

Yadkin Valley ABC Board

Performance Audit Report



Alcoholic Beverage Control Commission
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ABC
COMMISSION
NORTH CAROLINA

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Alcoholic Beverage Control

March 30, 2026

CHAIRMAN:
Hank Bauer

Yadkin Valley ABC Board
Robin Turner, Chair
612 C.C. Camp Rd.
Elkin, NC 28261

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

David Sherlin
Raleigh

Chairperson Turner,

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 Yadkin Valley 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.

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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, Reports, and Administrative Policies
- 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

The Board was established by resolutions of the Towns of Elkin and Jonesville. Effective July 1, 2015, the Elkin ABC Board, which was established on May 3, 1982, merged into the newly formed Yadkin Valley ABC Board, which would serve the towns of Elkin and Jonesville. This merger resulted in the dissolution of the Elkin ABC Board and the establishment of the new Yadkin Valley ABC Board. All assets and liabilities of the Elkin ABC Board transferred to the new Yadkin Valley ABC Board effective July 1, 2015. On June 10, 2015, the NC ABC Commission approved the acquisition of land and the construction of a new store to be built at a location which will better serve both towns. Distributable profits of the Board will be distributed 75% to the Town of Elkin and 25% to the Town of Jonesville until such time as the Town of Elkin has been compensated for the value of assets merged into the new ABC Board. After this value has been paid in full, profits of the Board will be distributed equally between the two towns. *Upon completion of the FY 2024/2025 audit, the board has agreed to begin equal distributions to each town.* The Board consists of a chairperson and four (4) board members. Current board members include Robin Turner, chair, Ron Ashman, Regina Adkins, Lori Gwyn, and Blake Cheek, board members.

The last performance audit for the Yadkin Valley ABC Board concluded in 2021. 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 December 9, 2025, ABC Commission Program Analyst Edwin Strickland visited the Yadkin Valley ABC Board and interviewed the General Manager, Corey Vestal. Below is a financial analysis followed by operation observations, findings, and recommendations related to the performance audit.



