



Youngsville ABC Board  
P. O. Box 387  
101 N College Street  
Youngsville, NC 27596  
(919) 556-3590  
ABCStore@townofyoungsville.org

**AGENDA  
REGULAR MEETING  
OCTOBER 2, 2020  
9:00AM**

**YOUNGSVILLE TOWN HALL CONFERENCE ROOM  
(TELECONFERENCE AND WEB CONFERENCE WILL BE AVAILABLE)  
134 US 1A SOUTH**

**MEETING INFORMATION**

**STEP 1** – Dial the following number to join via audio: **872-240-8002**

**STEP 2** – Enter the following conference code: **689 110 760#**

**STEP 3** – Visit the website below to join the Microsoft Teams web conference (for screen sharing only)

[tinyurl.com/abc-2020-10-02](https://tinyurl.com/abc-2020-10-02)

**STEP 4** – Once joined via Microsoft Teams, please ensure your computer microphone is muted (audio will be via phone only)

**1. CALL TO ORDER**

**2. APPROVAL OF AGENDA**

**3. ETHICS STATEMENT**

- A. In accordance with G.S. 18B-201, it is the duty of every Board Member to avoid both conflicts of interest and appearances of conflicts. Does any member have any known conflict of interest or appearance of conflict with respect to any matters coming before the Board today? If so, please identify the conflict or appearance of conflict and refrain from any undue participation in the particular matter involved.

**4. CITIZEN'S COMMENTS**

**5. FINANCIAL REPORT**

- A. AUDIT PRESENTATION – LEE GRISSOM – S. PRESTON DOUGLAS & ASSOCIATES, LLP

**6. CONSENT AGENDA**

- A. MINUTES FROM THE ABC BOARD REGULAR MEETING – SEPTEMBER 4, 2020



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B. MINUTES FROM THE ABC BOARD SPECIAL CALLED MEETING – SEPTEMBER 14, 2020

**ACTION REQUESTED: APPROVE CONSENT AGENDA**

7. OLD BUSINESS

A. CONSIDERATION OF THE CONTRACT TO SELL THE ABC STORE PROPERTY TO THE UPSET BID WINNER

B. CONTINUE DISCUSSION ON PROPOSED REMODEL OF THE ABC STORE

i. UPDATE FROM STORE EXPANSION / RENOVATION SUBCOMMITTEE

8. NEW BUSINESS - NONE

9. REPORTS AND OTHER BUSINESS

- i. COVID-19 UPDATE / DISCUSSION
- ii. CHAIRMAN
- iii. MEMBERS
- iv. FINANCE OFFICER
- v. STORE MANAGER
- vi. CLERK
- vii. TOWN ADMINISTRATOR

10. CLOSED SESSION

A. N.C.G.S. 143-318.11 (6) PERSONNEL

11. ADJOURN

*This is a public meeting and is subject to North Carolina open meetings and public records law. To preserve the public record and increase transparency, video and audio recordings are performed at all public meetings. Please note these recordings, the clerk's detailed minutes of all meetings, and any documents reviewed during meetings are public domain and may be disclosed to third parties.*

# Monthly Financial Statements

Youngsville ABC Store

For the period ended August 31, 2020

Prepared on

September 14, 2020

For management use only

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# Balance Sheet

As of August 31, 2020

	As of Aug 31, 2020	As of Aug 31, 2019 (PY)	Total
<b>ASSETS</b>			
<b>Current Assets</b>			
<b>Bank Accounts</b>			
100 Checking Account	212,027.11		135,986.19
110 Imprest Funds	1,318.00		1,318.00
<b>Total Bank Accounts</b>	<b>213,345.11</b>		<b>137,304.19</b>
<b>Other Current Assets</b>			
130 Prepaid Expenses	0.00		6,479.42
140 Inventory	89,580.56		97,041.91
<b>Total Other Current Assets</b>	<b>89,580.56</b>		<b>103,521.33</b>
<b>Total Current Assets</b>	<b>302,925.67</b>		<b>240,825.52</b>
<b>Fixed Assets</b>			
<b>180 Fixed Assets</b>			
181 Land	184,756.00		184,756.00
182 Buildings	66,254.65		66,254.65
183 Leasehold Improvements	5,076.61		5,076.61
184 Furniture & Fixtures	6,962.21		6,962.21
185 Equipment	25,814.60		37,674.78
<b>Total 180 Fixed Assets</b>	<b>288,864.07</b>		<b>300,724.25</b>
190 Accumulated Depreciation	-77,499.74		-99,381.41
<b>Total Fixed Assets</b>	<b>211,364.33</b>		<b>201,342.84</b>
<b>TOTAL ASSETS</b>	<b>\$514,290.00</b>		<b>\$442,168.36</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
<b>Accounts Payable</b>			
200 Accounts Payable	142,276.34		106,631.07
<b>Total Accounts Payable</b>	<b>142,276.34</b>		<b>106,631.07</b>
<b>Credit Cards</b>			
205 Union Bank Credit Card	345.47		
<b>Total Credit Cards</b>	<b>345.47</b>		<b>0.00</b>
<b>Other Current Liabilities</b>			
210 Payroll Taxes	0.00		0.00
211 Federal Income Tax Withheld	2,420.05		2,333.29
213 NC Income Tax Withheld	321.00		264.00
214 Health Insurance Payable	78.59		-211.47
<b>Total 210 Payroll Taxes</b>	<b>2,819.64</b>		<b>2,385.82</b>
220 Other Taxes Payable			
224 Liquor Sales Tax Payable	0.02		-0.02
<b>Total 220 Other Taxes Payable</b>	<b>0.02</b>		<b>-0.02</b>

	Total	
	As of Aug 31, 2020	As of Aug 31, 2019 (PY)
231 Due to Town of Youngsville	48,000.00	53,525.73
240 Accrued Expenses		
241 Accrued Payroll	1,449.97	0.00
242 Accrued Vacation	9,626.24	7,461.21
Total 240 Accrued Expenses	11,076.21	7,461.21
Total Other Current Liabilities	61,895.87	63,372.74
Total Current Liabilities	204,517.68	170,003.81
Long-Term Liabilities		
260 Non-current Portion of Long-term Debt	173,808.64	184,162.72
Total Long-Term Liabilities	173,808.64	184,162.72
Total Liabilities	378,326.32	354,166.53
Equity		
305 Net Investments in Capital Assets	20,836.28	20,836.28
310 Designated for Working Capital	65,445.50	47,677.76
320 Unrestricted	4,816.00	4,816.00
Net Income	44,865.90	14,671.79
Total Equity	135,963.68	88,001.83
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$514,290.00</b>	<b>\$442,168.36</b>

# Income Statement

July - August, 2020

	Total
<b>INCOME</b>	
400 Liquor Sales	340,066.64
410 Mixed Beverage Sales	8,847.50
<b>Total Income</b>	<b>348,914.14</b>
<b>COST OF GOODS SOLD</b>	
500 Taxes Based on Revenue	
510 Mixed Beverage Tax (Dept. of Revenue)	77,968.00
520 Mixed Beverage Tax (Dept of Human Resources)	92.69
540 County Rehabilitation Tax – Franklin	1,022.31
<b>Total 500 Taxes Based on Revenue</b>	<b>79,083.00</b>
600 Cost of Sales	
610 Liquor & Wine/Mixer Sales	177,818.24
630 Bank Credit Card Fees	4,570.99
<b>Total 600 Cost of Sales</b>	<b>182,389.23</b>
<b>Total Cost of Goods Sold</b>	<b>261,472.23</b>
<b>GROSS PROFIT</b>	<b>87,441.91</b>
<b>EXPENSES</b>	
700 Personal Services & Employee Benefits	
705 Salaries and Wages	24,725.64
710 Board Member Compensation	449.28
715 Payroll Tax Expense	1,881.25
720 Health Insurance	2,349.60
<b>Total 700 Personal Services &amp; Employee Benefits</b>	<b>29,405.77</b>
750 Contracted Services	
752 Finance Officer Contracted Services	1,400.00
770 Temporary Labor	480.00
<b>Total 750 Contracted Services</b>	<b>1,880.00</b>
780 Repairs & Maintenance	
785 Repairs and Maintenance – Buildings	500.00
790 Repairs and Maintenance – Equipment	60.34
<b>Total 780 Repairs &amp; Maintenance</b>	<b>560.34</b>
800 General & Administrative Expenses	
815 Dues and Subscriptions	1,276.51
835 Office Supplies	853.36
840 Postage & PO Box	165.00
855 Telephone	465.44
860 Utilities	970.92
870 Uniforms	332.01
<b>Total 800 General &amp; Administrative Expenses</b>	<b>4,063.24</b>
950 Other Expense	
951 Profits Paid to the Town	6,666.66
<b>Total 950 Other Expense</b>	<b>6,666.66</b>

	Total
<b>Total Expenses</b>	<b>42,576.01</b>
NET OPERATING INCOME	44,865.90
NET INCOME	<b>\$44,865.90</b>



# Profit and Loss by Month

July - August, 2020

	Jul 2020	Aug 2020	Total
<b>INCOME</b>			
400 Liquor Sales	173,735.17	166,331.47	340,066.64
410 Mixed Beverage Sales	4,292.30	4,555.20	8,847.50
<b>Total Income</b>	<b>178,027.47</b>	<b>170,886.67</b>	<b>348,914.14</b>
<b>COST OF GOODS SOLD</b>			
500 Taxes Based on Revenue			0.00
510 Mixed Beverage Tax (Dept. of Revenue)	39,770.00	38,198.00	77,968.00
520 Mixed Beverage Tax (Dept of Human Resources)	44.94	47.75	92.69
540 County Rehabilitation Tax – Franklin	524.72	497.59	1,022.31
<b>Total 500 Taxes Based on Revenue</b>	<b>40,339.66</b>	<b>38,743.34</b>	<b>79,083.00</b>
600 Cost of Sales			0.00
610 Liquor & Wine/Mixer Sales	91,889.94	85,928.30	177,818.24
630 Bank Credit Card Fees	2,161.96	2,409.03	4,570.99
<b>Total 600 Cost of Sales</b>	<b>94,051.90</b>	<b>88,337.33</b>	<b>182,389.23</b>
<b>Total Cost of Goods Sold</b>	<b>134,391.56</b>	<b>127,080.67</b>	<b>261,472.23</b>
<b>GROSS PROFIT</b>	<b>43,635.91</b>	<b>43,806.00</b>	<b>87,441.91</b>
<b>EXPENSES</b>			
700 Personal Services & Employee Benefits			0.00
705 Salaries and Wages	12,213.51	12,512.13	24,725.64
710 Board Member Compensation	199.68	249.60	449.28
715 Payroll Tax Expense	929.19	952.06	1,881.25
720 Health Insurance	1,174.80	1,174.80	2,349.60
<b>Total 700 Personal Services &amp; Employee Benefits</b>	<b>14,517.18</b>	<b>14,888.59</b>	<b>29,405.77</b>
750 Contracted Services			0.00
752 Finance Officer Contracted Services	700.00	700.00	1,400.00
770 Temporary Labor	240.00	240.00	480.00
<b>Total 750 Contracted Services</b>	<b>940.00</b>	<b>940.00</b>	<b>1,880.00</b>
780 Repairs & Maintenance			0.00
785 Repairs and Maintenance – Buildings		500.00	500.00
790 Repairs and Maintenance – Equipment	60.34		60.34
<b>Total 780 Repairs &amp; Maintenance</b>	<b>60.34</b>	<b>500.00</b>	<b>560.34</b>
800 General & Administrative Expenses			0.00
815 Dues and Subscriptions	515.49	761.02	1,276.51
835 Office Supplies	174.04	679.32	853.36
840 Postage & PO Box	55.00	110.00	165.00
855 Telephone	233.15	232.29	465.44
860 Utilities	470.89	500.03	970.92
870 Uniforms	332.01		332.01
<b>Total 800 General &amp; Administrative Expenses</b>	<b>1,780.58</b>	<b>2,282.66</b>	<b>4,063.24</b>
950 Other Expense			0.00
951 Profits Paid to the Town	3,333.33	3,333.33	6,666.66
<b>Total 950 Other Expense</b>	<b>3,333.33</b>	<b>3,333.33</b>	<b>6,666.66</b>

	Jul 2020	Aug 2020	Total
<b>Total Expenses</b>	<b>20,631.43</b>	<b>21,944.58</b>	<b>42,576.01</b>
NET OPERATING INCOME	23,004.48	21,861.42	44,865.90
NET INCOME	\$23,004.48	\$21,861.42	\$44,865.90

