IOWA ALCOHOLIC BEVERAGES DIVISION ANNUAL REPORT FISCAL YEAR 2022

CONTENTS

ABOUT ALCOHOLIC BEVERAGES DIVISION

Our Mission 1
Organizational Chart 2
Key Strategic Initiatives 3
Administrator's Report 4
Iowa Alcoholic Beverages Commission 5

REGULATORY COMPLIANCE BUREAU

Bureau Performance Summary 6
Alcohol Compliance Unit 8
Audits 10
Education and Outreach of Law Enforcement Officials Unit 11
Tobacco Compliance Unit 12

ADMINISTRATIVE AFFAIRS BUREAU

Bureau Performance Summary 14
Alcohol Licensing Unit 16
Education and Outreach 18
Administrative Actions Unit 20

BUSINESS OPERATIONS BUREAU

Bureau Performance Summary 22
Revenue Earned 23
Annual Liquor Sales Comparison 24
Where the Profits Go 25
Reversion Growth 26
Beer and Wine Gallons Sold 27
Comparative Statement of Liquor Gallons Sold 28
Top 10 Product Categories 29
Top 15 Suppliers 30
Top 15 Iowa Native Distillers and Manufacturers 31
Top 50 Brands 32
Top 50 Iowa Native Brands 33
Class "E" License and SKU Growth 34
Class "E" License Growth 35
Class "E" Licenses and Sales by County 36
Top 10 Counties by Sales 37
Top 20 Customers by Sales 37

FINANCIAL MANAGEMENT

Financial Highlights 38
Overview of Financial Statements 40
Liquor Sales by Month 41
Liquor Control Trust Fund Summary 42
Reversion Analysis 43
Profit and Loss Statement 44
Net Income Statement 45
Statement of Cash Flow 46
Balance Sheet 47
Notes to Financial Statements 48

ALCOHOLIC
BEVERAGES
DIVISION
State of Iowa

OUR MISSION

TO SERVE IOWANS THROUGH RESPONSIBLE AND EFFICIENT LICENSING, REGULATION, AND DISTRIBUTION OF ALCOHOL.

OUR VISION

THE IOWA ALCOHOLIC BEVERAGES DIVISION PROVIDES CLARITY, CONSISTENCY, AND EQUITY TO ALL STAKEHOLDERS WITHIN THE ALCOHOL BEVERAGE INDUSTRY.

CORE VALUES AND FOCUS

INTEGRITY

OUR EMPLOYEES, PARTNERS, AND LICENSEES CAN COUNT ON ABD TO BE HONEST AND TRUSTWORTHY.

MISSION ORIENTED

WE WILL KEEP A CONSTANT FOCUS ON THE IOWANS OUR PROGRAMS BENEFIT.

PURPOSEFUL WORK ETHIC

WE NURTURE A CULTURE OF OUTSTANDING WORK ETHIC, TEAMWORK, AND DILIGENCE.

ACCOUNTABILITY

WE ACCEPT RESPONSIBILITY FOR OUR WORK AND HONOR OUR COMMITMENTS.

CUSTOMER SERVICE FOCUS

WE ARE COURTEOUS, RESPONSIVE, AND RESPECTFUL.

TRUSTED RESOURCE

WE ARE A RELIABLE RESOURCE FOR IOWANS.

