

Serving the Community through Responsible Sales



DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD

ANNUAL REPORT FY 2020

July 1, 2019—June 30, 2020

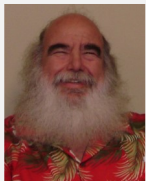
WHAT'S INSIDE:

- ◇ Meet the Durham County ABC Board
- ◇ Letter from the General Manager
- ◇ Financial Highlights
- ◇ Grant Funding & Recipients
- ◇ Modernizing Durham ABC Stores



Durham County Alcoholic Beverage Control Board

YOUR DURHAM COUNTY ABC BOARD FY2020



Donald Lebkes (Board Chair) *Served since June 2017*

Donald Lebkes relocated to Durham upon retirement. Prior to retirement, Mr. Lebkes served as a Special Education Teacher in New Jersey and also as a New York Times delivery supervisor in New York City. He volunteers with Duke, Carolina Theater, Meals on Wheels, Centerfest and other civic organizations and events. Mr. Lebkes served on the Inter Neighborhood Council of Durham, where he represented his community and was co-chair of the Election Forums Committee.



Gale Adland *Served since May 2020*

Gale Singer Adland was born in New Jersey and moved to Durham to attend Duke University. She received a BS in Computer Science and Management Science, and remained in Durham to work in the IT field. In 2010, Gale became the Executive Director of Meals on Wheels Durham and ran that organization until retiring in 2020. Gale has served on the boards of Meals on Wheels NC, All Good Things Durham, Judea Reform Congregation, and the YO:Durham Advisory Board.



Daniel Edwards *Served since Dec 2019*

Daniel Edwards, a retired police captain, is currently CEO of Critical Perceptions, LLC and a certified Executive Life Coach, Licensed Clinical Addictions Specialist (LCASA), and a national instructor for NENA (National Emergency Numbers Association). He is co-owner of Morehead Manor Bed and Breakfast serving as an ambassador for the City of Durham. Daniel enjoys mentoring, teaching, and playing bocce. He is a graduate from both North Carolina Central University and Southern New Hampshire University, and is a proud Life Member of Omega Psi Phi Fraternity Inc.



Frachele Scott *Served since December 2019*

Frachele Scott, a native of Oxford, NC, received her B.A. in Political Science in 1999 from the University of North Carolina at Chapel Hill. She moved to Durham to attend law school in 2001. Frachele received her Juris Doctorate from North Carolina Central University School of Law in 2004. Her areas of practice include legacy and estate planning as well as resolving heirs' property issues. She serves as attorney, strategic consultant or board member to several institutions and organizations including the NCCU School of Law Board of Visitors, Oxford United Investors, and the Pauli Murray Center for History and Social Justice at Duke University. Her interests include history, horses, and travel.



Dr. Ryan Urquhart *Served since July 2018*

Dr. Ryan L. Urquhart is a Principal Interaction Architect at Blue Cross Blue Shield of North Carolina, focusing on developing desktop and mobile applications. He has contributed several publications and technical reports. Dr. Urquhart obtained his Doctoral degree from Virginia Polytechnic Institute & State University in Industrial & Systems Engineering. His Master's and Bachelor's degrees were obtained from North Carolina A&T University. Dr. Urquhart also serves as an Adjunct Professor at UNC Chapel Hill.



Nigel Sullivan (General Manager) *Served since Aug 2019*

Nigel Sullivan is the General Manager for the Durham County ABC Board and serves on the Legislative Committee for the North Carolina Association of ABC Boards. Sullivan started his career in the music industry and became District Manager for the largest music retailer in the US, managing the highest performing region for the company. Prior to coming to Durham County ABC, Sullivan was an Executive Team Lead at Target Corporation in Texas and North Carolina. He is a native of Pittsboro, North Carolina and a graduate of the University of North Carolina at Greensboro.



ANNUAL REPORT 2020

LETTER FROM THE GENERAL MANAGER



Dear Durham Community:

It is an honor and a privilege for me to serve as the General Manager of the Durham County ABC System. Durham County ABC operates eight retail outlets for the sale of spirituous liquor that are open to the general public as well as a mixed beverage outlet that services our community's bars and restaurants.

Under the direction of the Durham County ABC Board, I am proud to serve the citizens of Durham County through the responsible sale and control of alcohol, the establishment of grants to provide the community with alcohol abuse education and prevention, and also to generate significant financial contributions to the City of Durham and Durham County. It is my goal to apply my large scale retail business experience to the Durham County ABC system in order to operate the organization in a professional manner so as to maximize the shopping experience for Durham County citizens while fulfilling these objectives.

In this Fiscal Year 2020 Annual Report (July 1, 2019 – June 30, 2020), I will highlight a few of our accomplishments for the year and share with you expansion projects on the horizon that will help us to provide Durham County with a state of the art shopping experience and unparalleled customer service.

