



Durham County Alcoholic Beverage Control Board

ANNUAL REPORT

2017

July 1, 2016—June 30, 2017



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Durham County Alcoholic Beverage Control Board

GREETINGS FROM THE BOARD

Dear Durham Community:

The Durham County ABC Board is pleased to present our FY2017 Annual Report highlighting the accomplishments for the year. We continue striving to meet all regulations set forth by the North Carolina ABC Commission and to maintain fiscal prudence. Inside this report, you will find financial highlights for the fiscal year that demonstrates how Durham County ABC's growth is a direct reflection of the Durham Community. As the Durham Community grows, so too does Durham County ABC.

Our increased bottom line enables Durham County ABC to support our community through contributions to the general funds of the County and City of Durham as well as through grant distributions. We strive through our grant program to aid organizations in breaking the cycle of underage drinking or substance abuse. Fourteen organizations qualified for grants through our grant program in FY2017. All grantees are focused on alcohol abuse prevention and education among youth in our community. Substance abuse and underage drinking are serious problems that are starting earlier in life. However, the effects linger for a lifetime and too often cut young lives short.

Durham County ABC continues to emphasize the importance of customer convenience, customer service, and modernized décor. 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 alcohol in Durham County. We offer our thanks to the Durham community for being stakeholders and loyal customers as well.

Sincerely,
The Durham County ABC Board

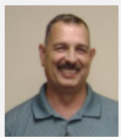
YOUR DURHAM COUNTY ABC BOARD



Wayland Burton
(Chair)

Served
August 2012—June 2017

Wayland Burton holds a BS degree in Business and an Engineer Technology Degree. He also holds several certifications from the War College and Defense University as well as a Masters Degree in Administration and Public Management. He has served actively in the United States Air Force and on assignment with the Department of Defense for over 36 years. Since retirement in February 2008, he has worked as a substitute teacher, a tutor for Durham Public Schools Homeless Liaison, and as a math tutor in his church at Union Baptist on Dowd Street. He has also formerly served as Chair of the Durham County Transportation Advisory Board.



Andy Miller

Served since August 2013

Andy Miller holds a Bachelor of Science in Criminal Justice Administration from Mount Olive College and a Masters in Public Administration from NCCU. He began his career in the United States Air Force as a Security Police Officer. Miller has served on the Orange County Sheriff's Department and the Durham Police Department. He is currently serving as Lieutenant on the North Carolina Central University Police Dept. Miller also serves as President of the NC Sheriff Police Alliance.



Lawrence Daye

Served since August 2016

Lawrence Daye was born and raised in Durham and graduated from North Carolina A&T University. He is a retiree from PCE Paragon Solutions where he managed the contract for IBM and Lenovo. Responsibilities included inventory control, manufacturing, shipping world trade and domestic, receiving, safety, employee performance, training and ISO 9001 certifications. Mr. Daye enjoys playing golf, fishing, hunting, yard work, visiting friends and family as well as meeting new people.



Donald Lebkes

Served since June 2017

Donald Lebkes relocated to Durham 10 years ago 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 for the past five years.



Jacqueline Wagstaff

Served since August 2015

Jacqueline Wagstaff moved to Durham in 1981 from New Rochelle, New York. She attended North Carolina Central University where she studied Political Science. She has held seats on the Durham City Council and the Durham School Board. She has also worked as an Outreach Specialist for a non-profit and started her own political consulting service after leaving public office.



FINANCIAL HIGHLIGHTS

**Percentage of
Sales 100.0%**

Gross Sales

\$36,072,852

State Excise Tax (30%)

\$7,750,917

Mixed Beverage Tax to NC Dept. of Revenue

\$572,413

Mixed Beverage Tax to NC Dept. of Health and Human Services

\$57,241

Rehabilitation Tax to Durham County Treasury

\$94,573

Sales Tax on Wines/Mixers

\$287

Total Taxes

23.5%

\$8,475,431

Net Sales

76.5%

\$27,597,421

Cost of Goods Sold (Includes surcharges and bailment charges paid to

NC ABC Commission)

51.8%

\$18,678,906

Gross Profit

24.7%

\$8,918,515

Short Term Operational Costs

14.6%

Non Operating Expenses

0.05%

Profit Before Distributions

14.7%

DISTRIBUTIONS

Statutory and Additional Contributions to Durham County and City

Statutory and Additional Grants for Alcohol and Substance Abuse Prevention and Education

OTHER

Retained Earnings for Capital Improvements and Long Term Operational Costs

*Actual Profit Before Distributions in FY2017 - 10.1% Figures based on FY2017 audited financial statements.