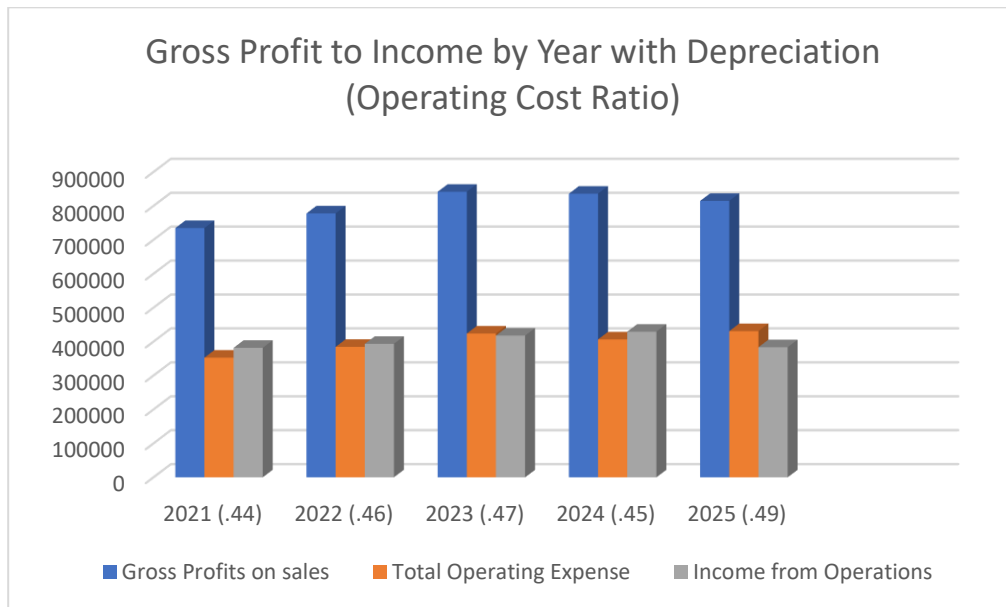
612 C.C. Camp Rd, Elkin

FINANCIAL ANALYSIS

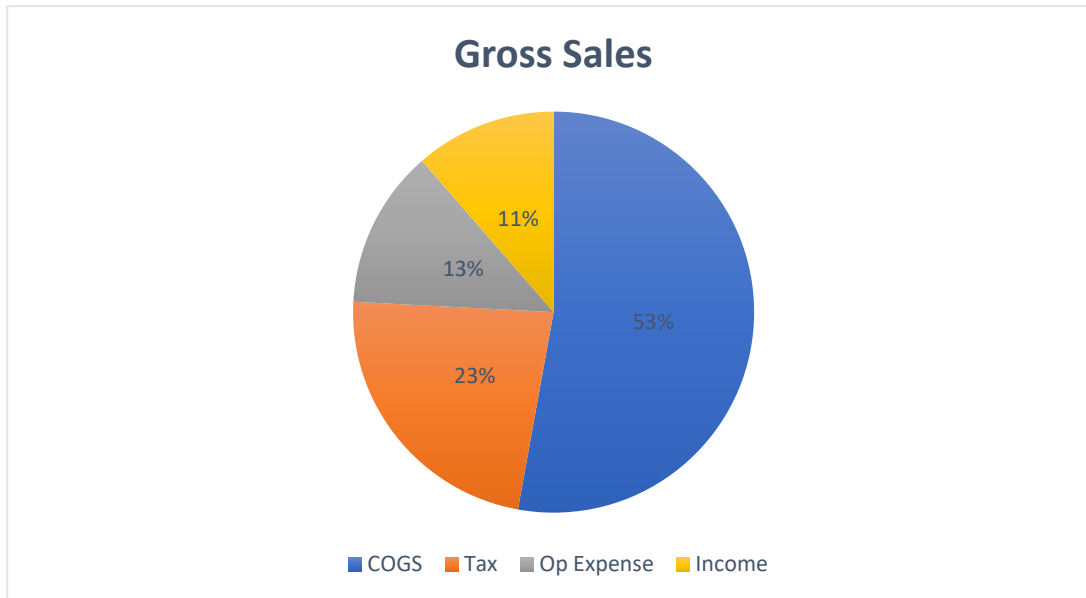
PROFIT PERCENTAGE TO SALES & OPERATING COST RATIO

- In fiscal year FY 2024-2025, the Yadkin Valley ABC Board had a profit percentage to sales ratio of 11.40%. The NC ABC Commission profit to sales standards for ABC Boards with gross sales greater than \$2M is 6.5%.
 - *The profit percentage to sales ratio over the previous four completed fiscal years were 12.73%, 12.26%, 12.62%, and 12.84%, respectively.*
 - The Yadkin Valley ABC Board’s gross sales totaled \$3,366,440, which was an approximate .2% decrease from the previous fiscal year.
 - The board’s sales have grown over 13% in the last five complete fiscal years.
- Yadkin Valley ABC Board operates one retail store with mixed beverage sales. The operating cost ratio for the board was .49 in FY 2024-2025. The NC ABC Commission standard for ABC Boards with one store and mixed beverage sales is .73 or less. *Previous four years are in the chart below.*
 - Operating cost ratio is calculated by dividing total operating expense less depreciation by the gross profit on sales (Total operating expenses less depreciation/Gross Profit).
- Thus, the Yadkin Valley ABC Board meets both the profitability standard and the operating cost standard set by the NC ABC Commission for FY 2024-2025.
- Below are charts showing gross profit on sales, total operating expenses including depreciation, income from operations for recent years, and operating cost ratios.

| | FY 2024-2025 | FY 2023-2024 |
|--------------------------------|--------------|--------------|
| Gross Profit on Sales | \$814,709 | \$836,081 |
| Total Operating Expense | (\$431,068) | (\$406,697) |
| Income from Operations | \$383,641 | \$429,384 |



- The chart below shows where portions of gross sales are expended or retained as income. COGS and primary distributions (Taxes) usually account for approximately seventy-six percent (76%) of any board's gross receipts, with the remainder used to operate the system and as income. In turn, the income is then used to satisfy other statutory distributions and as working capital, capital improvements, debt service. or as additional distributions beyond the minimum requirement.