# Profit and Loss PY Comparison

July - August, 2020

	Jul - Aug, 2020	Total Jul - Aug, 2019 (PY)
<b>INCOME</b>		
400 Liquor Sales	340,066.64	242,434.09
410 Mixed Beverage Sales	8,847.50	7,217.78
<b>Total Income</b>	<b>348,914.14</b>	<b>249,651.87</b>
<b>COST OF GOODS SOLD</b>		
500 Taxes Based on Revenue		
510 Mixed Beverage Tax (Dept. of Revenue)	77,968.00	55,802.00
520 Mixed Beverage Tax (Dept of Human Resources)	92.69	81.41
540 County Rehabilitation Tax – Franklin	1,022.31	805.26
<b>Total 500 Taxes Based on Revenue</b>	<b>79,083.00</b>	<b>56,688.67</b>
600 Cost of Sales		
610 Liquor & Wine/Mixer Sales	177,818.24	133,162.70
620 Store Supplies		379.30
630 Bank Credit Card Fees	4,570.99	3,714.04
<b>Total 600 Cost of Sales</b>	<b>182,389.23</b>	<b>137,256.04</b>
<b>Total Cost of Goods Sold</b>	<b>261,472.23</b>	<b>193,944.71</b>
<b>GROSS PROFIT</b>	<b>87,441.91</b>	<b>55,707.16</b>
<b>EXPENSES</b>		
700 Personal Services & Employee Benefits		
705 Salaries and Wages	24,725.64	21,421.51
710 Board Member Compensation	449.28	499.20
715 Payroll Tax Expense	1,881.25	1,624.74
720 Health Insurance	2,349.60	2,077.92
730 WC Insurance & Employee Bonds		1,949.00
<b>Total 700 Personal Services &amp; Employee Benefits</b>	<b>29,405.77</b>	<b>27,572.37</b>
750 Contracted Services		
752 Finance Officer Contracted Services	1,400.00	1,400.00
770 Temporary Labor	480.00	120.00
<b>Total 750 Contracted Services</b>	<b>1,880.00</b>	<b>1,520.00</b>
780 Repairs & Maintenance		
785 Repairs and Maintenance – Buildings	500.00	94.63
790 Repairs and Maintenance – Equipment	60.34	
<b>Total 780 Repairs &amp; Maintenance</b>	<b>560.34</b>	<b>94.63</b>
800 General & Administrative Expenses		
815 Dues and Subscriptions	1,276.51	250.50
820 General Liability Insurance		3,033.00
835 Office Supplies	853.36	331.59
840 Postage & PO Box	165.00	
855 Telephone	465.44	444.46
860 Utilities	970.92	1,122.16
870 Uniforms	332.01	

		Total
	Jul - Aug, 2020	Jul - Aug, 2019 (PY)
Total 800 General & Administrative Expenses	4,063.24	5,181.71
950 Other Expense		
951 Profits Paid to the Town	6,666.66	6,666.66
Total 950 Other Expense	6,666.66	6,666.66
Total Expenses	42,576.01	41,035.37
NET OPERATING INCOME	44,865.90	14,671.79
NET INCOME	\$44,865.90	\$14,671.79

# A/P Aging Summary

As of August 31, 2020

	Current	1 - 30	31 - 60	61 - 90	91 and over	Total
21st Century Spirits	326.56					326.56
Allen's Tree Service		500.00				500.00
Bacardi USA	4,998.45					4,998.45
Beam Suntory	9,076.10					9,076.10
Brown- Forman	5,248.71					5,248.71
Campari America	2,314.95					2,314.95
Chatham Imports	139.05					139.05
Constellation Brands	1,286.78					1,286.78
Dalcom Consulting, Inc.		761.02				761.02
Davos Brands	243.42					243.42
Daytoon, Inc.	223.30					223.30
Deutsch Family Wine & Spirit	566.04					566.04
Diageo NA	18,873.83					18,873.83
Diageo/Casamigos Spirits	151.96					151.96
Duggan's Distillers Prod Corp	67.61					67.61
E&J Gallo Winery	1,707.31					1,707.31
Fifth Generation, Inc	4,209.55					4,209.55
Four Roses Distillery, LLC	255.14					255.14
Franklin County Finance Department	497.59					497.59
Graybeard Distillery	125.76					125.76
Heaven Hill Brands	7,255.62					7,255.62
Hexa Partners	714.80					714.80
Hilton Head Distillery					-93.95	-93.95
Hotaling & Co	242.15					242.15
Infinium Spirits	685.02					685.02
Jaclyn H Patterson CPA PLLC	700.00					700.00
Klin Spirits LLC	123.46					123.46
Laird	274.84					274.84
Luxco	503.54					503.54
Mast-Jagermeister US	585.86					585.86

	Current	1 - 30	31 - 60	61 - 90	91 and over	Total
McCormick	952.30					952.30
MHW /Crillon	183.71					183.71
MHW/Chopin Vodka	87.58					87.58
MHW/Fishbowl	609.25					609.25
MHW/Lucas Bols USA Inc	119.32					119.32
Moet Hennessy USA, Inc.	1,742.00					1,742.00
NC ABC Commission - Bailment	1,420.50					1,420.50
NC ABC Commission - Surcharge	1,089.05					1,089.05
NC Dept of Health & Human Services	47.75					47.75
NCDOR - Sales Tax	11,653.11					11,653.11
NCDOR - Spirituous Liquor	38,198.00					38,198.00
Nevada H & C Distilling Co	225.30					225.30
Old Elk Distilleries, LLC	206.55					206.55
Ole Smoky Distillery	171.51					171.51
Palm Bay Imports Inc	110.11					110.11
Park St Imp/Island Club Brand	51.84					51.84
Peg Leg Porker Spirits	139.01					139.01
Pernod Ricard USA	4,834.49					4,834.49
Piedmont Distillers, Inc	144.90					144.90
Proximo Spirits, Inc	5,844.32					5,844.32
Raleigh Rum Company/Oak City Amaretto	225.62					225.62
Remy Cointreau USA, Inc	125.76					125.76
Sans Wine & Spirits	52.16					52.16
SAZERAC	7,695.37					7,695.37
Sazerac NA, Inc	1,602.45					1,602.45
Serralles USA	61.73					61.73
Southwest Spirits & Wine	188.02					188.02
Stoli Group USA LLC	229.39					229.39
Sugarlands Distilling	77.84					77.84
Total Beverage Solution	76.00					76.00
Two Trees Distilling Co	165.50					165.50
US Distilled Products	286.42					286.42

	Current	1 - 30	31 - 60	61 - 90	91 and over	Total
Western Spirits Beverage Co	137.14					137.14
Whistlepig, LLC	158.36					158.36
William Grant	799.51					799.51
<b>TOTAL</b>	<b>\$141,109.27</b>	<b>\$1,261.02</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$ -93.95</b>	<b>\$142,276.34</b>

# Budget vs. Actuals 2020-2021 TOTALS

July 2020 - June 2021

	Actual	Budget	over Budget	% of Budget	Total
<b>INCOME</b>					
400 Liquor Sales	387,354.59	1,771,000.00	-1,383,645.41	21.87 %	
410 Mixed Beverage Sales	8,847.50	33,000.00	-24,152.50	26.81 %	
<b>Total Income</b>	<b>396,202.09</b>	<b>1,804,000.00</b>	<b>-1,407,797.91</b>	<b>21.96 %</b>	
<b>COST OF GOODS SOLD</b>					
500 Taxes Based on Revenue					
510 Mixed Beverage Tax (Dept. of Revenue)	77,968.00	397,962.40	-319,994.40	19.59 %	
520 Mixed Beverage Tax (Dept of Human Resources)	92.69	541.20	-448.51	17.13 %	
530 Alcohol Education and Rehabilitation		6,226.04	-6,226.04		
540 County Rehabilitation Tax – Franklin	1,022.31	5,772.80	-4,750.49	17.71 %	
<b>Total 500 Taxes Based on Revenue</b>	<b>79,083.00</b>	<b>410,502.44</b>	<b>-331,419.44</b>	<b>19.26 %</b>	
600 Cost of Sales					
610 Liquor & Wine/Mixer Sales	177,818.24	974,160.00	-796,341.76	18.25 %	
620 Store Supplies		5,000.00	-5,000.00		
630 Bank Credit Card Fees	6,963.84	27,656.50	-20,692.66	25.18 %	
<b>Total 600 Cost of Sales</b>	<b>184,782.08</b>	<b>1,006,816.50</b>	<b>-822,034.42</b>	<b>18.35 %</b>	
<b>Total Cost of Goods Sold</b>	<b>263,865.08</b>	<b>1,417,318.94</b>	<b>-1,153,453.86</b>	<b>18.62 %</b>	
<b>GROSS PROFIT</b>					
	<b>132,337.01</b>	<b>386,681.06</b>	<b>-254,344.05</b>	<b>34.22 %</b>	
<b>EXPENSES</b>					
700 Personal Services & Employee Benefits					
705 Salaries and Wages	31,265.02	165,501.24	-134,236.22	18.89 %	
710 Board Member Compensation	648.96	2,995.00	-2,346.04	21.67 %	
715 Payroll Tax Expense	2,378.96	13,367.24	-10,988.28	17.80 %	
720 Health Insurance	2,937.00	16,339.20	-13,402.20	17.98 %	
730 WC Insurance & Employee Bonds		3,500.00	-3,500.00		
<b>Total 700 Personal Services &amp; Employee Benefits</b>	<b>37,229.94</b>	<b>201,702.68</b>	<b>-164,472.74</b>	<b>18.46 %</b>	
750 Contracted Services					
752 Finance Officer Contracted Services	1,400.00	8,400.00	-7,000.00	16.67 %	
765 Professional Services (Auditor & Attorney)		4,120.00	-4,120.00		



	Actual	Budget	over Budget	% of Budget	Total
770 Temporary Labor	600.00	3,600.00	-3,000.00	16.67 %	
<b>Total 750 Contracted Services</b>	<b>2,000.00</b>	<b>16,120.00</b>	<b>-14,120.00</b>	<b>12.41 %</b>	
780 Repairs & Maintenance					
785 Repairs and Maintenance – Buildings	500.00	5,000.00	-4,500.00	10.00 %	
790 Repairs and Maintenance – Equipment	60.34	3,000.00	-2,939.66	2.01 %	
<b>Total 780 Repairs &amp; Maintenance</b>	<b>560.34</b>	<b>8,000.00</b>	<b>-7,439.66</b>	<b>7.00 %</b>	
800 General & Administrative Expenses					
815 Dues and Subscriptions	4,137.41	7,000.00	-2,862.59	59.11 %	
820 General Liability Insurance	5,341.00	3,500.00	1,841.00	152.60 %	
830 Miscellaneous		2,372.42	-2,372.42		
835 Office Supplies	901.35	5,500.00	-4,598.65	16.39 %	
840 Postage & PO Box	165.00	300.00	-135.00	55.00 %	
845 Debt Loan Payments		32,312.00	-32,312.00		
850 Small Tools & Equipment		2,500.00	-2,500.00		
855 Telephone	697.73	2,800.00	-2,102.27	24.92 %	
860 Utilities	1,405.57	5,500.00	-4,094.43	25.56 %	
870 Uniforms	332.01		332.01		
<b>Total 800 General &amp; Administrative Expenses</b>	<b>12,980.07</b>	<b>61,784.42</b>	<b>-48,804.35</b>	<b>21.01 %</b>	
950 Other Expense					
951 Profits Paid to the Town	9,999.99	99,073.96	-89,073.97	10.09 %	
<b>Total 950 Other Expense</b>	<b>9,999.99</b>	<b>99,073.96</b>	<b>-89,073.97</b>	<b>10.09 %</b>	
<b>Total Expenses</b>	<b>62,770.34</b>	<b>386,681.06</b>	<b>-323,910.72</b>	<b>16.23 %</b>	
NET OPERATING INCOME	69,566.67	0.00	69,566.67	0.00%	
NET INCOME	\$69,566.67	\$0.00	\$69,566.67	0.00%	