EXECUTIVE INFORMATION

KIM REYNOLDS ..... GOVERNOR OF IOWA

ADAM GREGG ..... LIEUTENANT GOVERNOR

DIVISION ADMINISTRATION

STEPHEN LARSON ..... ADMINISTRATOR

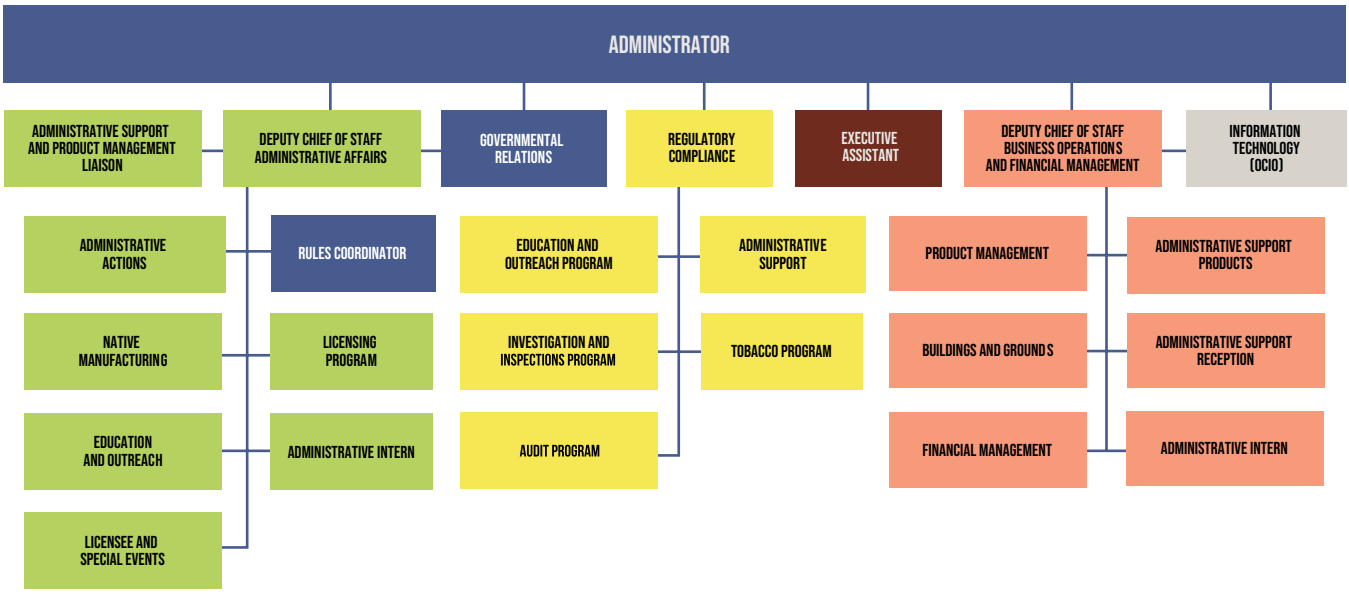
HERBERT H. SUTTON, JR. ..... BUREAU CHIEF OF OPERATIONS

DEMARIO LUTTRELL ..... BUREAU CHIEF OF REGULATORY COMPLIANCE

LOLANI LEKKAS ..... BUREAU CHIEF OF ADMINISTRATIVE AFFAIRS

LEISA BERTRAM ..... CHIEF FINANCIAL OFFICER

IOWA ALCOHOLIC BEVERAGES DIVISION ORGANIZATIONAL CHART



KEY STRATEGIC INITIATIVES

BUILDING A FUTURE-READY IOWA

- PARTNER WITH OTHER AGENCIES AND OUTSIDE STAKEHOLDERS TO SHARE RESOURCES AND INFORMATION AS A WAY TO BETTER PROVIDE SERVICES TO ALL IOWANS.
- PROVIDE INTERNSHIP OPPORTUNITIES FOR IOWA COLLEGE STUDENTS TO HELP ADVANCE THEIR KNOWLEDGE AND/OR SKILLS.

CREATING A COMPETITIVE BUSINESS ENVIRONMENT

- IDENTIFY WAYS TO STREAMLINE THE ALCOHOL LICENSING PROCESS BY COLLABORATING WITH OTHER STATE AND LOCAL LICENSING AUTHORITIES.
- REVISE TRADE PRACTICE RULES TO CREATE REGULATORY CLARITY AND BETTER SYNCHRONIZE WITH AN EVOLVING INDUSTRY AND MARKETPLACE.
- IDENTIFY WAYS TO INCREASE SERVICE TO IOWA BUSINESSES BY DEMONSTRATING ONGOING IMPROVEMENT IN THE DISTRIBUTION OF SPIRITS.
- CREATE E-COMMERCE PLATFORMS THAT ALLOW BUSINESSES AND CONSUMERS TO PLACE AND TRACK PRODUCTS ORDERED THROUGH DELIVERY.
- MODERNIZE RULES AND REGULATIONS THAT AFFECT THE ALCOHOLIC BEVERAGES INDUSTRY BY REFRESHING ABD'S REGULATORY PROGRAM AND INCREASING LICENSEE COMPLIANCE.

EMPOWERING RURAL IOWA

PROVIDE EDUCATIONAL OPPORTUNITIES FOR RURAL STAKEHOLDERS REGARDING ALCOHOL LICENSING IN MANUFACTURING, RETAILING, AND REGULATORY GOVERNANCE.

