however the reports show no data. The GM will request that the local authority start reporting actual incidents that have been reported.
- 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 part 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, cash requirements are printed for the truck shipments and the Purchase Orders History from the computer system and is utilized to balance totals to make sure invoices / inventory match the system.

- Bank Deposits are made each day by the general manager. Personnel review deposits and the general manager compares deposit slips with bank statements and the Finance Officer 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.*

➤ **EXPENSES:**

- Total expenses increased by roughly 5.8 % from the last fiscal year.
- Board Salaries were roughly 10.2% of total annual sales.
- Cost of Goods Sold (COGS) were an impressive 53.5%.

STORE INSIGHT & OVERVIEW

The findings for store insight & overview are as follows:

- Store has a 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 zero (0) MXB customers as of February 13, 2025. The board would be willing to deliver to customers if ever requested.
- A random sample of approximately 100 items were selected to determine if uniform pricing is displayed. Of those selected, there were two that required updating and were updated immediately. 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 4th, 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.
- 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 outside and five interior 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 established authorized use (sample copy forwarded for consideration). A tastings policy is recommended if tastings are done routinely.
- The board is recommended to forward an updated law enforcement contract due to age of current contract and signed members are no longer with the municipalities. Please provide a copy to the Commission *per G.S. 18B-501(f)*.
- ABC Board members must complete ethics training within one (1) year of each appointment and again following all reappointments under NCGS 18B-706(b).
- Ensure all purchase orders to include obligations evidenced by a contract or agreement requiring the payment of money, shall include or bear a certificate stating that the instrument (or order) has been pre-audited to ensure compliance with *G.S. 18B-702(m)* with a signature by the finance officer. The specific statement should read, *“This instrument has been pre audited in the manner required by G.S. 18B-702.”* *Special note:* This would be most reasonably accomplished by signing & stamping the summary total of the Order Edit List from inventory system before any liquor orders are placed with state warehouse.
- 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.
- In accordance with G.S. 18B-805(d). Commission must have some kind of written approval from County BOC/ County Manager. If the board does not have plans to obtain appointing authority approval, all excess working capital must be distributed.
- 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.*

- To resume compliance with G.S 18B-700(a), the board should request approval from their appointing authority to re-stagger member terms to have at least one term end date each year and on the same month. *If a member should leave the board before their term is concluded, the appointing authority should appoint a new member for the duration of the previous member's term and consider reappointment on the original term end date.*

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.

GATES COUNTY ABC BOARD

P.O. BOX 71, SUNBURY NC 27979 252-465-3087 / 252-357-1651

Date: MAY 20, 2025

To: North Carolina ABC Commission

Re: Performance Audit

NC ABC Commission,

Gates County ABC System met with Mr. Eric McClary from the NC ABC Commission on February 12, 2025. Mr. McClary reviewed our stores and policies. Mr. McClary found two items on our shelves where prices were incorrect. Those items were corrected while Mr. McClary was still on site.

Mr. McClary noted that budget amendments should be submitted to the NC ABC Commission when approved by the Gates County ABC Board. We did have a couple of amendments that needed approval from the Board. Those amendments have since been approved and forwarded to the Commission.

Mr. McClary was shown a copy of our Employee Handbook which includes policies and procedures. Since his visit to Gates County ABC System, I have sent in a copy of our Employee Handbook to the Commission.

An updated copy of our Law Enforcement Contract has also been sent in to the Commission. At the time of Mr. McClary's visit, the contract had been put in the wrong file as was not able to be located during his visit.

All Gates County ABC Board Members are fully compliant with ethics training and certificates of completion are on file with the NC ABC Commission as well as on file in the General Manager's office at Gates County ABC System.

Since the audit by Mr. McClary, we have begun signing and stamping our order edit list for our truck orders before we place our order with the state warehouse.

GATES COUNTY ABC BOARD

P.O. BOX 71, SUNBURY NC 27979 252-465-3087 / 252-357-1651

Gates County ABC System has been and will continue to send the law enforcement report to the NC ABC Commission on time every month. The only issue Gates County ABC System is having is receiving the report from the Gates County Sheriff's Department. As advised, we fill out the comment section stating, "No report sent by law enforcement." The General Manager has met with the sheriff in regards to this matter, and still Gates County ABC System does not receive the report from the sheriff's office.

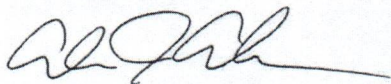
The Gates County Board of Commissioners has voted on and agreed to increase the working capital for Gates County ABC System from \$150,000.00 to \$180,000.00 for our next physical year. A copy of that approval will be sent in with our proposed budget for the physical year 2025/2026.

Currently, we have one board member that has not taken the oath of office. That board member is currently working on getting their oath of office completed. The other two board members have completed their oath of office and the General Manager currently has them on file.

The General Manager met with the Gates County Board of Commissioners and corrected the issue with the Gates County ABC Board term alignment issue. The board members are now staggered correctly.

Gates County ABC Board would like to thank Mr. Eric McClary for his time and his input on ways which Gates County ABC can improve. We would also like to thank the NC ABC Commission for their support and guidance.

Best Regards,



Andrew Anderson

Gates County ABC Board General Manager

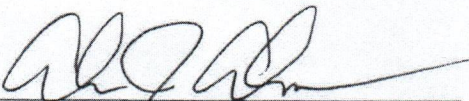
May 19 2025
Month Day Year

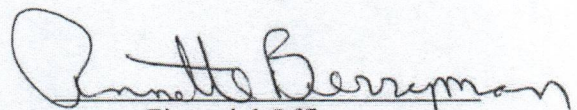
Gates County
ABC Board

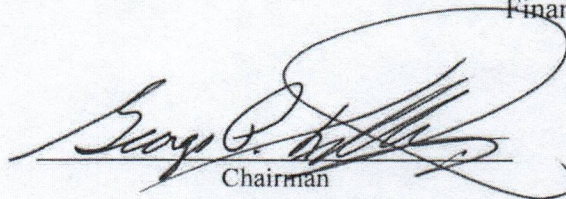
Certificate of Accountability

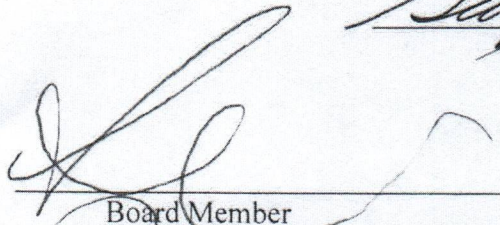
This document assures this Board and the State of North Carolina that the following statutory duties required of local ABC Boards have been properly performed.

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).

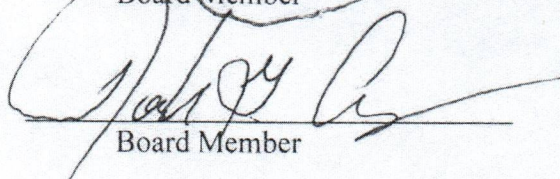

General Manager


Financial Officer


Chairman


Board Member

Board Member


Board Member

Board Member