# Budget vs. Actuals 2020-2021 TO DATE

July - August, 2020

	Actual	Budget	over Budget	% of Budget	Total
<b>INCOME</b>					
400 Liquor Sales	340,066.64	295,166.66	44,899.98	115.21 %	
410 Mixed Beverage Sales	8,847.50	5,500.00	3,347.50	160.86 %	
<b>Total Income</b>	<b>348,914.14</b>	<b>300,666.66</b>	<b>48,247.48</b>	<b>116.05 %</b>	
<b>COST OF GOODS SOLD</b>					
500 Taxes Based on Revenue					
510 Mixed Beverage Tax (Dept. of Revenue)	77,968.00	66,327.06	11,640.94	117.55 %	
520 Mixed Beverage Tax (Dept of Human Resources)	92.69	90.20	2.49	102.76 %	
530 Alcohol Education and Rehabilitation		1,037.68	-1,037.68		
540 County Rehabilitation Tax – Franklin	1,022.31	962.14	60.17	106.25 %	
<b>Total 500 Taxes Based on Revenue</b>	<b>79,083.00</b>	<b>68,417.08</b>	<b>10,665.92</b>	<b>115.59 %</b>	
600 Cost of Sales					
610 Liquor & Wine/Mixer Sales	177,818.24	162,360.00	15,458.24	109.52 %	
620 Store Supplies		833.34	-833.34		
630 Bank Credit Card Fees	4,570.99	4,609.42	-38.43	99.17 %	
<b>Total 600 Cost of Sales</b>	<b>182,389.23</b>	<b>167,802.76</b>	<b>14,586.47</b>	<b>108.69 %</b>	
<b>Total Cost of Goods Sold</b>	<b>261,472.23</b>	<b>236,219.84</b>	<b>25,252.39</b>	<b>110.69 %</b>	
<b>GROSS PROFIT</b>	<b>87,441.91</b>	<b>64,446.82</b>	<b>22,995.09</b>	<b>135.68 %</b>	
<b>EXPENSES</b>					
700 Personal Services & Employee Benefits					
705 Salaries and Wages	24,725.64	27,583.54	-2,857.90	89.64 %	
710 Board Member Compensation	449.28	499.16	-49.88	90.01 %	
715 Payroll Tax Expense	1,881.25	2,227.88	-346.63	84.44 %	
720 Health Insurance	2,349.60	2,723.20	-373.60	86.28 %	
730 WC Insurance & Employee Bonds		583.34	-583.34		
<b>Total 700 Personal Services &amp; Employee Benefits</b>	<b>29,405.77</b>	<b>33,617.12</b>	<b>-4,211.35</b>	<b>87.47 %</b>	
750 Contracted Services					
752 Finance Officer Contracted Services	1,400.00	1,400.00	0.00	100.00 %	
765 Professional Services (Auditor & Attorney)		686.66	-686.66		

	Actual	Budget	over Budget	% of Budget	Total
770 Temporary Labor	480.00	600.00	-120.00	80.00 %	
<b>Total 750 Contracted Services</b>	<b>1,880.00</b>	<b>2,686.66</b>	<b>-806.66</b>	<b>69.98 %</b>	
780 Repairs & Maintenance					
785 Repairs and Maintenance – Buildings	500.00	833.34	-333.34	60.00 %	
790 Repairs and Maintenance – Equipment	60.34	500.00	-439.66	12.07 %	
<b>Total 780 Repairs &amp; Maintenance</b>	<b>560.34</b>	<b>1,333.34</b>	<b>-773.00</b>	<b>42.03 %</b>	
800 General & Administrative Expenses					
815 Dues and Subscriptions	1,276.51	1,166.66	109.85	109.42 %	
820 General Liability Insurance		583.34	-583.34		
830 Miscellaneous		395.40	-395.40		
835 Office Supplies	853.36	916.66	-63.30	93.09 %	
840 Postage & PO Box	165.00	50.00	115.00	330.00 %	
845 Debt Loan Payments		5,385.34	-5,385.34		
850 Small Tools & Equipment		416.66	-416.66		
855 Telephone	465.44	466.66	-1.22	99.74 %	
860 Utilities	970.92	916.66	54.26	105.92 %	
870 Uniforms	332.01		332.01		
<b>Total 800 General &amp; Administrative Expenses</b>	<b>4,063.24</b>	<b>10,297.38</b>	<b>-6,234.14</b>	<b>39.46 %</b>	
950 Other Expense					
951 Profits Paid to the Town	6,666.66	16,512.32	-9,845.66	40.37 %	
<b>Total 950 Other Expense</b>	<b>6,666.66</b>	<b>16,512.32</b>	<b>-9,845.66</b>	<b>40.37 %</b>	
<b>Total Expenses</b>	<b>42,576.01</b>	<b>64,446.82</b>	<b>-21,870.81</b>	<b>66.06 %</b>	
NET OPERATING INCOME	44,865.90	0.00	44,865.90	0.00%	
NET INCOME	\$44,865.90	\$0.00	\$44,865.90	0.00%	



**Town of Youngsville Alcoholic Beverage Control Board  
(A Component Unit of the  
Town of the Town of Youngsville, North Carolina)**

**Financial Statements**

**For the Years Ended  
June 30, 2020 and 2019**

**Youngsville Board of Alcoholic Control**  
**(A Component Unit of the Town of Youngsville, North Carolina)**  
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**June 30, 2020 and 2020**

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# **S. Preston Douglas & Associates, LLP**

## **CERTIFIED PUBLIC ACCOUNTANTS**

### **MEMBERS**

American Institute of CPAs  
N. C. Association of CPAs

### **Independent Auditor's Report**

Board of Directors  
Youngsville Board of Alcoholic Control  
Youngsville, North Carolina

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Youngsville Board of Alcoholic Control, a component unit of the Town of Youngsville, North Carolina, which comprise the Statement of Net Position as of June 30, 2020 and 2019, and the related statement of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatements.

An audit involves performing procedures to obtain audit evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Youngsville Board of Alcoholic Control as of June 30, 2020 and 2019, and the respective changes in financial position, and where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

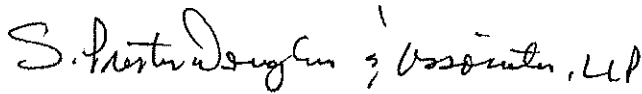
### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 5, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Youngsville Board of Alcoholic Control's financial statements. The Schedule of Operating Expenses and Schedule of Revenues and Expenditures – Budget and Actual are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Operating Expenses and Schedule of Revenues and Expenditures – Budget and Actual are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied by us and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.



Lumberton, North Carolina  
August 25, 2020



**Youngsville Board of Alcoholic Control**  
**(A Component Unit of the Town of Youngsville, North Carolina)**  
**Management's Discussion and Analysis**  
**June 30, 2020 and 2019**

This section of the Youngsville Board of Alcoholic Control (the Board) financial report represents our discussion and analysis of the financial performance of the Board for the year ended June 30, 2020. This information should be read in conjunction with the audited financial statements included in this report.

***Financial Highlights***

- Profits before distributions were \$146,601 in the current year.

***Overview of the Financial Statements***

The audited financial statements of the Board consist of three components. They are as follows:

- *Management's Discussion and Analysis*
- *Basic Financial Statements*
- *Additional information required by the ABC Commission*

The Basic Financial Statements are prepared using the full accrual basis of accounting. They consist of three statements. The first statement is the **Statement of Net Position**. Assets and liabilities are classified between current and long-term. This statement provides a summary of the Board's investment in assets and obligations to creditors. Liquidity and financial flexibility can be evaluated using information contained in this statement.

The second statement is the **Statement of Revenue, Expenses, and Changes in Net Position**. This statement is used in evaluating whether the Board has recovered all of its costs through sales. Its information is used in determining credit worthiness.

The final required statement is the **Statement of Cash Flows**. This statement reports cash inflows and outflows in the following categories: operating, investing, and financing activities. Based on this data, the user can determine the sources of cash, the uses of cash, and the change in cash.

The Notes to Financial Statements provide more detailed information and should be read in conjunction with the statements.

The ABC Commission requires some schedules in addition to the information required by generally accepted accounting principles. They include a **Schedule of Operating Expenses** and a **Budget to Actual Reconciliation**.

***Financial Analysis of the Board of Alcoholic Control***

Net position is an indicator of the fiscal health of the Board. Assets exceeded liabilities by \$91,086 in 2020 and by \$73,329 in 2019. Following is a summary of the Statement of Net Position:

**Condensed Statement of Net Position**

	6/30/2020	6/30/2019	\$ Change	% Change
Current assets	\$ 305,709	\$ 221,151	\$ 84,558	38.24%
Non-current assets	211,364	201,343	10,021	4.98%
Total assets	<u>517,073</u>	<u>422,494</u>	<u>94,579</u>	<u>22.39%</u>
Current liabilities	271,480	181,839	89,641	49.30%
Non-current liabilities	154,497	167,326	154,497	100.00%
Total liabilities	<u>425,977</u>	<u>349,165</u>	<u>76,812</u>	<u>22.00%</u>
Net investment in capital assets	37,555	17,180	20,375	118.60%
Restricted net position	53,541	50,000	3,541	7.08%
Unrestricted net position	-	6,149	(6,149)	-100.00%
Total net position	<u>\$ 91,096</u>	<u>\$ 73,329</u>	<u>\$ 17,767</u>	<u>24.23%</u>

Net position increased by 24.23% from the prior year. Income from operations increased by 31.80% from the prior year.

**Youngsville Board of Alcoholic Control**  
**(A Component Unit of the Town of Youngsville, North Carolina)**  
**Management's Discussion and Analysis (continued)**  
**June 30, 2020 and 2019**

The following is a summary of the changes in net position:

**Condensed Statements of Revenue, Expenses, and Changes in Net Position**

	6/30/2020	6/30/2019	\$ Change	% Change
Operating revenues	\$ 1,804,548	\$ 1,410,440	\$ 394,108	27.94%
Less: Taxes on gross sales	415,415	319,773	95,642	29.91%
Net sales	1,389,133	1,090,667	298,466	27.37%
Cost of sales	961,612	749,187	212,425	28.35%
Gross profit	427,521	341,480	86,041	25.20%
Less: Operating expenses	274,336	230,254	44,082	19.14%
Income from operations	153,185	111,226	41,959	37.72%
Nonoperating revenues and expenses	(6,583)	-	(6,583)	6,583
Change in net position before distributions	146,602	111,226	35,376	31.81%
Profit distributions	128,834	100,885	27,949	360.96%
Change in net position	17,768	10,341	7,427	71.82%
Net position - beginning	73,329	62,988	10,341	16.42%
Net position - ending	<u>\$ 91,097</u>	<u>\$ 73,329</u>	<u>\$ 17,768</u>	<u>24.23%</u>

The following is a breakdown of sales by source:

	6/30/2020	6/30/2019	\$ Change	% Change
Retail liquor sales	\$ 1,765,397	\$ 1,375,789	\$ 389,608	28.32%
Mixed beverage sales	39,151	34,651	4,500	12.99%
Total sales	<u>\$ 1,804,548</u>	<u>\$ 1,410,440</u>	<u>\$ 394,108</u>	<u>27.94%</u>

**Youngsville Board of Alcoholic Control**  
**(A Component Unit of the Town of Youngsville, North Carolina)**  
**Management's Discussion and Analysis (continued)**  
**June 30, 2020 and 2019**

***Capital Assets***

Investment in capital assets as of June 30, 2020, totals \$37,555 (net of accumulated depreciation).

**Capital Assets (net of depreciation)**

	6/30/2020	6/30/2019	\$ Change	% Change
Land	\$ 184,756	\$ 184,756	\$ -	0.00%
Buildings	6,925	8,390	(1,465)	-17.46%
Equipment	19,683	8,197	11,486	140.12%
Total	<u>211,364</u>	<u>201,343</u>	<u>10,021</u>	<u>4.98%</u>

***Debt Administration***

**Summary of Changes in Long-term Debt**

	6/30/2020	6/30/2019	\$ Change	% Change
Notes payable	\$ 173,809	\$ 184,163	\$ (10,354)	-5.96%
Total	<u>173,809</u>	<u>184,163</u>	<u>(10,354)</u>	<u>-5.96%</u>

***Economic Factors***

The Board anticipates neutral growth in sales due to the population stagnation in the area.