OFFERING REDEMPTION THROUGH SECOND CHANCES

ENSURE ADMINISTRATIVE ACTIONS TAKEN FOR FIRST-TIME VIOLATIONS PROPERLY FIT THE SEVERITY OF THE OFFENSE. WHEN APPROPRIATE, PROVIDE EDUCATION TO LICENSEES, ALLOWING FOR A SECOND CHANCE TO COMPLY.

"THE REPORT FOR FISCAL YEAR 2022 SUMMARIZES OUR MANY ACCOMPLISHMENTS, AS WELL AS OUR VISION, CORE VALUES, AND OBJECTIVES FOR THE FUTURE. OUR SUCCESS WOULD NOT BE POSSIBLE WITHOUT THE SUPPORT OF OUR EMPLOYEES, THE COMMISSION, AND THOSE WE SERVICE AND REGULATE."

— STEPHEN LARSON, ADMINISTRATOR

MESSAGE FROM ADMINISTRATOR STEPHEN LARSON

The Alcoholic Beverages Division (ABD) generated a significant return on investment to the citizens of Iowa in fiscal year 2022. The amount of sales and revenue generated to the State General Fund was an all-time record of $150.1 million, an increase of $284,106 over the previous fiscal year. The sales growth generated record liquor net profits of $120.6 million, which will be used to support essential state programs and services.

Another successful year was completed in the public-private partnership with Ruan Transportation Corporation, which continued to optimize the delivery of liquor and provide increased efficiency and delivery consistency for our 1,900-plus retail customers. This partnership allowed us to maintain the continued profitability of Iowa's highly successful citizen-owned liquor distribution model.

As we move forward we will be expanding upon our partnership with the Iowa Department of Revenue's GovConnectIowa program to further streamline alcohol licensing for businesses. We will also continue pursuing our strategic initiatives (outlined on page 3), which lay out a road map that will improve our operations and processes by increasing use of technology, focusing on outreach and stakeholder support, and continuing to improve the livelihood of businesses and consumers. There is much to look forward to in fiscal year 2023 as we continue to distinguish ourselves as the most successful control state operation nationwide.

This report marks the 87th year of operations for ABD and covers operational results from July 1, 2021 through June 30, 2022. It discloses all income from funds generated by beer and wine taxes, the issuance of licenses, and civil penalties. Also contained within this report is data on the number of licenses issued, administrative actions taken to correct non-compliance, and information on our regulatory compliance efforts.

The business unit of Financial Management, led by Chief Financial Officer Leisa Bertram, prepared this report. The responsibility for both the accuracy of the financial data along with the completeness and fairness of the presentation, including all disclosures, rests with the management of ABD. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial positions, results of operations and programs, and cash flows of ABD.

Sincerely,

Stephen Larson, Administrator

IOWA ALCOHOLIC BEVERAGES COMMISSION

The Iowa Alcoholic Beverages Commission is created under Iowa Code section 123.5 and is comprised of five members appointed by the Governor and subject to confirmation by the Iowa Senate. The commission acts as a public policy-making body and serves in an advisory capacity to the Administrator of the Iowa Alcoholic Beverages Division.

JAY WILSON

CHAIRPERSON

Jay Wilson began his first term on the Iowa Alcoholic Beverages Commission on May 1, 2013. He was reappointed to a second term by Governor Kim Reynolds that began May 1, 2018. Commissioner Wilson is the Group Vice President of Merchandising at Wall to Wall Wine & Spirits for Hy-Vee. He was selected as one of six Market Watch Leaders in 2009 by Market Watch magazine. He also started an online wine study program in 2006, intended for employees to increase their wine knowledge and improve performance. Once completing the online program, the employee is a Certified Hy-Vee Wine Specialist. Commissioner Wilson's current term will expire on April 30, 2023.

GARY NYSTROM

VICE CHAIRPERSON

Gary Nystrom began his first term on the Iowa Alcoholic Beverages Commission on May 1, 2014. He was reappointed to a second term by Governor Kim Reynolds that began May 1, 2019. Commissioner Nystrom was a partner in Pritchard Bros. Inc. Plumbing and Heating in Boone for over 45 years before retiring in December 2017. He also served on the Boone City Council for eight years. Commissioner Nystrom continues to be active in the community through volunteering, as well as serving on other committees and boards locally and statewide. He is a lifelong resident of Boone where he is joined by his wife, two grown children, and five grandchildren. Commissioner Nystrom's current term will expire on April 30, 2024.