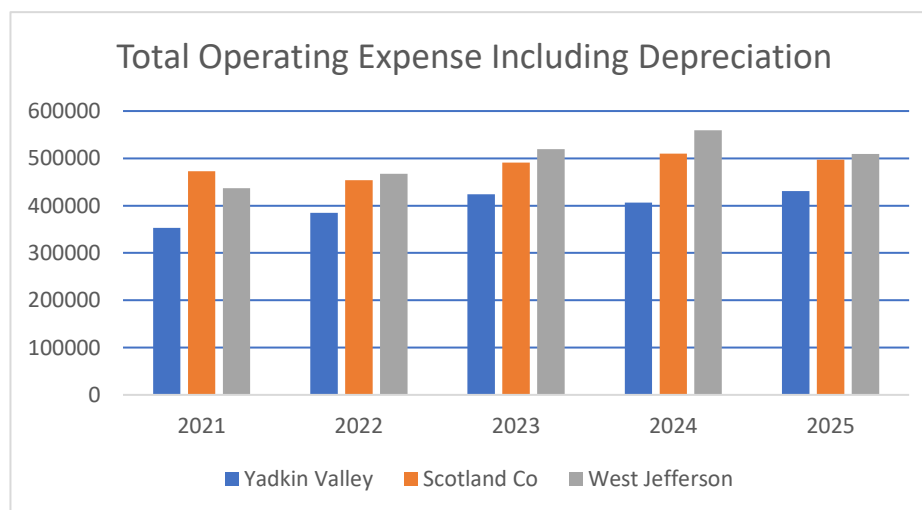
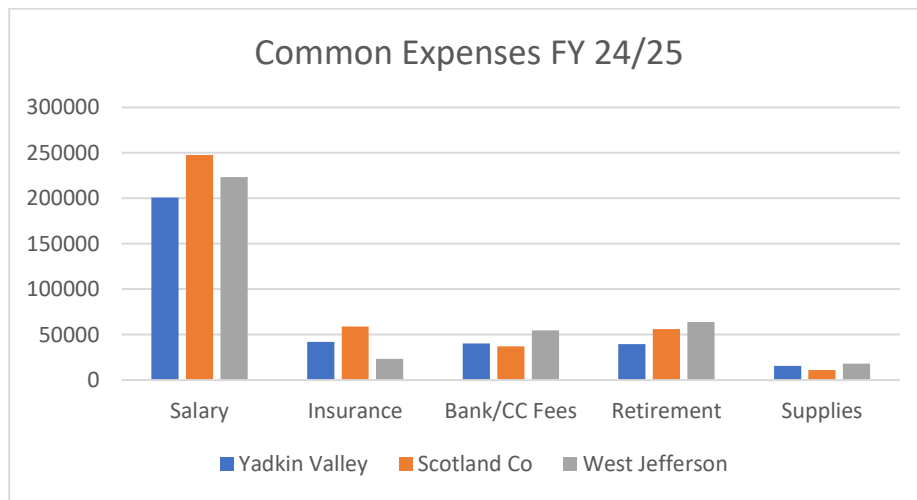
- *Factors affecting sales:*
 - There are seven ABC Boards with at least one store within a 30-mile radius of a Yadkin Valley ABC Store.
 - Surry County borders Virginia with other possible ABC outlets.
 - A 3.6% unemployment rate in Yadkin Valley in June of 2025 with little change from the previous year. *The North Carolina Average in June 2025 was 3.7%.*
 - According to the ABC Commission's website, there are approximately 13 active mixed beverage customers in the county. *In FY 2024/2025 mixed beverage accounted for around 10% of gross sales.*

INVENTORY TURNOVER

- The inventory turnover rate is calculated by dividing the cost of liquor by the average inventory in the system (Cost of Liquor/Average Inventory). The Commission has set these goals for determining an effective rate based on the frequency of deliveries.
 - Once a week deliveries target at 6 times or more per year
 - Twice a month deliveries target at 5 times or more per year
 - Monthly deliveries target at 4.5 times or more per year
- The Yadkin Valley ABC Board receives shipments twice a month with a target inventory turnover rate of 5. The inventory turnover rate in (FY) 2024-2025 was 9.7, which is well above the goal.