***Requests for Information***

This report is intended to provide a summary of the financial condition of the Board. Questions or requests for additional information should be addressed to:

Jackie Patterson, Finance Officer  
Youngsville ABC Board  
PO Box 387  
Youngsville, NC 27596

**Youngsville Board of Alcoholic Control**  
**(A Component Unit of the Town of Youngsville, North Carolina)**  
**Statement of Net Position**  
**as of June 30, 2020 and 2019**

<b>Assets</b>	<b>2020</b>	<b>2019</b>
<b>Current assets</b>		
Cash and cash equivalents	\$ 220,580	\$ 109,161
Inventories	85,129	105,511
Prepaid expenses	-	6,479
<b>Total current assets</b>	<u>305,709</u>	<u>221,151</u>
<b>Non-current assets</b>		
Property, plant, and equipment - net	<u>211,364</u>	<u>201,343</u>
<b>Total assets</b>	<u><u>\$ 517,073</u></u>	<u><u>\$ 422,494</u></u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Current portion of long-term debt	\$ 19,312	\$ 16,837
Accounts payable	139,880	60,160
Sales tax payable	11,648	7,834
NC excise tax payable	38,313	25,774
Other taxes payable	2,824	2,563
Distributions payable	48,000	60,885
Accrued liabilities	<u>11,502</u>	<u>7,786</u>
<b>Total current liabilities</b>	<u>271,479</u>	<u>181,839</u>
<b>Non-Current liabilities</b>		
Notes payable less current	<u>154,497</u>	<u>167,326</u>
<b>Total liabilities</b>	<u>425,976</u>	<u>349,165</u>
<b>Net position</b>		
Net investment in capital assets	37,555	17,180
Restricted for:		
Working capital	53,541	50,000
Unrestricted	<u>1</u>	<u>6,149</u>
<b>Total net position</b>	<u>91,097</u>	<u>73,329</u>
<b>Total liabilities and net position</b>	<u><u>\$ 517,073</u></u>	<u><u>\$ 422,494</u></u>

**Youngsville Board of Alcoholic Control**  
**(A Component Unit of the Town of Youngsville, North Carolina)**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Operating revenues</b>		
Liquor sales - regular	\$ 1,765,397	\$ 1,375,789
Mixed beverage sales	<u>39,151</u>	<u>34,651</u>
<b>Total operating revenues</b>	<u>1,804,548</u>	<u>1,410,440</u>
<b>Deduct taxes on gross sales</b>		
State excise tax	405,315	310,711
Rehabilitation tax	5,525	4,534
Mixed beverage tax (revenue)	4,159	4,117
Mixed beverage tax (human resources)	<u>416</u>	<u>411</u>
<b>Total tax on gross sales</b>	<u>415,415</u>	<u>319,773</u>
<b>Net sales</b>	<u>1,389,133</u>	<u>1,090,667</u>
<b>Deduct cost of sales</b>		
Cost of liquor sold	<u>961,612</u>	<u>749,187</u>
<b>Total cost of sales</b>	<u>961,612</u>	<u>749,187</u>
<b>Gross profit on sales</b>	427,521	341,480
<b>Deduct operating expenses</b>		
Store expenses	272,629	226,598
Depreciation expense	<u>1,707</u>	<u>3,656</u>
<b>Total operating expenses</b>	<u>274,336</u>	<u>230,254</u>
<b>Income from operations</b>	<u>153,185</u>	<u>111,226</u>
<b>Non-operating revenues and expenses</b>		
Interest income	-	-
Interest expense	<u>(6,583)</u>	<u>-</u>
<b>Change in net position before distributions</b>	146,602	111,226
<b>Deduct</b>		
Law enforcement	5,475	3,522
Alcohol Education	<u>7,666</u>	<u>-</u>
<b>Change in net position before profit distributions</b>	133,461	107,704
<b>Profit distributions</b>		
Town of Youngsville, North Carolina	<u>115,693</u>	<u>97,363</u>
<b>Total profit distributions</b>	<u>115,693</u>	<u>97,363</u>
<b>Change in net position</b>	17,768	10,341
<b>Net position - beginning of year</b>	<u>73,329</u>	<u>62,988</u>
<b>Net position - end of year</b>	<u>\$ 91,097</u>	<u>\$ 73,329</u>

**Youngsville Board of Alcoholic Control**  
**(A Component Unit of the Town of Youngsville, North Carolina)**  
**Statement of Cash Flows**  
**For the Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>		
Cash received from customers	\$ 1,804,548	\$ 1,410,440
Cash payments for inventory	(961,612)	(749,187)
Cash payments for operating expenses	(191,647)	(257,273)
Taxes paid	(415,415)	(319,773)
<b>Net cash provided (used) by operating activities</b>	<u>235,874</u>	<u>84,207</u>
<b>Cash flows from capital and related financing activities</b>		
Acquisition of capital assets	14,733	(180,000)
Installment loan proceeds	(10,354)	184,163
<b>Net cash provided (used) by capital and related financing activities</b>	<u>4,379</u>	<u>4,163</u>
<b>Cash flows from non-capital financing activities</b>		
Law enforcement distributions	(5,475)	(3,522)
Alcohol education distributions	(7,666)	(3,521)
Profit distributions to primary government	(115,693)	(97,363)
<b>Net cash provided (used) by non-capital financing activities</b>	<u>(128,834)</u>	<u>(100,885)</u>
<b>Cash flows from investing activities</b>		
Interest earned on investments	-	-
<b>Net cash provided (used) by investing activities</b>	<u>-</u>	<u>-</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	111,419	(12,515)
<b>Cash and cash equivalents - beginning of year</b>	<u>109,161</u>	<u>121,676</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 220,580</u>	<u>\$ 109,161</u>
<b>Reconciliation of income (loss) to net cash provided (used) by operating activities:</b>		
<b>Income (loss) from operations</b>	<u>\$ 146,601</u>	<u>\$ 111,226</u>
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</b>		
Depreciation	1,707	3,656
Changes in assets and liabilities -		
(Increase) decrease in inventory	20,382	(20,600)
(Increase) decrease in prepaids	6,479	(5,816)
Increase (decrease) in accounts payable	67,385	1,711
Increase (decrease) in accrued beverage tax	16,614	(888)
Increase (decrease) in accrued liabilities	3,717	(1,051)
Increase (decrease) in sales tax payable	(14,126)	397
Increase (decrease) in Due to Town of Youngsville	(12,885)	(4,428)
<b>Total adjustments</b>	<u>87,566</u>	<u>(30,675)</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 235,874</u>	<u>\$ 84,207</u>

**Youngsville Board of Alcoholic Control**  
**(A Component Unit of the Town of Youngsville, North Carolina)**  
**Notes to Financial Statements**  
**June 30, 2020 and 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A - Principles Used in Determining the Scope of the Entity for Financial Reporting**

The Town of Youngsville Alcoholic Beverage Control Board (the "Board"), a component unit of the Town of Youngsville, North Carolina, (the "Town"), is a corporate body with powers outlined by General Statutes [Chapter 18B-701]. The Town's governing body appoints the Board.

The Board is required by State statute to distribute its surpluses to the General Fund of the Town, which represents a financial benefit to the Town. Therefore, the Youngsville Board of Alcoholic Control is reported as a discretely presented component unit in the Town's financial statements.

**B - Organizational History**

The Board was organized under the provisions of Chapter 590, Public Laws of North Carolina Legislature, General Assembly of 1971, and implemented by a Town wide election held June 15, 1971. The Youngsville Town Council appointed three individuals to serve on the ABC Board with terms of three years, two years and one year.

The ABC Board, as provided by North Carolina Alcoholic Beverage Control Laws, operates one retail liquor store. North Carolina General Statute [18B-805(c)(2)(3)] requires that the ABC Board expend at least 5% of profits for law enforcement and at least 7% of same profits for alcohol education and rehabilitation purposes. The local enabling act, however, sets forth a different distribution, which requires only that the Board expend at least 5% of profits for law enforcement and does not require that the Board expend any amounts for alcohol education and rehabilitation purposes.

**C - Basis of Presentation**

All activities of the Board are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or the change in net position is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**D - Basis of Accounting**

The financial statements have been prepared using the accrual basis of accounting. All sales are made by cash, check, debit or credit card and recorded at the time of sale. Other revenues are recorded when earned. Expenses are recognized when incurred.

**E - Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the statement of net position date, and reported amounts of revenues and expenses during the reporting period. Estimates are used to determine depreciation expense, the allowance for doubtful accounts and certain claims and judgment liabilities, among other accounts. Actual results may differ from those estimates.

**Youngsville Board of Alcoholic Control**  
**(A Component Unit of the Town of Youngsville, North Carolina)**  
**Notes to Financial Statements (continued)**  
**June 30, 2020 and 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F - Assets, Liabilities, and Net Position**

**Deposits**

All deposits of the Board are made in board-designated official depositories and are collateralized as required by State law [G.S. 159-31]. The Board may designate as an official depository any bank or savings and loan association whose principal office is located in North Carolina. The Board may also establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

All the Board's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits over the federal depository insurance coverage are collateralized with securities held by the Board's agent in the Board's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Board, these deposits are considered to be held by the Board agent in the Board's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Board or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Board under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

At June 30, 2020, the Board's deposits had a carrying amount of \$219,262 and a bank balance of \$211,665. All of the bank balance was covered by federal depository insurance. The ABC Board had cash on hand in the amount of \$1,318 at June 30, 2020.

At June 30, 2019, the Board's deposits had a carrying amount of \$107,843 and a bank balance of \$92,462. All of the bank balance was covered by federal depository insurance. The ABC Board had cash on hand in the amount of \$1,318 at June 30, 2019.

**Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the Board considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

**Inventories**

Inventories are valued at the lower of cost (FIFO) or market.

**Capital Assets**

Capital asset activity for the year ended June 30, 2020 was as follows:



**Youngsville Board of Alcoholic Control**  
**(A Component Unit of the Town of Youngsville, North Carolina)**  
**Notes to Financial Statements (continued)**  
**June 30, 2020 and 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F - Assets, Liabilities, and Net Position (continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Capital assets</b>				
Land (non-depreciable)	\$ 184,756	\$ -	\$ -	\$ 184,756
Buildings	65,915	-	-	65,915
Improvements	5,077	-	-	5,077
Furniture and fixtures	7,302	-	-	7,302
Equipment	37,675	14,733	26,593	25,815
Total capital assets	300,725	14,733	26,593	288,865
<b>Less -</b>				
<b>Accumulated depreciation</b>				
Buildings	57,525	1,465	-	58,990
Improvements	5,077	-	-	5,077
Furniture and fixtures	7,302	-	-	7,302
Equipment	29,478	242	23,588	6,132
Total accumulated depreciation	99,382	1,707	23,588	77,501
<b>Capital assets - net</b>	<u>\$ 201,343</u>			<u>\$ 211,364</u>

**Net Position**

Net position may consist of the following:

*Net investment in capital assets*— This component of net position consists of capital assets, including any restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

*Restricted for law enforcement* - this applies only when the Board employs its own law enforcement officer.

*Restricted for capital improvements* - G.S. 18B-805 (d) requires approval of the appointing authority to establish this account.

*Restricted for working capital* - North Carolina Alcoholic Beverage Control Commission Rule .0902 defines working capital as the total of cash, investments, and inventory less all unsecured liabilities. An ABC board shall set its working capital requirements at not less than two weeks' average gross sales of the last fiscal year or greater than: (1) four months of the last fiscal year for boards with gross sales less than \$1,500,000; (2) three months of the latest fiscal year for boards with gross sales greater than or equal to \$1,500,000 and less than \$50,000,000; and (3) two months of the latest fiscal year for boards with gross sales equal to or greater than \$50,000,000. Average gross sales means gross receipts from the sale of alcoholic beverages less distributions required by G.S. 18B-805 (b), (2), (3), and (4).

*Unrestricted net position* — This component of net position consists of net position that does not meet the definition of restricted or net investment in capital assets.

**Youngsville Board of Alcoholic Control**  
**(A Component Unit of the Town of Youngsville, North Carolina)**  
**Notes to Financial Statements (continued)**  
**June 30, 2020 and 2019**

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Noncompliance with N.C. General Statutes**

No instances noted.

**Excess of Expenditures over Appropriations**

The Board was not in compliance with G.S. 159-28(b) in connection with taxes, capital outlay and distribution expenditures. The Board will take a more careful approach when creating the budget in future years.

**NOTE 3 – LONG-TERM DEBT**

**Long-Term Liabilities**

In May 2020, The Town financed the purchase of Land with a Union Bank construction loan with annual payments of \$23,375, including interest of 3.55%.

<b>Year ending June 30:</b>	<b>Principal</b>	<b>Interest</b>
2021	\$ 19,312	\$ 6,281
2022	19,312	5,662
2023	19,312	4,954
2024	19,312	4,258
2025	19,312	3,539
Thereafter	77,249	7,161
	<u>\$ 173,809</u>	<u>\$ 31,855</u>

**Changes in Long-Term Liabilities**

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>	<b>Current Portion</b>
Governmental activities:					
Installment purchase	\$ 184,163	\$ -	\$ (10,354)	\$ 173,809	\$ 19,312
Governmental activities					
long-term liabilities	<u>\$ 184,163</u>	<u>\$ -</u>	<u>\$ (10,354)</u>	<u>\$ 173,809</u>	<u>\$ 19,312</u>

**NOTE 4 – DETAIL NOTES ON ALL FUNDS**

**Other Postemployment Benefits**

The Board does not provide any postemployment benefits at this time.