RACHEL EUBANK

SECRETARY

Rachel Eubank began her first term on the Iowa Alcoholic Beverages Commission on May 1, 2015. She was reappointed to a second term by Governor Kim Reynolds that began June 1, 2020. Currently the President/Owner of Sticks, Inc., she has served as a volunteer with many organizations, including Chrysalis, the I Have a Dream Foundation, the Des Moines Art Center, Puppy Jake, PTA, and Central Presbyterian Church. She is a graduate of the University of Iowa. She is a native of Des Moines and currently resides there with her husband and three children. Commissioner Eubank's current term will expire on April 30, 2025.

JOHN PAULI

COMMISSIONER

John Pauli began his first term on the Iowa Alcoholic Beverages Commission on May 1, 2016. He was reappointed to a second term by Governor Kim Reynolds that began May 1, 2021. Commissioner Pauli is an engineer with Pella Windows Corporation in Carroll. He is a graduate of the University of Wisconsin, Platteville (Industrial Engineering) and Drake University (MBA). He is a past member and Chairman of the Carroll County Conservation Board and has served in a number of volunteer positions in the community, including serving as the coach for the local trap shooting team. Commissioner Pauli's current term will expire on April 30, 2026.

CHRISTINE SPRATT

COMMISSIONER

Christine Spratt was appointed by Governor Terry E. Branstad to the Iowa Alcoholic Beverages Commission on May 1, 2017. Commissioner Spratt is the General Manager and Vice President of Golden Eagle Distributing in Mt. Pleasant. She resides in Burlington, Iowa with her husband Kent and daughter Lainey. Commissioner Spratt's term expired on April 30, 2022.*

**Sara Winkleman, owner of S&B Farms Distillery, was appointed by Governor Kim Reynolds to the Iowa Alcoholic Beverages Commission with a term beginning May 1, 2022.*

REGULATORY COMPLIANCE BUREAU

THIS YEAR WAS ABOUT EXPANDING AND CULTIVATING OUR RELATIONSHIPS WITH STATE AND LOCAL LAW ENFORCEMENT AGENCIES. WE SHARE A COMMON GOAL OF PROTECTING THE HEALTH AND SAFETY OF IOWANS, AND THAT ONLY GETS EASIER WHEN WE ARE COHESIVELY WORKING TOGETHER."

— DEMARIO A. LUTTRELL, BUREAU CHIEF

BUREAU PERFORMANCE SUMMARY

Each of the Regulatory Compliance Bureau Units worked together to fulfill our mission of effective and efficient education and regulation of alcohol and tobacco laws in Iowa. The Bureau staff implemented a multi-faceted regulatory program that focused on results.

Education continued to be our primary emphasis in bringing licensees into compliance. Our proactive approach to the education and outreach of state and local officials yielded increased partnership in governance. We worked together with local entities to address ongoing issues pertaining to alcohol-licensed establishments in their communities.

The Regulatory Compliance Bureau is comprised of four units:

- **Alcohol Compliance**
  - Investigations
  - Inspections
  - Audits
- **Education and Outreach of Law Enforcement and Local Officials**
  - Educational Presentations
  - External Stakeholder Training
  - Strategic Planning
- **Tobacco Compliance**
  - I-PLEDGE Training and Enforcement
  - U.S. Food and Drug Administration
  - Smokefree Air Act
- **Administrative Support**