FINANCIAL ANALYSIS (cont.)

- *Factors affecting expenses:*
 - Total operating expenses increased around six percent (6%) from the last fiscal year and were less than thirteen percent (13%) of total annual sales.
 - Board salaries were about six percent (6%) of total annual sales and increased around four- and one-half percent (4.5%) from the previous fiscal year.
 - Cost of Goods Sold (COGS) was 52.9% for the fiscal year with a normal range being 52% to 54%.
- A common expense report and a total operating expense report show the Yadkin Valley ABC Board has some similar categorical but, overall, much lower total operating expenses comparable to other ABC boards within a relatable gross sales range and other variables. *Common expense report categories can be unreliable, as different CPAs may allocate costs to line items inconsistently.*



BUDGET ANALYSIS

| | FY 2024-2025 <i>Budget Projections</i> | FY2024-2025 <i>Actual</i> | Variance | Variance % |
|--|---|------------------------------|------------|------------|
| Total Revenues | \$3,415,000 | \$3,381,071 | (\$33,929) | (.1%) |
| Total Expenditures | \$3,034,300 | \$2,936,240 | \$98,060 | 3.2% |
| Distributions | \$292,000 | \$286,429 | | |
| Revenue over/under Expenditures & Finance | | \$158,402 | | |
| After Reconciling Items | | \$111,843 | | |

- In reviewing the budget to actual analysis of the FY 2024-2025 financial audit, actual total revenues were .1% below budget and expenditures were 3.2% below the final budget amendment.
 - The change in net position during the fiscal year was \$111,843. *The board's collective net position on June 30, 2025, was \$2,093,378; the net position has increased by almost sixty-one percent (61%) over the last five (5) fiscal years.*
- Based on sales trajectory for the current fiscal year with five months (41%) of the budget year completed, the board is tracking at around 40.8% of annual budgeted sales.

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).*

- In FY 2024-2025, Yadkin Valley ABC accrued funds for other statutory distributions totaling \$286,429 (Net profit distribution recipient(s) received \$250,000).
- The amount of \$772,508 in primary distributions and other taxes were paid to the NC Department of Revenue (NCDOR), DHHS, and the county commissioners of Surry County.
- Per the local enabling act, the distribution formula for recipients of net profits is as follows:
 - 75% to Elkin General Fund
 - 25% to Jonesville General Fund
 - Beginning July 1, 2025
 - 50% to Elkin General Fund
 - 50% to Jonesville General Fund

DISTRIBUTIONS (cont.)

➤ **STATUTORY DISTRIBUTIONS:**

- Net Profit Distributions – The Yadkin Valley ABC board has made net profit distributions for the last five (5) fiscal years above the minimum mandatory distribution in reference to G.S. 18B-805(c)(1). **The table below references distributions calculated on the left and total distributions made by the ABC Board for the last five (5) years on the right.**
- Law Enforcement Distributions: Have been disbursed at or above the standard 5% statute amount for the last five (5) FYs.
- Alcohol Education Distributions: Have been disbursed at or above the standard 7% statute amount for the last five (5) FYs.

| NC GENERAL STATUTE: 18B-805 (c)(1) | | | |
|--|----------|---|-----------|
| Calculation of Minimum Mandatory Distribution for Net Profit to Designated Recipients | | Yadkin Valley ABC Board Net profit distribution made annually by fiscal year | |
| <i>Note: Referencing CPA Audit Reports</i> | | | |
| Calculated Amount | | Total paid to recipient(s) | |
| FY-2025 | \$94,701 | FY-2025 | \$250,000 |
| FY-2024 | \$94,715 | FY-2024 | \$100,000 |
| FY-2023 | \$95,819 | FY-2023 | \$200,000 |
| FY-2022 | \$88,185 | FY-2022 | \$150,000 |
| FY-2021 | \$84,404 | FY-2021 | \$175,000 |

- Since inception, the board has made distributions to the Town of Elkin in the amount of \$657, 209, and to the Town of Jonesville in the amount of \$310,791, for a total of \$968,000.