2020 has been defined by COVID-19 and the Durham County ABC Board is no exception to that. We have worked diligently to ensure that our staff are able to work in a safe environment and our customers are safe while shopping in our stores. We also approved a "buy-back" policy to allow the return of unopened bottles of product sold to local bars and restaurants to help them during the shut-down.

Durham County continues to grow and expand as evidenced by the numerous construction projects underway to meet the demands of that new growth. Durham County ABC must also expand to meet those demands. In fiscal year 2020, we began the implementation of a long range 10-year plan for new stores as well as renovation projects.

Our financial position for this year ended strong. Our sales totaled \$44,198,442, a 9.63% increase over the previous year. Contributions to the city and county of Durham totaled \$2,666,664, an increase of 4.4% over last year. We awarded a total of \$312,500 to 13 local non-profits dedicated to alcohol abuse education and prevention. These organizations offer a great service to our community and we are proud to provide financial support of their important initiatives.

Durham County ABC continues to emphasize the importance of customer convenience, customer service, and quality product selection. All of these improvements are in an effort to modernize our operations and locations to better serve the citizens of Durham County. Durham County ABC maintains focus on upgrading and renovating its stores to provide a pleasing shopping experience for the customers. We appreciate the loyal patronage of our customers and we are committed to our mission of effectively controlling the sale of alcoholic beverages in Durham County.

Finally, we are proud of the hard work that has been put in by our entire staff to ensure that we have been able to continue to run our operations without any disruptions since March of 2020. We would not have seen the success that we have had this year without the dedication of our staff.

Sincerely,

Nigel Sullivan
General Manager



FINANCIAL HIGHLIGHTS

% Sales

Gross Sales **\$ 44,198,442** **100.0%**

State Excise Tax	\$ 9,601,846	
Mixed Beverage Tax to NC Dept. of Revenue	\$ 495,939	
Mixed Beverage Tax to NC Dept. of Health and Human Services	\$ 49,594	
Rehabilitation Tax to Durham County Treasury	\$ 115,512	
Total Taxes	\$ 10,262,891	23.2%

Net Sales **\$ 33,935,551**

Cost of Goods Sold	\$ 22,973,003	52.0%
--------------------	---------------	--------------

Gross Profit Gross Profit **\$ 10,962,548**

Short Term Operational Costs	\$ 6,120,570	13.8%
Non Operating Income	\$ (93,023)	-0.2%

Profit Before Distribution **\$ 4,935,001**

<u>Distributions:</u>		
Durham County & City of Durham	\$ 2,666,664	
Alcohol and Substance Abuse Prevention and Education (Grants)	\$ 293,473	
Total Distributions	\$ 2,960,137	6.7%

Other - Retained Earnings for Capital Improvements and Long Term Operational Costs **\$ 1,974,864** **4.5%**



ANNUAL REPORT 2020

FINANCIAL SUMMARY

	2017	2018	2019	2020
Gross Sales	\$ 36,072,852.00	\$ 37,346,615.00	\$ 40,317,691.00	\$ 44,198,442.00
Profit Before Distribution	\$ 3,643,809.00	\$ 3,648,111.00	\$ 4,610,289.00	\$ 4,935,001.00
Profit as % of Sales	10.1%	9.8%	11.4%	11.2%
Rehabilitation Tax Paid to Durham County Treasurer	\$ 94,573.00	\$ 95,662.00	\$ 100,091.00	\$ 115,512.00
Distributions to Durham County				
Required by Statute	\$ 898,962.00	\$ 928,795.00	\$ 1,006,871.00	\$ 1,113,847.00
Actual Distribution	\$ 2,100,000.00	\$ 2,200,000.00	\$ 2,300,000.00	\$ 2,400,000.00
Distributions to Durham City				
Required by Statute	\$ 99,885.00	\$ 103,200.00	\$ 111,875.00	\$ 123,761.00
Actual Distribution	\$ 233,333.00	\$ 244,444.00	\$ 255,555.00	\$ 266,664.00
Total Distributed Profits to County & City of Durham	\$ 2,333,333.00	\$ 2,444,444.00	\$ 2,555,555.00	\$ 2,666,664.00
Alcohol Abuse Education and Prevention Distribution	\$ 213,420.00	\$ 216,727.00	\$ 267,123.00	\$ 293,473.00



GRANT FUNDING AND RECIPIENTS

CONGRATULATIONS TO ALL FY 2020 DURHAM COUNTY ABC BOARD GRANT RECIPIENTS!!

Every year, Durham County ABC provides grants to fund various alcohol and substance abuse programs in the County. These programs focus on one or more of prevention, education, intervention and treatment related to substance abuse, driving while impaired or underage drinking.