ALCOHOL COMPLIANCE UNIT

203

INVESTIGATIONS PERFORMED

FROM ALCOHOL OR SMOKEFREE AIR ACT COMPLAINTS

163

INSPECTIONS CONDUCTED

AT ALCOHOL ESTABLISHMENTS

$12,295

RECOVERED TAX OBLIGATIONS

THROUGH INVESTIGATIONS AND AUDITS CONDUCTED UNDER A PARTNERSHIP WITH IOWA DEPARTMENT OF REVENUE

TOBACCO COMPLIANCE UNIT

13,890

PERSONS TRAINED

THROUGH THE I-PLEDGE RETAILER TRAINING PROGRAM

3,001

REGULATORY DECISIONS MADE

BY THE FEDERAL FOOD & DRUG ADMINISTRATION REGARDING TOBACCO COMPLIANCE CHECK INSPECTIONS CONDUCTED ON IOWA RETAILERS

3,371

TOBACCO COMPLIANCE CHECKS PERFORMED

IN PARTNERSHIP WITH LAW ENFORCEMENT ACROSS THE STATE OF IOWA

EDUCATION AND OUTREACH OF LAW ENFORCEMENT AND LOCAL OFFICIALS UNIT

883

LAW ENFORCEMENT OFFICERS SURVEYED

601

LAW ENFORCEMENT OFFICERS RECEIVING TRAINING FROM ABD

156

LAW ENFORCEMENT AGENCIES RECEIVING PRESENTATIONS

REGULATORY COMPLIANCE BUREAU

ALCOHOL COMPLIANCE UNIT

The Alcohol Compliance Unit is responsible for the enforcement of Iowa's alcohol laws in a fair and consistent manner.

The unit established these goals:

- **To prevent the sale and delivery of alcoholic beverages to underage individuals.**
- **To prevent the sale and delivery of alcoholic beverages to intoxicated individuals.**
- **To prevent the sale of alcoholic beverages that are illegally imported or purchased from an illegal source.**
- **To prevent undisclosed ownership of licensed establishments by unauthorized individuals or entities.**
- **To provide manufacturers, wholesalers, and retailers of the alcoholic beverage industry with a fair and level playing field.**
- **To ensure proper payment of tax on alcoholic beverages.**

Pursuant to the Iowa Alcoholic Beverage Control Act (Iowa Code chapter 123), the Alcoholic Beverages Division (ABD) is responsible for the administration and enforcement of alcoholic beverage laws in the state of Iowa.

Furthermore, the law provides the legal authority for ABD to inspect and control the manufacture of beer, wine, and alcoholic liquor and regulate the entire alcoholic beverage industry in the state.

ABD serves as a supplementary aid to the Iowa Department of Public Safety in enforcement of alcoholic beverage laws.

ALCOHOL COMPLIANCE COMPLAINTS RECEIVED

In FY22, the Bureau received 221 complaints through ABD's online public complaint form, emails, and phone calls. Throughout the year, there was a relatively consistent flow of incoming complaints without any significant anomalies worth noting.

TOP 5 COMPLAINT CATEGORIES RESULTING IN INVESTIGATIONS

1. Sale or service of alcohol to an under-age person
2. Criminal activity on a licensed premise
3. Sale or service of alcohol to an intoxicated person
4. Sale or service of alcohol after legal hours of sale
5. Bootlegging

Selling or serving alcohol to an under-age person was identified as the number one complaint submitted to the Regulatory Compliance Bureau during FY22 and accounted for 60% of the complaints received.

We addressed these complaints through investigations and frequently collaborated with local law enforcement agencies.

The Alcohol Compliance Program consists of the following areas:

- **Investigations**
- **Inspections**
- **Audits**

221

COMPLAINTS RECEIVED THROUGH ABD'S ONLINE PUBLIC COMPLAINT FORM, EMAILS, AND PHONE CALLS

60%

OF COMPLAINTS RECEIVED WAS FROM SELLING OR SERVING ALCOHOL TO AN UNDER-AGE PERSON

INSPECTIONS AND INVESTIGATIONS

The objective of the Alcohol Compliance Unit is to improve alcohol compliance through voluntary compliance, complaint evaluations, and enhanced regulation, which includes inspections and investigations. Our investigative focus was centered on responding to complaints that fell under the purview of our regulatory jurisdiction. We continued to prioritize complaints that suggested a threat to public health, safety, and welfare of Iowans.

203
TOTAL INVESTIGATIONS

163
TOTAL INSPECTIONS

Inspection strategies were targeted toward special events at which alcohol service was a prominent feature. The proactive approach provided education and ensured that pre-event planning and preparation included compliance considerations rather than being reactive to issues as they occurred.

COMPLIANCE INSPECTION SPECIAL INITIATIVES

- RAGBRAI
- Iowa State Fair 2021
- Cocktails To-Go
- College Football Stadiums Serving Alcohol

PARTNERSHIP IN GOVERNANCE

The Alcohol Compliance Unit continued improving communication and collaboration with law enforcement agencies across the state. The unit's team assessed the needs of our statewide partners and identified ways to provide more assistance.

JOINT COMPLIANCE INITIATIVES

During FY22, the primary focus was partnering on joint compliance checks and joint investigations. We actively engaged in joint compliance checks with 15 local law enforcement agencies across the state. We also partnered with 10 different local law enforcement agencies, Iowa regulatory agencies, and federal agencies in joint investigations throughout the year.