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 Yadkin Valley ABC Board is required to maintain a minimum working capital of \$99,788 with a maximum working capital amount of \$648,625.
 - The Yadkin Valley ABC Board had a working capital balance of \$915,931, which is more than the maximum allowed per Commission requirement for this section (*).
 - *Distributions were made promptly following the end of the fiscal year and subsequent audit and the board is now in compliance with NCAC 15A .0902.*

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



- Under G.S. 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:

Board Members

- The board consists of four members and a chairperson whose per meeting compensation for their services has been approved by their appointing authority in compliance with G.S. 18B-700(g).
 - Current board members' terms are staggered to comply with G.S. 18B-700(a).
 - All members are serving successive terms but are appointed or reappointed on a schedule that conflicts with G.S. 18B-700(a) and the schedule outlined in the original resolution to merge the two town's boards.
 - All are compliant with ethics training requirements with one recently reappointed member needing to fulfill the requirement in the coming months.
 - Members may have taken an oath of office per G.S. 11-7 but copies of the oaths are not available at the board's administrative office.
 - Members have professional experience in business and law.
- Meetings are generally held on the fourth Friday of each month, and announcements for the meetings are posted on an information board in the store.
- Meeting minutes are organized, available, and follow all the order of proceedings including the no conflict of interest statement.
 - Financial data is presented by the general manager and discussed at board meetings to include sales and comparisons, and inventory and other account balances.
 - Board members are heavily encouraged by the Commission to use checks and balances to ensure that cash management practices are upheld. 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 locations.

Law Enforcement

- The board has a law enforcement contract with the Elkin Police Department from 2020.
- Law enforcement reports are submitted regularly by the general manager but do not contain applicable data for accountability as outlined in G.S. 18B-501(f1).
 - The board should consider reviewing the reporting requirements with their contracted law enforcement agency which specifies the agency should be reporting the provisions of the statute to the board monthly.
 - Additionally, since the board makes law enforcement distributions to the Jonesville Police Department as well, the board should consider entering into a contract with this department and updating their current contract with the Elkin Police Department.

Board Personnel

- The board typically staffs three full-time and two part-time employees but currently has one part-time vacancy.
- The General Manager has held their position for around ten years and was previously a salesclerk.
 - He is responsible for all board operations and has dual role approval to serve as the board's finance officer.
 - His salary is in compliance with G.S. 18B-700(g1), and he is compliant with the ethics training requirement.
- The board utilizes an accounting service for general accounting oversight including reconciliation, taxes and payroll, and to supply the quarterly compilations required with the General Manager's dual role designation.
- All other store employees are sales associates and primarily responsible for providing friendly customer service, general store cleaning and upkeep, and stock maintenance.
- Training for new employees begins with the general manager reviewing work expectations and general policies.
 - On the job training is mentorship styled by the manager and full-time employees.
 - The general manager is currently cross training a full-time employee for administrative support and other operational tasks.
 - RASP training is attended yearly, and all team members have completed. Additional alcohol sales policies are included in the personnel manual.
- A file for each employee is kept in the board's warehouse but were not reviewed because holiday products were blocking access temporarily.
- Full-time employees are enrolled in LGERS.
- No conflicts pertaining to nepotism found and per discussion with the general manager.

Policies

- The board has a thorough personnel manual which covers all requirements of Rule 15A .1006 and additional work and behavioral expectations.
 - Additional policies are filed and approved by the Commission including Code of Ethics, underage sales, overs and shorts, mixed beverage sales and deliveries, and an employee contact for customer service.
 - A credit card policy is in Commission records but does not correspond with current practices and should be reviewed by the board for accuracy.
 - Policies not on file with the Commission that could be considered include price discrepancy procedures and allocated product sales.
- For travel, the board follows the state travel plan per G.S. 18B-702(g2), with possible reimbursements made pursuant to G.S. 138-6.