**NOTE 5 - SUBSEQUENT EVENTS**

Subsequent events were evaluated through August 25, 2020, which is the date the financial statements were available to be issued.

**Youngsville Board of Alcoholic Control**  
**(A Component Unit of the Town of Youngsville, North Carolina)**  
**Notes to Financial Statements (continued)**  
**June 30, 2020 and 2019**

**NOTE 6 - VACATION AND SICK LEAVE COMPENSATION**

ABC Board employees may accumulate up to thirty days earned vacation and such leave is fully vested when earned. Accumulated earned vacation at June 30, 2020 and June 30, 2019 amounted to \$9,626 and \$7,461 respectively.

Employees can accumulate an unlimited amount of sick leave. Since the Board has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

**NOTE 7 - DISTRIBUTIONS OF INCOME**

The ABC Board has incurred distributions for the year ended June 30, 2020 as follows:

	2020
Distribution attributable to 2020 paid to Town	\$ 80,834
Accrued Distribution at June 30, 2020	48,000
Total Distribution to Town for Profit Distribution	<u>\$ 128,834</u>

State law [G.S. 18B-805(e)] requires that the minimum distribution set aside in (c)(1) and any profit remaining after deducting amounts required for law enforcement and alcohol education and retaining proper working capital, be paid quarterly to the appointing authority.

**NOTE 8 - LAW ENFORCEMENT EXPENSE**

The Board is required by law to expend at least 5% of its profits for law enforcement. Profits are defined by law for these calculations as the change in net position before law enforcement expenses, less the 3½% markup provided in G.S. 18B-804(b)(5) and the bottle charge provided for in G.S. 18B-804(b)(6b).

Income before distributions	\$ 146,601
Less - 3½% tax and bottle charge	<u>52,015</u>
Profit subject to expense percentage	<u>\$ -</u>
Law enforcement expenditures – Actual	<u>\$ 4,729</u>
Percentage of profit	<u>-</u>
Alcohol education expenditures - Actual	<u>\$ 6,621</u>
Percentage of profit	<u>-</u>

**Youngsville Board of Alcoholic Control**  
**(A Component Unit of the Town of Youngsville, North Carolina)**  
**Notes to Financial Statements (continued)**  
**June 30, 2020 and 2019**

**NOTE 9 - DISBURSEMENT OF TAXES INCLUDED IN SELLING PRICE**

A State excise tax, at the rate of 30%, on the retail (net sales) price is charged monthly on liquor sales (excluding wine sales). Transactions for this account for the year are summarized as follows:

Taxes payable - July 1, 2019	\$ 25,774
Taxes collected during the year	385,261
Taxes remitted to NC Department of Revenue	<u>(397,800)</u>
 Taxes payable - June 30, 2020	 <u>\$ 38,313</u>

The excise tax is computed in accordance with G.S. 18B-805(i).

A bottle charge of one cent on each bottle containing 50 milliliters or less and five cents on each bottle containing more than 50 milliliters is collected and distributed monthly to the County Commissioners for alcoholic education and rehabilitation. For the year, payments to the County were based on the following bottle sales:

Regular bottles	97,773 @ \$.05	\$ 4,889
Mixed beverage	640 @ \$.05	32
Miniature bottles	60,414 @ \$.01	<u>604</u>
 Total bottle charge		 <u>\$ 5,525</u>

**NOTE 10 - DISBURSEMENT OF TAXES INCLUDED IN SELLING PRICE (continued)**

A "mixed beverage tax" at the rate of \$20 per 4 liters is charged on the sale of liquor to be resold as mixed beverages. One-half of the mixed beverage tax is submitted to the Department of Revenue. Five percent of the mixed beverage tax is submitted to the Department of Human Resources. The mixed beverage tax for the year is as follows:

Department of Revenue (50%)	\$ 4,159
Department of Human Resources (5%)	416
Profit retained (45%)	<u>3,714</u>
 Total	 <u>\$ 8,316</u>

**NOTE 11 - SURCHARGE COLLECTED**

The total amount of surcharge collected for the fiscal year was \$11,922. The bailment surcharge rate was \$1.15 per case.

**NOTE 12 - LIQUOR SALES TAX**

The total amount of sales tax collected by the ABC Board and remitted to the Department of Revenue for the fiscal year was \$126,318. The sales tax rate was 7%.

**Youngsville Board of Alcoholic Control**  
**(A Component Unit of the Town of Youngsville, North Carolina)**  
**Notes to Financial Statements (continued)**  
**June 30, 2020 and 2019**

**NOTE 13 - WORKING CAPITAL**

The Board is required by the Alcoholic Beverage Control Commission Rule .0902 to set its working capital requirements at not less than two weeks' average gross sales of the last fiscal year nor greater than four months' average gross sales of the last fiscal year. Gross sales are gross receipts from the sale of alcoholic beverages less distributions as defined in G.S. 18B-805(b), (2), (3) and (4).

The Board's position on this requirement is as follows:

Minimum Amount	\$	53,428
Maximum Amount	\$	463,044
Actual Amount	\$	53,541

The Board has met the minimum amount of working capital.

**NOTE 14 - RISK MANAGEMENT**

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board has commercial property, general liability, auto liability, worker's compensation, and employee health coverage. The Board also has liquor legal liability.

There have been no significant reductions in insurance coverage from coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

In accordance with G.S. 18B-700(i), each board member and the employees designated as the general manager and finance officer are bonded in the amount of \$50,000, secured by a corporate surety.

**SUPPLEMENTARY INFORMATION**

**(The following schedules are information the  
ABC Commission requires)**

**Youngsville Board of Alcoholic Control**  
**(A Component Unit of the Town of Youngsville, North Carolina)**  
**Schedule of Operating Expenses**  
**For the Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Operating expenses</b>		
Salaries	\$ 169,311	\$ 133,818
Payroll taxes	13,445	10,462
Group insurance	13,974	15,561
Repairs and maintenance	3,510	3,527
Utilities and telephone	9,450	7,079
Insurance - general	5,183	5,455
Dues and licenses	4,708	2,058
Office and store supplies	9,264	6,420
Miscellaneous	6,648	14,191
Professional services	12,150	5,854
Depreciation	1,707	3,656
Bank charges and other	<u>24,986</u>	<u>22,173</u>
<b>Total operating expenses</b>	<u><u>\$ 274,336</u></u>	<u><u>\$ 230,254</u></u>

**Youngsville Board of Alcoholic Control**  
**(A Component Unit of the Town of Youngsville, North Carolina)**  
**Schedule of Revenues and Expenditures – Budget and Actual**  
**For the Year Ended June 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Operating revenues:</b>				
Liquor sales - regular	\$	\$	\$ 1,765,397	\$
Mixed beverage sales			39,151	
<b>Total operating revenues</b>	<u>1,358,653</u>	<u>1,771,266</u>	<u>1,804,548</u>	<u>33,282</u>
<b>Non-operating revenues - interest income</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total revenues</b>	<u>1,358,653</u>	<u>1,771,266</u>	<u>1,804,548</u>	<u>33,282</u>
<b>Taxes based on revenues:</b>				
State excise tax			405,315	
Rehabilitation tax			5,525	
Mixed beverage tax (revenue)			4,159	
Mixed beverage tax (human resources)			416	
<b>Total taxes based on revenues</b>	<u>311,589</u>	<u>401,921</u>	<u>415,415</u>	<u>(13,494)</u>
<b>Cost of goods sold</b>	<u>768,693</u>	<u>961,483</u>	<u>961,612</u>	<u>(129)</u>
<b>Operating expenses:</b>				
Salaries and benefits			167,146	
Payroll taxes			13,445	
Group insurance			13,974	
Repairs and maintenance			3,510	
Utilities and telephone			9,450	
Insurance - general			5,183	
Office and store supplies			9,264	
Miscellaneous			6,648	
Professional services			12,150	
Dues and licenses			4,708	
Bank charges and other			24,986	
<b>Total operating expenses</b>	<u>\$ 213,371</u>	<u>\$ 297,028</u>	<u>\$ 270,464</u>	<u>\$ 26,564</u>



**Youngsville Board of Alcoholic Control**  
**(A Component Unit of the Town of Youngsville, North Carolina)**  
**Schedule of Distributions and Profits**  
**For the Year Ended June 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Capital outlay	\$ 25,000	\$ -	\$ 14,733	\$ (14,733)
<b>Debt Service</b>				
Principal retirement			10,354	
Debt service - interest			6,583	
<b>Total debt service expense</b>	<u>-</u>	<u>30,000</u>	<u>16,937</u>	<u>13,063</u>
<b>Distributions</b>				
Law enforcement			5,475	
Alcohol education			7,666	
Town of Youngsville, North Carolina			115,693	
<b>Total distributions</b>	<u>40,000</u>	<u>80,834</u>	<u>128,834</u>	<u>(48,000)</u>
<b>Total expenditures and distributions</b>	<u>1,358,653</u>	<u>1,771,266</u>	<u>1,807,995</u>	<u>(35,059)</u>
<b>Revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>(3,447)</u>	<u>3,447</u>
<b>Other financing (uses):</b>				
Installment loan proceeds	-	-	-	
Working capital retained				
(Unrestricted funds)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues over expenditures and other financing (uses)</b>	<u>-</u>	<u>-</u>	<u>(3,447)</u>	<u>3,447</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual</b>				
<b>Reconciling items</b>				
Depreciation			1,707	
Capital outlay			(14,733)	
Installment loan proceeds			(10,354)	
Increase in accrued vacation			2,165	
<b>Total reconciling items</b>			<u>(21,215)</u>	
<b>Change in net position</b>			<u>\$ 17,768</u>	

**Youngsville Board of Alcoholic Control**  
**(A Component Unit of the Town of Youngsville, North Carolina)**  
**Schedule of Distributions and Profits**  
**For the Year Ended June 30, 2020**

<b>Distribution</b>	<b>Recipient</b>	<b>Amount</b>	<b>Date of Distribution</b>	<b>Restrictions on Use</b>
<b>Municipality</b>				
	<u><b>Name</b></u>	<u><b>Amount</b></u>	<u><b>Date</b></u>	
	Town of Youngsville	2,238	7/1/2019	
	Town of Youngsville	2,238	8/1/2019	
	Town of Youngsville	2,238	9/1/2019	
	Town of Youngsville	2,238	10/1/2019	
	Town of Youngsville	2,238	11/1/2019	
	Town of Youngsville	2,238	12/1/2019	
	Town of Youngsville	2,238	1/1/2020	
	Town of Youngsville	2,238	2/1/2020	
	Town of Youngsville	2,238	3/1/2020	
	Town of Youngsville	2,238	4/1/2020	
	Town of Youngsville	2,238	5/1/2020	
	Town of Youngsville	12,471	6/1/2020	
		<u>\$ 37,089</u>		Per agreement
<b>Law Enforcement</b>				
	<u><b>Name</b></u>	<u><b>Amount</b></u>	<u><b>Date</b></u>	
	Town of Youngsville	456	7/1/2019	
	Town of Youngsville	456	8/1/2019	
	Town of Youngsville	456	9/1/2019	
	Town of Youngsville	456	10/1/2019	
	Town of Youngsville	456	11/1/2019	
	Town of Youngsville	456	12/1/2019	
	Town of Youngsville	456	1/1/2020	
	Town of Youngsville	456	2/1/2020	
	Town of Youngsville	456	3/1/2020	
	Town of Youngsville	456	4/1/2020	
	Town of Youngsville	456	5/1/2020	
	Town of Youngsville	459	6/1/2020	
		<u>\$ 5,475</u>		Law Enforcement
<b>Alcohol Education</b>				
	<u><b>Name</b></u>	<u><b>Amount</b></u>	<u><b>Date</b></u>	
	Town of Youngsville	639	7/1/2019	
	Town of Youngsville	639	8/1/2019	
	Town of Youngsville	639	9/1/2019	
	Town of Youngsville	639	10/1/2019	
	Town of Youngsville	639	11/1/2019	
	Town of Youngsville	639	12/1/2019	
	Town of Youngsville	639	1/1/2020	
	Town of Youngsville	639	2/1/2020	
	Town of Youngsville	639	3/1/2020	
	Town of Youngsville	639	4/1/2020	
	Town of Youngsville	639	5/1/2020	
	Town of Youngsville	637	6/1/2020	
		<u>\$ 7,666</u>		Alcohol Education
<b>TOTAL</b>		<u><u>\$ 50,230</u></u>		



Youngsville ABC Board  
P. O. Box 387  
101 N College Street  
Youngsville, NC 27596  
(919) 556-3590  
ABCStore@townofyoungsville.org

## MINUTES

SEPTEMBER 4, 2020  
9:00 AM

### REGULAR MEETING

### YOUNGSVILLE TOWN HALL CONFERENCE ROOM

134 US 1A SOUTH

(Teleconference and Web Conference was available)

Chairman Hardwick called the Board Meeting of the Town of Youngsville ABC Board to order at 9:00am. In attendance was Chairman Samuel Hardwick (by teleconference), Members Mary Margaret Norman (by teleconference), and Rick Houser (by teleconference). Member Danny Stutzman was not in attendance. Also, in attendance was Town Administrator Phillip Cordeiro, Finance Officer Jaclyn Patterson and Town Clerk Emily Hurd. ABC Store Manager Laurie Pritchett (by teleconference) entered the ABC Board Meeting late.