This year, Durham County ABC provided a total of \$312,500 to support the various local projects of these recipients. We are proud to support their initiatives and give back to the Durham Community.

Organization	Program Name	Grant Award
Charles Hamilton Houston Foundation, Inc.	Young Men of Excellence Program	\$ 25,000.00
Duke University	Preventing Alcohol and Drug Abuse in Young People -- PADAY	\$ 35,000.00
Durham County Criminal Justice Resource Center	Durham Drug Treatment Court	\$ 32,000.00
Durham Crisis Response Center	Preventing Teen Relationship Violence and Alcohol Use 2020	\$ 13,500.00
Durham PROUD Program	PROUD Drug Education and Alcohol Counseling	\$ 30,000.00
El Centro Hispano, Inc	Alcohol/Substance Abuse Education	\$ 16,500.00
Exchange Club's Child Abuse Prevention Center	PARTNERS (Parents Aiding Resilient Teens Needing Evidence-based Responses to Substance use)	\$ 17,100.00
Jubilee Home	Prosocial Deterrence	\$ 24,800.00
LIFE Skills Foundation	Substance Use Prevention & Treatment Program	\$ 17,100.00
Pinnacle Community Development Corp/TRY	Youth Empowered Leaders (YEL)	\$ 16,500.00
Rebound, Alternatives for Youth	Alcohol and Substance Intervention During Suspension	\$ 30,000.00
StandUp SpeakOut of North Carolina	Girl SpeakOut Youth Program	\$ 30,000.00
TROSA (Triangle Residential Options for Substance Abusers, Inc.)	Long-Term Substance Abuse Recovery for Individuals with Alcohol Use Disorder	\$ 25,000.00
TOTAL GRANT AWARDS		\$ 312,500.00



ANNUAL REPORT 2020

MODERNIZING DURHAM ABC STORES

In FY2021, we will begin the process of modernizing all Durham County ABC Board locations. This is a 10-year, long-range plan that we have developed in an effort to better serve our customers. The goal is to have locations that are more convenient, with larger spaces to add more products and create an improved shopping experience like that of a more traditional retail store.

Our first new location opened on August 3, 2020 in the Riverview Shopping Center on N. Roxboro Street. This location showcases the vision of what our new stores will look like. Not only have we created a shopping experience, but are also able to add more space to store adequate inventory and add 350 new products to offer a broader selection to our customers. The new spaces will also make improvements in safety learned from COVID-19 to reduce high touch areas. These include: 1) automatic entry doors, 2) large space to allow social distancing, 3) permanent safety shield at point of sale, and 4) counters designed that allow customers to bag and scan their purchases to decrease touching.



Riverview Shopping Center Location

FY2021 Roadmap

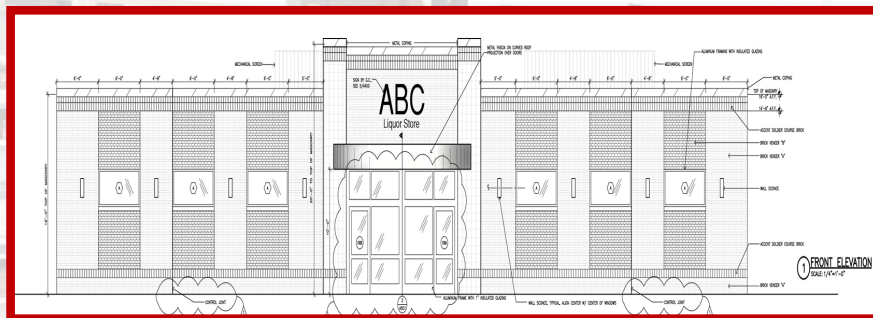
Aug 2020:	Riverview Shopping Center –replaced former N. Roxboro Street location
Mar 2021:	Ravenstone Shopping Center – new location
Mar 2021:	TW Alexander – replaces current location
Mar 2021:	HWY 55 break ground on new location to open in FY2022
May 2021:	Holloway Street – renovated space
Jun 2021:	North Pointe Shopping Center – replaces current Guess Road location



Architectural Rendering
Holloway Street Location



Architectural Rendering
Hwy 55 Location



Architectural Rendering
Ravenstone Shopping Center Location (Sherron Road)

Durham County ABC Store Locations

1000 N. Miami Blvd, Suite 111

2806 Hillsborough Road

2121 TW Alexander Drive

5122 N. Roxboro Street

5202 NC Highway 55

3620 Durham Chapel Hill Blvd

3318 Guess Road

4717 Hope Valley Road

Administrative Office

2634 Durham Chapel Hill Blvd, Suite 10

Durham, NC 27707

(919) 419 6217

www.durhamabc.com

ALWAYS MAINTAIN CONTROL. PRACTICE MODERATION