Operations

- Board personnel conduct full inventory quarterly with monthly categorical spot checks.
 - Counts are made using scanners usually by the manager and full-time team members.
 - Variances are recounted and the general manager is responsible for adjustments.
 - *A sample of products was inventoried during Commission visit with only one minor possible variance noted.*
 - Strategies for slow-moving products include moving around in the store and the board has done price reductions in years past.
- The board receives deliveries of liquor on the first and third Thursday of each month.
 - Pallets are dropped and down stacked using the manifest.
 - Cases in the warehouse are marked pre-delivery to help eliminate any counting errors, and any variances are recounted and balanced against stock before discrepancy reports are sent to LB&B.
- The General Manager makes the liquor orders by scanning each item's stock status and orders are made to accommodate thirty days of sales.
 - Monthly and quarterly price lists are reviewed, and some buy in investments are made.
 - Special order requests are considered by the general manager on a case-by-case basis.
- The board retains breakage reports and includes the reports for credit with their suppliers. Although the board does not frequently have many breakage reports, for compliance with Rule 15A 1701(c), board personnel should email copies of any reports to the Commission quarterly.
- The board currently has thirteen active mixed beverage customer accounts.
 - Orders are phoned in or texted.
 - The General Manager routinely checks pulled and stamped orders for accuracy and orders are rechecked at the transaction with the permittee.
 - Invoices are provided to permittees and signed copies are retained in a file for each account.
 - The board stamps bottles as required by NCAC 15A .1901.
- Mixed beverage customers are given the first opportunity at many allocated products with others being shelved randomly and with purchase limits.
- The board has held tastings and plans to continue.
- The board does not have a website or social media accounts.

Financial, Administrative, and Internal Controls

- Invoices for liquor are processed once monthly by the general manager and usually within or very close to the thirty (30) day requirement.
- The board's checks are stamped with the required disbursement certificate in compliance with G.S. 18B-702(q).
 - Checks are cut and signed by the general manager/finance officer and counter-signed by the board's chairperson.
- The preaudit certificate is not utilized because of the dual role designation.
- The board has positive pay with their bank and send applicable lists monthly and reviews their deductions regularly.
- The board has a credit card issued to the general manager and all receipts are retained and the account is paid in full monthly.
- A mileage log is kept for travel reimbursement for personnel visits to the accounting service and other for other business matters.
- Cash-handling procedures are in place, and some are covered in policy.
 - Tills are issued daily with loans from the change fund.
 - Sales associates are responsible for counting tills and the board has an overage and shortage policy.
 - A deposit from each till is made daily and taken to the bank nightly.
 - The General Manager routinely verifies actual deposits match the register totals.
 - The board's accounting agency conducts full monthly reconciliation for accounts.
 - *A small sample of recent deposits were reviewed with no significant variances noted.*
- Funds are kept in a pooling bank(s) approved by the North Carolina Treasury Office.
- Payroll is processed biweekly through QuickBooks.
 - Time is entered based on the schedule with the manager accounting for any adjustments.
 - The chairperson signs payroll checks for additional oversight.
- The annual CPA audit was received by the Commission on September 30, 2025.
- All board members and applicable personnel are bonded for at least \$50,000 per G.S. 18B-700(i).
- The board distributes their alcoholism funds to their appointing authorities' school systems, and the board receives a report from one of the recipients describing how funds are spent. *For general accountability and full compliance with G.S. 18B-805(h), the board should include in their meeting minutes how these funds are to be spent and verify any person or agency receiving funds from the board reports to the board at least annually describing how these funds were spent.*