The first item was to approve the Agenda.

#### **MOTION: TO APPROVE THE AGENDA AS SUBMITTED**

The motion was made by Member Norman and was seconded by Member Houser. The motion passed unanimously.

Chairman Hardwick read the Ethics Statement.

*In accordance with G.S. 18B-201, it is the duty of every Board Member to avoid both conflicts of interest and appearances of conflicts. Does any member have any known conflict of interest or appearance of conflict with respect to any matters coming before the Board today? If so, please identify the conflict or appearance of conflict and refrain from any undue participation in the particular matter involved.*

There were no conflicts of interest or appearances of conflicts.



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The next item on the agenda was Citizens' Comments. Cordeiro polled those on teleconference and Hurd stated no one had registered to speak. There were no comments.

The next item on the agenda was the Financial Report. Patterson stated the audited financial statements were almost complete. She stated she has been reviewing those statements and asking the auditors a lot of questions as the totals based on the auditor's categorizations do not match the information from Dalcom. Patterson wants to make sure that she has a clear understanding of that information. She has requested additional information from the auditors for clarification.

Patterson stated she was unable to do the August financials since there was a day of sales missing. Dalcom's information does not match the QuickBooks information which has thrown everything off, including inventory and taxes due. When asked, Patterson stated Dalcom has someone working on the case. She stated Pritchett had informed her there was a problem with that day, but she unsure what the problem was.

Member Houser requested holding off payments to the Town so they could focus on making payments on their debt. He wanted to focus on paying the loan obligation first, then work on paying the Town back since they have until the end of the fiscal year. Chairman Hardwick and Member Norman agreed that was a good plan.

The next item on the agenda was the approval of the Consent Agenda. The Consent Agenda included Minutes from the ABC Board Regular Meeting on August 7, 2020.

**MOTION: TO APPROVE THE CONSENT AGENDA**

The motion was made by Member Houser and was seconded by Member Norman. The motion passed unanimously.

The next item on the agenda was Old Business. The first item under Old Business was to continue the discussion on the proposed remodel of the ABC Store, with a report from the Store Expansion / Renovation Subcommittee. Member Houser stated they have received an offer from one of the developers they had previously worked with to purchase the ABC Store property. He explained they have no immediate plans for redevelopment which will allow the ABC Store to lease the property for a minimum of twelve months. Member Houser stated he would get more information during their negotiations. He stated the price was not that far off from the appraisal.



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Member Houser stated the space at the Foodlion Plaza was still available and he had reached out to Rick Turner regarding the costs of upfitting the space. He stated it would be a high cost to get into a new ABC Store, but they would be able to reinvest the funds from the sale of the property to open a second location without having to borrow a lot of money.

Cordeiro stated there were two main issues to be considered. The first issue is what the ABC Board should do if they sell the property, noting there were two options available; continue to rent the space or find another location suitable for the current ABC Store. The second issue is whether they should open a new ABC Store, noting the best, and possibly only, location would be the Foodlion Shopping Plaza.

Cordeiro stated the first issue was what to do with the current ABC Store. He explained he met with the realtor who manages the 5-Points Shopping Plaza, noting they have several spaces available. There is one front facing space and one space in the rear of the building. Cordeiro explained the current goal of the bidder was to redevelop the site the current ABC Store is on. The reason for selling the property is so that it can be developed for the best and highest purpose. The ABC Board does not have the funding to do accomplish this goal, so they can sell to a private investor. Cordeiro felt the longer the ABC Store remained in their location, the longer it would take to redevelop the property. The process could take approximately twelve to eighteen months so the ABC Store will need to find another location if they don't want to close the store.

The second issue was the possibility of opening a second ABC Store. He stated the clientele that patronize our current ABC Store would be separate from the clientele that would use a location on Capital Boulevard. Cordeiro expressed concerns about losing customers if the downtown ABC Store was closed for more than a year. His recommendation was to explore the location at the 5-Points Shopping Plaza as it was in the same vicinity with more parking, a larger sales floor, and a larger warehouse that allows for increased inventory. Cordeiro stated he felt that if the ABC Store was going to rent a space, moving to the 5-Points Shopping Plaza as soon as possible made the most sense. He stated the difference in the rental fee at 5-Points Shopping Plaza would be approximately the same as continuing to rent the current facilities. Cordeiro suggested relocating across the street while selling the property.

Cordeiro stated the ABC Board would need to have a conversation regarding personnel, possibly during a Closed Session. He explained that if they opened a new ABC Store,



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more staff would be needed along with other considerations. There were other personnel challenges that will arise from moving to a new location they will need to discuss.

Chairman Hardwick stated moving to 5-Points Shopping Plaza was a smart idea. He felt this would give them what they have wanted, such as more parking and a larger warehouse. Chairman Hardwick stated they should move forward with investigating the 5-Points Shopping Plaza location. He stated that he did not think they should rent their current location, expressing concerns about any construction that may happen while they were there.

Cordeiro noted Michael Wallace, the realtor for 5-Points Shopping Plaza, had joined the meeting and was available for questions.

Member Norman inquired about the time frame for the developer to start work on the current ABC Store property. Cordeiro stated he felt it would be approximately sixteen to eighteen months if he had to hazard a guess based on conversations. He explained the sale of the property was based on a business decision that did have a time limit, so the proposed buyer would like to close as soon as possible to take advantage of tax procedures. Chairman Hardwick stated that did give them time to move to another facility without being rushed.

Cordeiro stated the ABC Board could negotiate with the 5-Points Shopping Plaza so that the space could be customized with the costs of the improvements incorporated into the lease instead of upfront. The ABC Board could do a lease with the new owner to stay in our current location until the new facility was available. Chairman Hardwick inquired about the square footage for the space at 5-Points Shopping Plaza. Mr. Wallace stated the front space was 1,738 square feet and the warehouse space was approximately 2,300 square feet. He explained the warehouse space would include a dock platform in the back, noting the roll up door that is currently closed can be reactivated. They will have the ability to use the front space for the sales floor with a warehouse in the back. Member Norman agreed this sounded like the smart way to go.

Member Houser stated he would like the ABC Board's approval to continue with negotiations regarding the sale of the current property and the lease at 5-Points Shopping Plaza. Member Norman asked if there was an offer on the table and Member Houser stated yes. Cordeiro clarified they would like the ABC Board's general feedback and approval to continue with negotiations. He stated there are still a lot of variables, so it



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was premature to share too many details. Chairman Hardwick and Member Norman stated they would like to move forward.

**MOTION: TO INSTRUCT MEMBER HOUSER AND TOWN  
ADMINSTRATOR PHILLIP CORDEIRO TO CONTINUE  
NEGOTIATIONS FOR THE 5-POINTS SHOPPING PLAZA  
LOCATION AND THE SALE OF THE CURRENT PROPERTY**

The motion was made by Member Norman and was seconded by Member Houser. The motion passed unanimously.

The next item on the agenda was New Business. There was no New Business. Member Norman stated she had a customer request that Youngsville start a lottery for high end bourbons, like the lottery Wake County does for their ABC Stores. The customer had inquired why Youngsville was not currently doing that. Member Norman explained participants had to be a resident of Wake County in order to enter the lottery, so Youngsville residents were unable to participate. Cordeiro stated he would pass that request on to Pritchett. He clarified the lotteries were for big ticket items that ABC Stores had a hard time getting in. Member Norman stated the lottery in Wake County was held twice a year and limited to one bottle.

The next item on the agenda was Reports and Other Business.

Member Norman stated that ABC Store employees weren't always wearing masks. Chairman Hardwick stated that if they didn't want to wear the masks, then the employee should be wearing a face shield. Cordeiro stated he knows some of the employees are using the face shields as they prefer them to the masks. Chairman Hardwick felt face coverings showed consideration to the customers while protecting staff. Member Norman stated it looked better to have them on.

Chairman Hardwick noted today was his last day. He stated it has been a pleasure to serve on the ABC Board and looks forward to seeing what happens as they move forward. Chairman Hardwick stated he was available if he was needed. When asked, Cordeiro explained the Board of Commissioners would appoint a new Chairman at their Board Meeting next week. He stated they would appreciate any nominations or suggestions.



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Cordeiro stated he has received requests to change the time of the ABC Board meetings to later in the month. This will allow time for Patterson to prepare the financial statements. He asked if the ABC Board would like to wait until new Members have been appointed before continuing this discussion. Member Norman stated she had someone that was interested but he was unable to do meetings on Fridays. Member Houser stated he was open for any day of the week except for Wednesday mornings. He stated he did prefer mornings if possible. Cordeiro stated he would reach out to potential candidates to see what times would work best for them. A consensus for the fourth Thursday was reached and Cordeiro stated he would look into it.

Pritchett apologized for being late but there had been some more issues with Dalcom. She explained there were problems with inventory due to sales not posting properly again. Pritchett stated the auditors have been informed and agreed this was not the best way for a software to keep inventory. She stated this also caused her to have to redo her reports again.

Pritchett stated Allen's Tree Service was called in to cut some of the large limbs over the parking lot for \$500.

Member Norman asked Pritchett about starting a lottery in Youngsville for hard to get items. Pritchett explained they currently sold hard to get items as a "first come, first served" option. She stated it was hard for them to get the high-end items. Some distillers will allocate only 100 cases to the entire state. As that is not enough for each ABC Board to get some, they end up in the larger stores. Member Norman felt this may be a good way to keep interest in Youngsville. Pritchett explained it was up to the individual ABC Boards. She felt it wasn't right to limit who could enter the lottery. Pritchett noted they used to have a list of people that would request items to be held for them but found out they were having friends and family come in to purchase multiple bottles for them, making it an unfair advantage. She stated putting bottles on the shelf and limiting customers to one bottle seems to work better. Pritchett stated that if the ABC Board wanted to start a lottery, they would have to send their proposed policy to the NC ABC Commission for approval. She felt this was a lot of work for items they probably won't even be able to get in stock. Chairman Hardwick agreed it would be worth the effort if they were able to get something on hand. Pritchett expressed concerns about having people tell the employees to hold a bottle for someone and gave an example. When asked, Pritchett stated she would forward the email to Cordeiro for him to investigate.





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Chairman Hardwick noted Pritchett has worked on several different ways to get rare items and agreed putting them on the shelf and limiting the amount someone can purchase seems the fairest. He stated it was unfortunate that people had to go through this. Pritchett agreed that out of everything she has tried, putting items on the shelf seems have been the best way to spread the items amongst customers. She stated that she will hold an item if someone calls and states they are on their way, however if they don't arrive, the item will be put back on the shelf. Pritchett stated there were a lot of shortages this year and it was very frustrating. Member Houser noted the sales have been unbelievable this year and he appreciated all their hard work. He asked if Pritchett was trying to order more inventory and she explained that she was ordering everything she could. Pritchett stated the warehouse can hold 450 cases. She has been ordering close to 700 cases, knowing they won't be able to get everything. They always get less than 500 cases, even when she overorders. Member Houser suggested that she order even more just in case. Pritchett stated that she has been ordering alternate items along with all the special orders she can get. She stated they were doing their best.

The next item on the agenda was Closed Session. Chairman Hardwick stated the ABC Board needed to go into Closed Session to discuss personnel, NCGS 143-318.11 (6).

**MOTION: TO GO INTO CLOSED SESSION TO DISCUSS PERSONNEL,  
NCGS 143-318.11 (6)**

The motion was made by Member Houser and was seconded by Member Norman. The motion passed unanimously. The ABC Board entered Closed Session at 9:52am. The ABC Board exited Closed Session at 9:58am.

Chairman Hardwick noted the ABC Board went into Closed Session to discuss personnel. No action was taken during Closed Session other than to approve the minutes of Closed Sessions for June 5, 2020, July 17, 2020, August 7, 2020 #1 and August 7, 2020 #2.