REGULATORY COMPLIANCE BUREAU

AUDITS

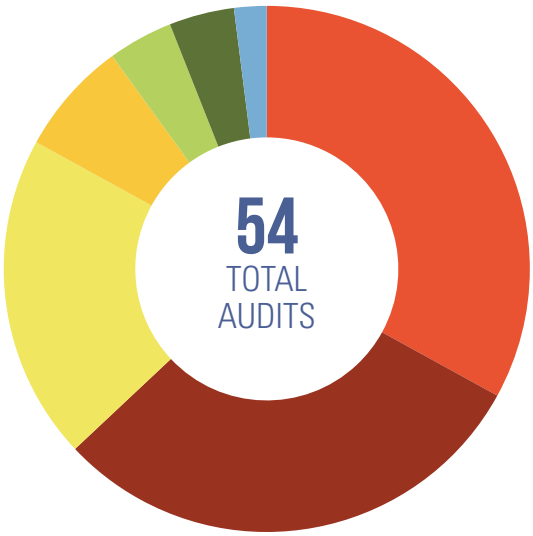
The objective of the Audit Program is to improve tax compliance through voluntary compliance and enhanced regulation.

BARREL AND WINE GALLONAGE TAX COLLECTED

In FY22, compliance officers identified and collected additional barrel and wine gallonage tax liabilities totaling $12,294.93.

AUDITS CONDUCTED

In FY22, 54 total audits were conducted. The total audits conducted are detailed by license and permit types in the chart below.



AUDIT TYPES	FY22
Class "A" Wine Permits (Native Manufacturers)	33%
Class "A" Beer Permits (Native Manufacturers)	30%
Special Class "A" Beer Permits	20%
Class "A" Native Distilled Spirits	7%
Class "A" Wine Permits (Wholesalers Only)	4%
Liquor Manufacturers	4%
Class "A" Beer Permits (Wholesalers Only)	2%

COMPLIANCE FINDINGS

Audits conducted during FY22 identified the following:

- Failure to file barrel and wine gallonage tax monthly reports
- Failure to maintain records
- Incorrect reporting of gallons produced and sold

The compliance rate for audits conducted was 76%. All audits conducted incorporated education on laws, rules, and the reporting of gallons.

AUDIT PROGRAM ACCOMPLISHMENTS

During FY22, the Program was modified to implement a three-level system:

- Level 1 – Three month's records review
- Level 2 – One year's records review
- Level 3 – More than one year's records review

The purpose for implementing the three-level system was to conduct audits more efficiently by focusing efforts on the more complex Level 2 and Level 3 audits.

The Level 1 audits allow ABD to reach more licensees and permittees in the state.

In FY22, Audit Program accomplishments also included the following:

- Increased voluntary compliance
- Enhanced external education
- Implemented an electronic case-management system
- Improved policies, processes, and documentation

REGULATORY COMPLIANCE BUREAU

EDUCATION AND OUTREACH OF LAW ENFORCEMENT & LOCAL OFFICIALS UNIT

The Education and Outreach of Law Enforcement and Local Officials Unit is responsible for ensuring law enforcement and local officials are updated on the laws and regulations of Iowa's alcoholic beverage industry.

The following unit goals were established:

- **To educate and engage local government leadership and law enforcement in addressing issues related to the Bureau's mission.**
- **To build collaborative relationships.**
- **To assess the needs of local law enforcement and determine how to provide efficient and effective assistance.**

EDUCATIONAL PRESENTATIONS AND TRAINING

In FY22, the Regulatory Compliance Bureau provided educational presentations to the Iowa Law Enforcement Academy, Iowa Department of Public Safety, and Hawkeye Community College Regional Academy. Commitments were made to add Western Iowa Tech Community College and Cedar Rapids Police Department in 2023.

The presentations encompassed general overviews covering how ABD can assist law enforcement agencies with conducting investigations and the educational opportunities available to Iowa law enforcement.

There was a noticeable increase from previous years in the number of inquiries from law enforcement agencies and local officials regarding alcohol laws. The increase in inquiries fielded by education and outreach staff were likely attributable to greater awareness of ABD as a resource for education.

DRUG ABUSE RESISTANCE EDUCATION D.A.R.E. IOWA

The Regulatory Compliance Bureau continued to partner with D.A.R.E. Iowa in September 2021 and provided direct assistance with certifying 13 law enforcement officers as new D.A.R.E. Instructors at the Midwest Counterdrug Training Center at Camp Dodge in Johnston, Iowa.