STORE INSIGHT & OVERVIEW

- The board's store and administrative office are located on a major thoroughfare between the exits to an interstate and major US highway.
 - The area has other commercial and retail businesses and there are easily viewable road and building signs.
 - The store provides ample parking, and the board is currently addressing a deteriorating portion of the parking lot through planned renovations.
 - The building was constructed in the last ten years and is professional and modern. The exterior and applicable surrounding areas are clean, and landscaping is well maintained.
- The interior of the store is well lit, organized, and aesthetically modern and pleasant.
 - Floors and shelves are clean, and the counter is not overly cluttered.
 - The Fetal Alcohol Syndrome poster required by G.S. 18B-808 is prominently displayed.
 - A Quarterly price book is available at the counter with an SPA pricing list available upon request.
 - Category signs are prominently displayed and arranged according to market share.
 - Multiple displays are utilized to include a barrel pick.
 - There is a North Carolina products section, and some products are also found in their corresponding category.
- Shelf management practices are mostly implemented.
 - Products are fronted, dusted, and in their designated category.
 - Premium products are generally found at eye-level or top shelf.
 - Bottles are sometimes but not always arranged so they increase in size left to right of the same item.
 - Shelf space for products is set to follow the factors identified in Rule 15A .1708(5).
- A sample of more than 100 items were selected to determine if uniform pricing is displayed. Of those selected, only a few items' shelf tags didn't match current pricing. *These items are current monthly specials and broker tags advertising the special pricing were likely not received.*
- Price discrepancies will be handled in the customers favor if the shelf tag were to be lower than the current price mandate and the customer objects.
- Sales associate interactions with customers are attentive, courteous, and the staff are eager to meet the needs of the customers.
- The store is open daily from 9:00 am until 9:00 pm Monday through Saturday.
- All stores are closed every Sunday, the five previously required holidays and Memorial Day.
- Security systems are in place and functional in all designated areas to include alarms, cameras, and panic buttons.

REQUIRED ACTIONS

- Item #1: The ABC Board and their two applicable appointing authorities should verify they are following the merger resolution(s) which formed the board in the areas of member term appointment dates and term limits. *If a newer amended resolution has been authorized by both authorities, the board should forward a copy of the resolution or applicable documents to the Commission for records retention. If an updated resolution has not been authorized, the board should work to request and provide a new resolution to the ABC Commission or abide by the terms specified in the existing resolution.*
- Item #2: Board members should take an oath before taking office or before the execution of the office per G.S. 160A-61 and G.S. 11-7. *If already completed, a written account of the oaths should, please, be available at the board's administrative office.*
- Item #3: The board has been making law enforcement distributions to both the Elkin and Jonesville Police Departments. The ABC Board currently has a law enforcement contract with the Elkin Police Department only, which stipulates payments shall be adjusted as needed to equal the amount required by G.S. 18B-805(c)(2). For compliance with this statute and contract, the board could consider entering into a second contact with the Jonesville Police Department or refraining from making law enforcement distributions to an uncontracted agency, and thusly, not abiding by their current contract with the Elkin Police Department.
- Item #4: In tandem with the previous item, the board should work with their contracted law enforcement agency(s) to reestablish law enforcement reporting to comply with the provisions of G.S. 18-B-501(f1). Reports are to include as applicable the number of arrests made for ABC law, number of agencies assisted with ABC law, and other metrics for ABC law contribution such as compliance checks and alcohol education classes presented.
- Item #5: When applicable, ensure unsaleable merchandise (breakage) reports are submitted to the Commission quarterly. NCAC Rule 15A .1701(c) requires quarterly reports be submitted for any unsaleable merchandise and retain original copies for three (3) years.
- Item #6: For compliance with G.S. 18B-805(h), the board should include in their meeting minutes how their alcoholism funds are to be spent and verify any person or agency receiving funds from the board report to the board at least annually describing how these funds were spent.
- Item #7: In connection with the periodic audit, a Certificate of Accountability attestation form should be reviewed and signed by board members and applicable personnel. A signed copy would then only need to be emailed to Commission personnel for recordkeeping.

RECOMMENDATIONS

- Board members and applicable personnel are encouraged to satisfy the requirements of G.S. 18B-706(b) and Rule 15A .2001 in a prompt manner and before the twelve (12) month mandate. *The board currently has at least one reappointed member who will need to complete the required training in the coming months.*
- The board should establish and maintain a written shelf management plan which follows Rule 15A .1708. While mostly followed, the board could work to rearrange liquor inventory on the shelves to follow shelf management requirements, in particular ensuring bottles increase in size from left to right where applicable.
- While only a very few instances of inaccurate posted shelf tags were witnessed during Commission visit, board personnel should continue to be mindful of verifying shelf tag prices monthly, especially regarding those on sale for the month or during quarterly price changes.
- While the board already has quality oversight and well-established procedures in place, the board could consider adopting in writing an updated policy for the use of the board's credit card(s). *Written policies can serve to strengthen internal controls and as good guidelines if updates are made or are being considered to the procedures already in place.*
- Additionally, the board could consider crafting a written policy for the sale of allocated products. *In addition to establishing guidelines, these policies can be informative to patrons who question your current distribution of these high demand products.*

Please network with the ABC Commission whenever needed for guidance and assistance to support local ABC board mission and success.