Cordeiro stated the realtor that manages the 5-Points Shopping Plaza has offered a tour of the site and requested the ABC Board meet next week to inspect the location. After a brief discussion, only Member Houser was available. Chairman Hardwick requested that Member Stutzman be included if he wished to attend the tour. As this was not a quorum, no Special Called Meeting was required.

Member Norman stated she will be resigning from the ABC Board but would serve until a replacement could be found. She felt the ABC Board was getting into areas that she didn't



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have the proper experience to advise them. Member Norman stated she has been on the ABC Board for six years and Chairman Hardwick stated they appreciated her service. Member Houser stated he enjoyed working with her and has seen her grow in her role with the ABC Board. Member Norman stated she wanted the ABC Board to have the best people to help them move forward.

Chairman Hardwick called the meeting adjourned at 10:03am.



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## MINUTES

SEPTEMBER 14, 2020  
9:00 AM

### SPECIAL CALLED MEETING

### YOUNGSVILLE TOWN HALL CONFERENCE ROOM

134 US 1A SOUTH

(Teleconference and Web Conference was available)

Chairman Houser called the Special Called Meeting of the Town of Youngsville ABC Board to order at 9:00am. In attendance were Chairman Rick Houser (by teleconference), Members Mary Margaret Norman (by teleconference), and Danny Stutzman (by teleconference). Also, in attendance were Town Administrator Phillip Cordeiro and Town Clerk Emily Hurd.

The first item was to approve the Agenda.

#### **MOTION: TO APPROVE THE AGENDA AS SUBMITTED**

The motion was made by Member Norman and was seconded by Member Stutzman. The motion passed unanimously.

Chairman Houser read the Ethics Statement.

*In accordance with G.S. 18B-201, it is the duty of every Board Member to avoid both conflicts of interest and appearances of conflicts. Does any member have any known conflict of interest or appearance of conflict with respect to any matters coming before the Board today? If so, please identify the conflict or appearance of conflict and refrain from any undue participation in the particular matter involved.*

There were no conflicts of interest or appearances of conflicts.



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The next item on the agenda was a resolution to dispose of real property via the upset bid procedure authorized by N.C.G.S. § 160A-269. Chairman Houser stated they were approached by an interested party who made an offer of \$395,000 to purchase the ABC Store property. He explained the proposal was not too far off the original appraisal when you consider the savings on realtor fees.

Cordeiro explained the upset bid process to the ABC Board. If the resolution is approved, then an advertisement will be placed in the Franklin Times for their Thursday edition. The minimum bid would have to be 5% above the current bid, approximately \$414,800. There would be a ten-day period from the date of publish for sealed bids to be received at Town Hall. The Town Clerk will open the sealed bids on Monday, September 28<sup>th</sup> at 10am. The highest bid will be the new sales price. This process will continue until there are no higher bids. Once the final bid has been made, the ABC Board would then choose to accept the bid and negotiate a contract. Cordeiro noted the terms have already been negotiated with the original bidder, and if the highest bidder is another party, then they will have to go through the contract process as well.

Chairman Houser explained they had negotiated with the current bidder to lease the ABC Store property for up to twelve months at \$2,400 a month. Cordeiro noted he had an electronic copy of the contract that was sufficient for them to proceed.

Chairman Houser stated the next problem is what to do if they sell the building. He stated that he, Member Stutzman and Cordeiro had looked at a location at 5-Points Shopping Plaza that would be very suitable. The sales floor would be larger than the current location plus the warehouse would have adequate space. Chairman Houser noted there was also an option for space at the Foodlion Shopping Plaza. He stated the ABC Board was going to have to decide how they wanted to move forward if they choose to sell the ABC Store property. Chairman Houser stated he spoke with Laurie Lee and Greg Stallings at the NC ABC Commission regarding the process of what the ABC Board needs to do to get approved for a new location. He noted it was the same process they went through when purchasing the land.

Member Norman inquired about the current bidder and Chairman Houser stated it was WW Properties, a company that is represented by Daniel White. They are a Youngsville business that own several properties in the area. The White's are a respected family in Youngsville with the capacity to complete the purchase.

Member Norman inquired about the costs to move, noting they needed that information



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as soon as possible. Based on his conversation with Rick Turner, Chairman Houser stated it would cost approximately \$95,000 based on Mr. Turner's recent upfit of a similar ABC Store in another county. He noted the location at 5-Points Shopping Plaza was almost finished on the inside and he felt the landlord would be willing to spend money on making sure they are satisfied with the space. Member Norman stated she did not want to move completely out of downtown. She wanted to see both locations open and hoped they could find money in the budget to do so. Chairman Houser agreed, noting moving to the 5-Points Shopping Plaza location was the most logical first step. He felt they could support opening another location at the Foodlion Shopping Plaza within the next couple of years. Member Norman agreed that plan seemed the smartest way to go.

**MOTION: APPROVE RESOLUTION TO DISPOSE OF REAL PROPERTY  
VIA THE UPSET BID PROCEDURE AUTHORIZED BY N.C.G.S. §  
160A-269**

The motion was made by Member Stutzman and was seconded by Member Norman. The motion passed unanimously.

When asked, Chairman Houser explained the ABC Board was \$173,000 in debt. The sale of the property would put them approximately \$200,000 ahead. This would cover the upfit expenses and expand inventory.

Cordeiro informed the ABC Board that interviews for the ABC System General Manager would take place later this week. He stated he would send the ABC Board more information via email regarding the procedure along with other information. Cordeiro stated there were two strong candidates at this time. He explained one of their written exercises would include preparing plans and budgets for moving to a new location.

Member Norman inquired about candidates for the ABC Board. Cordeiro stated he was currently working with two people that he hoped to have presented to the Town Board during their October Board Meeting. He noted there were two vacant positions with a third once Member Norman leaves.

The meeting adjourned at 9:15am upon a motion made by Member Norman, seconded by Member Stutzman and passed unanimously.



**OFFER TO PURCHASE AND CONTRACT**

Daniel White, for WW Properties and Rentals, as Buyer, hereby offers to purchase and the Youngsville Board of Alcoholic Beverage Control, as Seller, upon acceptance of said offer, agrees to sell and convey, all of that plot, piece or parcel of land described below, together with all improvements located thereon and such fixtures and personal property as are listed below (collectively referred to as the "Property") upon the following terms and conditions:

1. **REAL PROPERTY:** Located in the Town of Youngsville, County of Franklin, State of North Carolina, being known as and more particularly described as: 101 N. College Street, Youngsville, NC 27596, also identified as PIN # 1852-38-6378 and 1852-38-7258 via the Franklin County GIS ("Property").

NOTE: Prior to signing this Offer to Purchase and Contract, Buyer is advised to review Restrictive Covenants, if any, which may limit the use of the Property, and to read the Declaration of Restrictive Covenants, By-Laws, Articles of Incorporation, Rules and Regulations, and other governing documents of the owners' association and/or the subdivision, if applicable. Further, Buyer should beware that Seller is requesting, as a condition of the sale of this property, that the Buyer must renovate the property and have it ready for occupation and use within two (3) years of the Closing Date on the property. Ready for Occupancy and use shall be defined as it is in Paragraph 7 of this Offer to Purchase and Contract.

2. **PURCHASE PRICE:** The purchase price is three hundred ninety-five thousand dollars (\$395,000.00) and shall be paid as follows:

(a) A nineteen thousand seven hundred and fifty dollar (\$19,750.00) Earnest Money Deposit, has been made by cashier's check to the Youngsville Board of Alcoholic Beverage Control. Final sale shall be subject to approval by the Youngsville Board of Alcoholic Beverage Control. The upset bid process, required by NCGS § 160A-269, must be fully satisfied. Also, Buyer agrees to demolish and remove the debris from any and all structures which exist on said property at the time of sale within one (2) years from the Closing Date or sooner.

(b) After the Effective Date of this contract the Buyer will remit the remaining balance in cash or certified check on or before the Settlement Date.

(c) Pending final approval by the Youngsville Board of Alcoholic Beverage Control, the seller will deliver a General Warranty Deed before the Closing Date.

(d) In the event of breach of this contract by Seller, and upon Buyer's request, Earnest Money Deposit shall be returned to Buyer, but such return shall not affect any other remedies available to Buyer for such breach. In the event this offer is accepted and Buyer breaches this contract, then the Earnest Money Deposit shall be forfeited upon Seller's request, but receipt of such forfeited earnest monies shall not affect any other remedies available to Seller for such breach.

(e) The Property must be in substantially the same or better condition on the Closing Date as on the date of this offer, reasonable wear and tear excepted.

(f) All deeds of trust, liens and other charges against the Property, not assumed by Buyer, must be paid and satisfied by Seller prior to or at Closing such that cancellation may be promptly obtained following Closing. Seller shall remain obligated to obtain any such cancellations following Closing.

(g) Title must be delivered at Closing by General Warranty Deed unless otherwise stated herein, and must be fee simple marketable and insurable title free of all encumbrances except: ad valorem taxes for the current year (prorated through the Closing Date); utility easements and unviolated restrictive covenants that do not materially affect the value of the Property; and such other encumbrances as may be assumed or specifically approved by Buyer.

(h) Buyer shall guarantee Seller the option to lease the building on the transacted property for a period of up to one year beyond the Closing Date from the Buyer for a rate of two thousand four hundred dollars (\$2,400.00) per month to continue operating its retail Alcoholic Beverage Control store on these premises. The monthly rent figure contained in this paragraph shall be all-inclusive.

(i) As part of Seller's right to lease the building on the transacted property, Buyer covenants that Buyer shall not cause destruction, in any manner, to said garage, nor shall any harm come to said building that is foreseeable under the circumstances of any renovation efforts. In the event that Buyer harms the building, Buyer and Seller shall agree, in writing, on an amount to be paid to repair the building, unless a repair to the building would constitute a cost greater than the worth of building itself at the time of repair. In the event that Buyer harms the building and Seller does not wish for it to be repaired, Buyer and Seller shall execute a duly agreed upon document that states as such. Seller shall provide Buyer a key to the building and allow Buyer access during the lease term (e.g. access to perform inspections and/or prepare quotations for improvements).

3. **SPECIAL ASSESSMENTS:** Seller warrants that there are no pending or confirmed governmental special assessments for sidewalk, paving, water, sewer, or other improvements on or adjoining the Property, and no pending or confirmed owners' association special assessments, except as follows: None.

4. **CLOSING EXPENSES:** Buyer shall be responsible for all costs with respect to any loan obtained by Buyer. Buyer shall pay for recording the deed and for preparation and recording of all instruments required to secure the balance of the purchase price unpaid at Closing. Seller shall pay for preparation of a deed and all other documents necessary to perform Seller's obligations under this agreement, and for excise tax (revenue stamps) required by law.

5. **PROPERTY DISCLOSURE AND INSPECTIONS**



- (a) The Seller makes no warranty or statement regarding the property other than Warranties as part of the General Warranty Deed. No environmental assessments or statements have been made and the land is being sold as-is with regard to any environmental issues which may or may not exist at the time of purchase.
  - (b) The Buyer will exercise all Due Diligence in proceeding with the transaction contemplated by this contract. Due Diligence shall be the Buyer's opportunity to investigate the Property and the transaction contemplated by this Contract, and afford the Buyer an opportunity to decide whether Buyer, in Buyer's sole discretion, will proceed with or terminate the transaction.
  - (c) Buyer shall be afforded a Due Diligence Period, which shall be defined as the period beginning on the Effective Date and extending through 5:00 p.m., eastern standard time, thirty (30) days after the Effective Date. TIME BEING OF THE ESSENCE.
  - (d) If, during the Due Diligence Period, the Buyer decides not to proceed with this transaction the Seller shall refund the Buyer's Earnest Money Deposit.
  - (e) Property Inspection: Unless otherwise stated herein, Buyer shall have the option of inspecting, or obtaining, at Buyer's expense, inspections to determine the condition of the Property.
  - (f) Should Buyer seek to have any Environmental Assessments performed on the Property subject to the National Environmental Policy Act (NEPA), located at 42 U.S.C. § 4321, Buyer agrees that Buyer shall be solely responsible for the costs of the Assessment, any Statements generated from the Assessment, and any remediation needed to the property. Buyer agrees to be solely responsible for any and all remediation costs pertaining to anything found and/or listed on any Environmental Impact Statements.
6. **REASONABLE ACCESS:** Seller will provide reasonable access to the Property through the earlier of the Closing Date or possession by Buyer, to Buyer or Buyer's representatives for the purposes of appraisal, inspection, and/or lot evaluation. Buyer may conduct a walk-through inspection of the Property prior to Closing.
7. **RENDERINGS AND OCCUPANCY:** Buyer agrees to provide to Seller renderings of the proposed look and use of the property, including any current or future structures or buildings, at least thirty (30) days prior to commencement of any construction. Buyer also specifically agrees, as stated above, to have the property renovated and ready for new occupancy within three (3) years from the Closing Date. Ready for occupancy shall be defined as the following: (1) the structure is physically ready, has been inspected, and is capable of obtaining a business or other occupant regardless of whether interior build-out has been completed and (2) allowing ingress and egress into the facility without encumbering the Public or the proposed occupant with construction vehicles. Buyer shall also be careful to follow all current ordinances and statutes regarding the building, retrofitting, renovation, or other codes prescribed by the statutes or commissions of the State of North Carolina and shall be mindful to follow all statutes regarding blocking roads during the period of renovation and/or construction of the property. Seller shall view the inability to have

**State of North Carolina**  
**County of Franklin**

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the property ready for occupancy, under the definition herein and other definitions as defined by statute, case law, and/or commissions or standards in the State of North Carolina as a material breach of this Agreement which could result in enforcement action being taken against Buyer. Enforcement remedies include, but are not limited to, return of the property to the Seller by General Warranty Deed, paying the attorney's fees of the Seller's attorney in the event of invocation of this clause or of any other Breach of this Agreement by the Buyer, and all other statutory and / or case law allowed remedies under the laws of the State of North Carolina.