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FINANCIAL SUMMARY

Gross Sales	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
	25,218,637	27,089,726	28,735,744	31,488,457	34,129,036	36,072,852

Profit Before Distribution	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
	1,523,798	2,599,311	2,841,112	3,506,570	3,872,178	3,643,809

Profit as % of Sales	6.0%	9.6%	9.9%	11.1%	11.3%	10.1%
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Rehabilitation Tax Paid to Durham County Treasury	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
	80,849	84,414	85,030	92,013	93,785	94,573

Distributions: S=Statutory Contribution, A=Additional Contribution

Durham County	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
S	\$ 638,630	684,754	725,847	792,165	852,845	898,962
A	\$ 376,370	815,246	774,153	1,007,835	1,147,155	1,201,038
	\$ 1,015,000	1,500,000	1,500,000	1,800,000	2,000,000	2,100,000

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
S	\$ 70,959	76,084	80,650	88,018	94,761	99,885
A	\$ 41,823	90,583	86,017	111,982	127,439	133,448
	112,782	166,667	166,667	200,000	222,200	233,333

Total Distributed Profits to County & City

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
	\$ 1,127,782	1,666,667	1,666,667	2,000,000	2,222,200	2,333,333

Alcohol Abuse Education and Prevention Grant Program Distribution

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
S	\$ 85,012	128,673	141,149	175,075	197,795	213,420
A	-	59	-	-	-	-
	\$ 85,012	128,732	141,149	175,075	197,795	213,420



GRANT FUNDING AND 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 over \$211,00 to support these various local projects.

Alcohol Abuse Education

\$10,000

The "RISE ABOVE THE NORM", Alcohol Abuse Education (AAE) program is designed to educate our youth, particularly the middle and high school aged students about the detrimental aspects and dangers of alcohol use.

Boys & Girls Club

\$5980

Funding will be used for the SMART Kids (grades K-2) and Start SMART (grades 3-5) programs that prepare younger students to cope with pressures they might encounter starting in middle school, and enable them to make more informed decisions, thus preventing early negative choices.

Campaign 4 Change

\$30,000

The DBL (Don's Basketball League) will use funding for a free 16-week summer community outreach program that deliberately targets and serves about 150 youth ages 12-17 from some of the poorest Durham communities. By increasing the youth's awareness of the dangers and negative impact of alcohol and substance abuse and of healthier lifestyle choices including positive exposure outside their everyday experiences, the DBL helps improve their chance for better outcomes.

D.L. Forbes Youth Foundation

\$17,000

DL Forbes Youth Foundation will use funds to provide a Leadership Immersion Program that will keep youth engaged in structured weekend learning activities while addressing substance abuse and violence prevention. The Program typically receives disciplinary challenged students through referrals from counselors, law enforcement personnel, juvenile court counselors, social workers, community-based leaders, parents, teachers, school administrators and others working with youth in Durham County.

DOVE Institute

\$10,000

In recent years, DOVE has listened to children tell their stories about problems with family addiction. Unable to discuss their concerns with family members, DOVE will provide these children with an opportunity to ask questions of people in the community as related to the impact of drugs and alcohol on relationships. The children will use the information gathered to develop a public service video about the negative effects of drugs and alcohol.

Durham Business & Professional Chain

\$35,000

Program objective is to reduce the risk of negative life outcomes by reducing trauma in parents and children's lives. Program sessions will improve coping skills for the child, increase understanding for the parent and improve parenting skills.

Durham Crisis Response Center

\$15,000

The Durham Crisis Response Center (DCRC) will use funding to provide prevention education services to area teens regarding the intersectionality of alcohol, drugs and dating violence.

Durham T.R.Y (Together for Resilient Youth)

\$15,000

Durham T.R.Y. will use funding to address emerging practices: Dirty Sprite, drank or lean; refers to the codeine-promethazine blend (liquid cough medicine, Sprite and Jolly Ranchers) made popular in Hip Hop culture

EI Centro Hispano

\$15,000

EI Centro Hispano will use funding to promote healthy lifestyle behaviors and safe environments for Latinos through community health education and outreach, health screenings, support groups, and provider training.

Exchange Family Center

\$15,000

The Exchange Family Center is seeking funding to provide expedited Multidimensional Family Therapy (MDFT) services to six (6) youth and families on the Parenting of Adolescents program (POA) Self and Community Referral waitlist. Through MDFT, families are provided with four to six months of an evidence-based model of family therapy and substance abuse treatment.

Life Skills Foundation

\$4,900

LIFE Skills Foundation will fund individual substance counseling for clients who are not eligible for Medicaid, develop the curriculum for the psychoeducational substance use prevention/reduction component of our independent living classes and expand our substance use groups as needed.

Men of Vision

\$15,000

Men of Vision will use funding to serve socially and economically disadvantaged youth who are at a higher risk of consuming and abusing drugs & alcohol. Their program will serve these youth before they get involved in gangs, violent crime and other non-productive activities.

Real Kids United

\$20,000

REAL Kids United will add underage drinking as a focus in their 2017-2018 program, first by making sure that youth and their parents are aware that underage drinking is a problem. Second, by giving them the knowledge they need to make the right decisions. Lastly, by providing the tools to not only be hands off but encourage their peers to do the same.