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 September 30th of each year.
 - 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.

- 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.
- 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.

PREVIOUS PERFORMANCE AUDIT ACTIONS (2021)

- ABC Boards are required to operate within a balanced budget each fiscal year. Budget amendments must be submitted before any funds are transferred between accounts and utilized, occurring at the actual point of time an adjustment of funds is necessary. Ensure budget amendments are submitted to the ABC Commission as required per NCGS 18B-702(h).
- A Code of Ethics policy should be forwarded also as soon as possible [Referencing G.S. 18B706]. Following update of the personnel manual this summer, a copy of this should be emailed to the Commission, and a business credit card use policy is recommended. NCAC Rule 15A .1102 states, “A copy of all rules or amendments thereto that may be adopted by a local board to govern the operation of ABC stores or the enforcement of the ABC laws shall be submitted to the Commission at least 15 days prior to the date on which it is proposed that those rules or amendments are to become effective.”
- A copy of the latest board capital improvement plan should be forwarded to the Commission, per 18B-805(d) section.
- 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). This would primarily be applicable for liquor orders, and the stamp could be placed on applicable Order Acknowledgement Forms. The specific statement should read, “This instrument has been preaudited in the manner required by G.S. 18B-702.”
- A letter from the appointing authority approving any board member compensation over \$150 per meeting needs to be obtained and provided to the Commission [Referencing G.S. 18B-700(g)].
- The Board must request reapproval through the Commission for the General Manager to continue filling the Finance Officer position. As applicable, this approval should be obtained every 36 months [Referencing G.S. 18B-702(j)].
- Recipients of alcohol education/research funds must provide an annual report to the Yadkin Valley ABC Board, describing how the funds were spent [Referencing 18B-805(h)]
- Law enforcement reports must reflect and capture applicable occurrences of regulatory activity and training providing by contracted law enforcement agencies per G.S. 18B-501(f1).
- All reappointed board members are required to complete ethics training within one (1) year of their reappointment date per G.S. 18B-706(b). Per Commission records, at least one member does not reflect as current on this training.

While having addressed considerations from the previous Commission review (2021), board should still monitor and strive to satisfy previously recommended actions.

ABC COMMISSION
400 E Tryon St
Raleigh NC 27610

3/26/2026

We appreciate your professionalism, support and recommendations from the audit performed. Please find below our responses to the findings..

ITEM 1***

All board members took an oath and were sworn in on by Wendy Thompson on 2/28/2026

ITEM***2

We now have a signed law enforcement contract with both Elkin PD as well as Jonesville PD

ITEM***3

The town of Elkin will extend Ron Ashman for one year to be in compliance of the 2-2-1 rule for The 5 board members

ITEM***4

The board will be working to update personnel policy so it matches the criteria and standards That are currently in place

ITEM***5

A new credit card policy is now in place as well as a new allocated bourbon policy

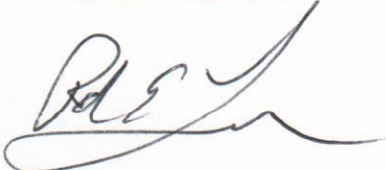
ITEM***6

A signed Certificate of Accountability was signed and handed to MR Strickland when he attended the February meeting

Sincerely,



GM



Chairman Yadkin Valley ABC Board

Feb 27 2026
Month Day Year

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



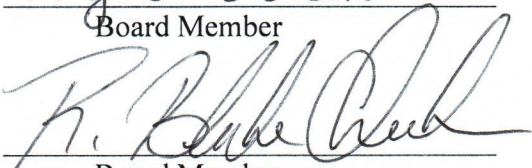
Chairman



Board Member



Board Member



Board Member

Board Member