8. **SETTLEMENT:** Settlement shall be the process whereby the Buyer remits to the seller all remaining balance of the Purchase Price yet unpaid.

9. **SETTLEMENT DATE:** The parties agree that Settlement will take place on or before the Closing Date, unless otherwise agreed in writing by both parties.

10. **CLOSING:** Closing shall be defined as the process whereby all parties execute any and all documents and papers necessary in connection with the transaction contemplated by this contract. The deed shall to be made to:

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[ WRITE ENTITY NAME ABOVE ]

11. **CLOSING DATE:** Settlement and Closing typically occur on the same date, but Buyer may perform those processes on separate dates if he so chooses. All parties agree to complete the Closing process in its entirety and ensure effective transfer of title within thirty (30) days after the Settlement Date.

12. **POSSESSION:** Unless otherwise provided herein, possession shall be delivered at Closing.

13. **RISK OF LOSS:** The risk of loss or damage by fire or other casualty prior to the Closing Date shall be upon Seller. If the improvements on the Property are destroyed or materially damaged prior to the Closing Date, Buyer may terminate this contract by written notice delivered to Seller or Seller's agent and all deposits shall be returned to Buyer. In the event Buyer does not elect to terminate this contract, Buyer shall be entitled to receive, in addition to the Property, any of the Seller's insurance proceeds payable on account of the damage or destruction applicable to the Property being purchased. This paragraph shall not apply in the event of an Act of God that causes the loss of the improvements on the Property.

14. **ASSIGNMENTS:** This contract may not be assigned without the written consent of all parties, but if assigned by agreement, then this contract shall be binding on the assignee and his heirs and successors.

15. **PARTIES:** This contract shall be binding upon and shall inure to the benefit of the parties, i.e., Buyer and Seller and their heirs, successors and assigns. As used herein, words in the singular include the plural and the masculine includes the feminine and neutral genders, as appropriate.

16. **SURVIVAL:** If any provision herein contained which by its nature and effect is required to be observed kept or performed after the Closing Date, it shall survive Closing and remain binding upon and for the benefit of the parties hereto and until fully observed, kept or performed. Specifically, failure of the Buyer to renovate the property within three (3) years shall cause the property to be conveyed back to Seller upon the failure to complete the above stated work within a reasonable period of time.

17. **REPRESENTATION:** Seller acknowledges that Seller is represented throughout this process by the Attorney representing the seller. Seller further acknowledges that said Attorney is not a REALTOR® and cannot act in a capacity to broker the sale of the property described herein. Buyer is encouraged to seek counsel prior to executing this Agreement such that Buyer can receive any legal advice that Buyer may need prior to the execution of this Agreement.

18. **ENTIRE AGREEMENT:** This contract contains the entire agreement of the parties and there are no representations, inducements or other provisions other than those expressed herein. All changes, additions or deletions hereto must be in writing and signed by all parties. Nothing contained herein shall alter any agreement between a REALTOR® or broker and Seller or Buyer as contained in any listing agreement, buyer agency agreement, or any other agency agreement between them.

19. **NOTICE AND EXECUTION:** Any notice or communication to be given to a party herein may be given to the party or to such party's agent. This offer shall become a binding contract (the "Effective Date") when signed by both Buyer and Seller and such signing is communicated to the offering party. This contract is executed under seal in signed multiple originals, all of which together constitute one and the same instrument, with a signed original being retained by each party and each REALTOR® or broker hereto, and the parties adopt the word "SEAL" beside their signatures below.

Buyer acknowledges having made an on-site personal examination of the Property prior to the making of this offer.

20. **CHOICE OF LAW and SEVERABILITY:** The laws of the State of North Carolina shall govern this Offer to Purchase and Contract in all manners. Should any portion of this Offer to Purchase and Contract be deemed unenforceable, only that portion of the Offer to Purchase and Contract shall be severed from this Offer to Purchase and Contract and the rest of the Agreement shall survive in its full force and effect.

[SIGNATURE PAGE FOLLOWS]

**State of North Carolina**  
**County of Franklin**

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IN WITNESS WHEREOF, the parties have caused this Agreement to be effective by affixing their signatures below.

**WW PROPERTIES AND RENTALS**

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: David White, Manager

**YOUNGSVILLE BOARD OF ALCOHOLIC  
BEVERAGE CONTROL**

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: Rick Houser  
Title: Chairman

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: Jaclyn Patterson  
Title: Finance Officer

*This instrument has been preaudited in the manner required  
by the Local Government Budget and Fiscal Control Act.*

Delivered via email [rick.youngsvilleabc@gmail.com](mailto:rick.youngsvilleabc@gmail.com)

October 1, 2020

Youngsville ABC Board  
Mr. Rick Houser  
PO Box 387  
Youngsville, NC 27596

**RE: Proposal for Youngsville ABC Store ("Tenant") for 100 Holden Rd, Suite B &G, Youngsville, NC - ("Premises")**

Dear Commissioners of the Youngsville ABC Board,

Thank you for your interest in 100 Holden Road. Please find below a proposal which outlines the terms and conditions of a lease for the above referenced center. Upon your execution and return, this correspondence will constitute a non-binding letter of intent. The following general terms shall be incorporated into the Lease:

<b>Landlord Entity:</b>	Servo Ventures YONC, LLC	
<b>Tenant Entity:</b>	Youngsville ABC Store – Entity to be confirmed	
<b>Premises:</b>	100 Holden Rd, Suite B & G (Combined), Youngsville, NC, being approximately 4,068 SF.	
<b>Initial Lease Term</b>	10 Years	
<b>Renewal Option:</b>	Two (2)- five (5) year option with 180 day's written notice.	
<b>Base Rent:</b>	\$11.00/psf, NNN with 3% annual escalations through initial term and options.	
<b>TICAM:</b>	\$4.02/psf (Estimated for 2020)	
<b>Lease Commencement:</b>	Estimated March 1, 2021	
<b>Security Deposit:</b>	None	
<b>Utilities:</b>	<u>Service Obligation:</u>	<u>Responsible</u>
	Sewer	Landlord
	Water	Landlord
	Electric & Natural Gas	Tenant
	Telephone	Tenant
	HVAC	Tenant
	Security System	Tenant
	Janitor/Cleaning	Tenant
	Trash/Dumpster (1 <sup>st</sup> Dumpster)	Landlord
	Landscaping/Maintenance	Landlord
<b>Use:</b>	Retail & Warehouse for Alcohol Sales	

5121 Kingdom Way, Suite 200, Raleigh, NC 27607 Phone: (919) 832-0594 Fax: (919) 832-7385



<b>Insurance:</b>	Tenant shall carry a general liability insurance policy, to be further clarified in the Lease. Landlord shall be named as additionally insured and the Certificate of Insurance shall be updated annually.
<b>Delivery Condition:</b>	<b>Vanilla box condition in retail portion, further defined below.</b>
<b>Maintenance &amp; Repairs:</b>	Landlord shall maintain and repair the roof and structural components of the exteriors walls of the building and premises. Tenant shall maintain and repair the interior of the Leased Premises, including but not limited to interior walls, glass store front, plumbing, HVAC and electrical systems serving the Leased Premises. Tenant is responsible for trash removal from space, including excess cardboard.
<b>HVAC:</b>	Tenant shall be responsible for maintain the HVAC system and shall carry a semi-annual service plan for the unit. Maintenance shall occur in the fall and spring, with receipt of service to be provided within 30 days of occurrence.
<b>Lease Form:</b>	Landlords Lease form as mutually negotiated
<b>Landlord Improvements:</b>	<p>Landlord Agrees to deliver the space in vanilla box condition for retail area, separated with a sheet rock wall and double doors into a conditioned storage, warehouse.</p> <ul style="list-style-type: none"> <li>- <b><u>Retail Section:</u></b> <ul style="list-style-type: none"> <li>o Walls sheet rocked and painted to Tenants color choice from Landlord's selection</li> <li>o Ceiling: Ceiling grid and tiles installed; basic lighting included</li> <li>o Flooring: New VCT throughout, Tenant's color choice from Landlord selection</li> <li>o Landlord shall provide electrical service suitable for retail sales operation.</li> <li>o Existing HVAC shall remain (estimated 2017 Unit)</li> </ul> </li> <li>- <b><u>Warehouse:</u></b> <ul style="list-style-type: none"> <li>o One Private managers office provided within the warehouse area</li> <li>o One, single occupancy restroom shall remain</li> <li>o Ceiling: Warehouse shall have no grid or tiles (except in office and restroom).</li> <li>o Flooring: Shall be broom swept concrete, except in office and restroom</li> <li>o Roll Up delivery door to be reactivated</li> <li>o Existing HVAC shall remain (estimated 2017 Unit)</li> </ul> </li> </ul>
<b>Signage:</b>	Tenant will design and install building façade signage at Tenant's sole cost and expense; provided, however, all such signage will be subject to Landlord's approval, the sign criteria for the Project, restrictions of record and all applicable governmental requirements.
<b>Assignment/Subletting:</b>	Tenant shall have the right to Assign or Sublease the space with written permission from the Landlord, not to be unreasonably withheld. All assignment or subletting is subject to Landlords review and approval of Tenant financials.
<b>Brokers:</b>	All parties acknowledge that no other brokers than Michael Wallace and Hunt Wyche of Tri Properties   NAI Carolantic (Landlord's

Brokers) are involved in this transaction. All fees shall be paid by Landlord to Brokers by a separate Listing Agreement. **Tenant has received and reviewed the Working With Real Estate Agents (Lease) disclosure.**

**Town Permit**

Tenant shall be responsible for applying for the town zoning permit required through the Town of Youngsville. Approval is required before opening for business.

**Exhibits:**

Exhibit A- Suite Location

CC:

Phil Cordeiro – Youngsville Town Administrator  
Hunt Wyche – Tri Properties | NAI Carolantic

Kindest regards,



Michael Wallace (Broker)  
**Tri Properties | NAI Carolantic**  
**Agent for Landlord**

The information in this proposal will be incorporated and made part of the lease agreement (the "Lease"). If there is a conflict between this information and the Lease, the lease shall control.

Upon agreement of the proposed terms, both parties will affix their signatures below showing their agreement to the basic terms and conditions outlined on this proposal.

**DISCLAIMER:**

*No warranty or representation expressed or implied is made as to the accuracy of the information contained herein, and same is submitted, subject to errors, omissions, change of price, withdrawals without notice, and to any special listing conditions imposed by our principals.*

*This proposal shall expire at 5:00 p.m., **October 10, 2020** if not modified or accepted, or revoked by the principal.*

*The proposal contained herein is subject to the approval of satisfactory financial and credit information by the Landlord.*

**ACCEPTANCE OF PROPOSAL:**

*Provided the terms and conditions as outlined herein are acceptable, kindly acknowledge this by signing below and this will be forwarded to the Landlord for approval. This Letter of Intent is not binding on either party until a mutually acceptable lease agreement is negotiated and executed by all parties.*

*All parties acknowledge that they have received and understand the Working with Real Estate Agent's disclosure.*

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**Tenant**

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**Date**

**Exhibit A:**