Rebound, Alternatives for Youth

\$4,000

Rebound, Alternatives for Youth will use funding to target Durham County high school students on short-term suspension (1-10) days. The goal is to keep students in a safe environment during the suspension and to build skills that help them avoid future risky behavior or suspensions.

TOTAL

\$211,880

FISCAL YEAR 2017 GRANT RECIPIENTS

The 14 non-profit Durham County based organizations were invited to attend the post award meeting where they were presented their grant awards.

A representative from each organization was presented their grant award by the General Manager, Rufus Sales, and then Acting Board Chair, Jacqueline Wagstaff. To mark the occasion, a group photo was taken just outside the administrative office located at 2634 Durham Chapel Hill Blvd.



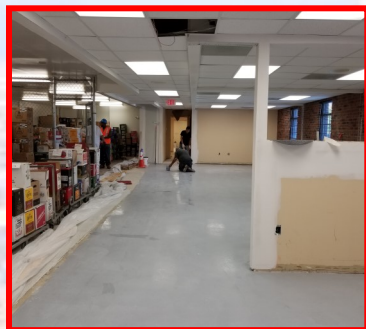
NEWLY EXPANDED MIXED BEVERAGE OPERATIONS

Our newly renovated and consolidated Mixed Beverage (MXB) Department now occupies the space that was once our administrative office and the former Mixed Beverage Central. The administrative staff was relocated just down the street to 2634 Durham Chapel Hill Blvd, Suite 10. This move made room for an expanded MXB department and allowed for all operations to be consolidated under one roof. Construction included removing the walls which once defined the administrative offices to open up the space into one big open area. The renovation work was completed by Core Construction.

Consolidation of MXB operations was a key factor for expanding the old MXB location at 3620 Durham Chapel Hill Blvd. The MXB operations from Hillsborough Road and Highway 55 were scheduled to move to the Boulevard location in August 2017. Closing the other locations and moving all operations to the Boulevard meant all 215 Durham County licensed permittees would be served from this one location.

Renovations doubled the space that MXB previously occupied and new gravity shelving was installed to ease the task of picking bottles and preparing orders for permittees. To accommodate the increased number of customers served from this one facility, a new Wednesday night shift will allow the staff after-hours time to process and assemble orders. This provides for a more efficient flow on Thursday and Friday when most customers generally pick up orders.

A move of this magnitude presents its own set of challenges, but management and the staff rose to the occasion to make the necessary adjustments required to create greater efficiency.





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GENERAL MANAGER ACKNOWLEDGES EMPLOYEES



To All Durham County ABC Employees,

This year has been a very productive year for Durham County ABC Employees. Your hard work and dedication resulted in record high sales for the Durham County ABC Board. I appreciate your extra effort and want you to know that you made a difference. I want to take this opportunity to thank all Durham County ABC employees for a job well done!!!

You have experienced many organizational changes this year: a change in Board Chair, two new board members, a new general manager, new assistant managers, new full-time clerks, new part-time clerks, and a consolidated mixed beverage store. New technology required learning how to operate a new Voice over IP phone system, new Windows 10 operating system, a new ID verification application, a new payroll self-service application for employees, new inventory scanners, and a new warehouse truck requiring drivers to obtain CDL licenses.

You have also faced several challenges throughout the year. Due to a significant number of retirements and unexpected illnesses, you were forced to do more with less personnel and you rose to the occasion. Of course, snow storms created another set of challenges resulting in delayed openings and even closures. Through it all, you have stayed the course, approached the challenges as opportunities and made the most out of difficult situations.



It has often been said that "Team work makes the Dream work". Throughout the year, I have witnessed staff working together as a team and have seen those teams accomplish great results. Every employee is valued and has an important role within the organization. Regardless of how large or how small your role, you should know that all roles are important towards accomplishing the overall mission of the organization.

Your efforts ensure that the Durham County ABC Board has the financial resources to support our community through grants and contributions to Durham County and City government.

Together, we have made the Durham County ABC Board a successful organization. I greatly appreciate and recognize all that you do to help the Durham County ABC Board achieve success. You have my sincere gratitude for all of your efforts and support.



Rufus Sales
General Manager



Durham County ABC Store Locations



1928 Holloway Street
Durham, NC 27703
(919) 682-4943



5202 Highway 55
Durham, NC 27713
(919) 544-1278



2806 Hillsborough Road
Durham, NC 27705
(919) 286-2525



3620 Durham Chapel Hill Boulevard
Durham, NC 27707
(919) 493-6773



2121 TW Alexander Drive
Morrisville, NC 27561
(919) 598-9761



3318 Guess Road
Durham, NC 27705
(919) 477-0860



5234 N. Roxboro Road
Durham, NC 27712
(919) 471-4854



4717 Hope Valley Road
Durham, NC 27707
(919) 419-9811

Durham County ABC Administrative Office

2634 Durham Chapel Hill Boulevard, Suite #10
Durham, NC 27707
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Always Maintain Control. Practice Moderation.