D.A.R.E. is one of the leading prevention programs taught around the world. The core D.A.R.E. elementary curriculum consists of 10 lessons that teach students to make responsible choices when confronted with alcohol and tobacco.

D.A.R.E. prides itself on having trained, certified police officers in the classroom facilitating curriculum discussions. More than 15,000 students in the state of Iowa receive the D.A.R.E. curriculum from their local D.A.R.E. Instructor.

SURVEY OF AGENCIES

ABD conducted a first-ever survey of law enforcement agencies in an effort to discover the needs of law enforcement and how ABD can help to meet those needs.

Summarized results indicated a desire from local law enforcement to participate in more alcohol-compliance checks and targeted enforcement initiatives. Survey results also indicated a desire for more training opportunities from ABD.

883
IOWA LAW ENFORCEMENT OFFICERS SURVEYED

601
LAW ENFORCEMENT OFFICERS RECEIVING TRAINING FROM ABD

156
LAW ENFORCEMENT AGENCIES RECEIVING EDUCATIONAL PRESENTATIONS

40
QUESTIONS AND INQUIRIES FROM LAW ENFORCEMENT AND LOCAL OFFICIALS

6
LAW ENFORCEMENT ACADEMY PRESENTATIONS

REGULATORY COMPLIANCE BUREAU

TOBACCO COMPLIANCE UNIT

The Tobacco Compliance Unit is responsible for the education and enforcement of Iowa's tobacco, alternative nicotine, and vapor product laws.

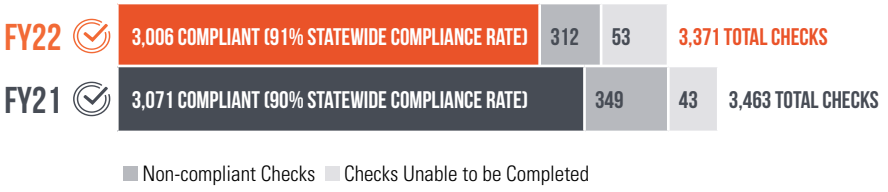
The unit established the following goal:

- **To increase voluntary compliance with Iowa's tobacco, alternative nicotine, and vapor product laws through education and enforcement.**

I-PLEDGE ENFORCEMENT PROGRAM

ABD is required by the Health and Human Services bill to collaborate with Iowa Department of Public Health for tobacco enforcement. Each fiscal year a memorandum of understanding is executed between the two departments to fund tobacco enforcement. ABD contracts with approximately 200 local law enforcement agencies across the state and the Iowa State Patrol to perform underage buy compliance checks at each tobacco retailer in the state.

I-PLEDGE ENFORCEMENT PROGRAM



3,371
TOTAL I-PLEDGE ENFORCEMENT PROGRAM COMPLIANCE CHECKS

91%
STATEWIDE I-PLEDGE ENFORCEMENT PROGRAM COMPLIANCE RATE

13,890
TOTAL PERSONS TRAINED THROUGH THE I-PLEDGE RETAILER TRAINING PROGRAM

95%
I-PLEDGE RETAILER TRAINING PROGRAM PASSING RATE

I-PLEDGE TRAINING PROGRAM

While enforcement of Iowa's tobacco, alternative nicotine, and vapor product laws is an important goal of I-PLEDGE, educating retailers and increasing awareness of changes in Iowa's tobacco, alternative nicotine, and vapor product laws is the primary focus of the program. This program allows employees and prospective employees to go through tobacco compliance training and receive a certificate upon completion. The program is offered online at no cost, and the certification lasts for two years unless a sale-to-minor violation occurs.

I-PLEDGE RETAILER TRAINING PROGRAM

SMOKEFREE AIR ACT (SFAA) ENFORCEMENT

In the spring of 2008, Iowa lawmakers passed legislation to protect employees and the general public. The Smokefree Air Act (SFAA) prohibits smoking in enclosed areas within places of employment as well as some outdoor areas. ABD conducts SFAA investigations on premises that are covered by an alcohol license.

The majority of the SFAA investigations conducted by ABD are initiated due to complaints received from the Iowa Department of Public Health.

10
SMOKEFREE AIR ACT COMPLAINTS

6
SMOKEFREE AIR ACT INVESTIGATIONS

3,001
FDA REGULATORY DECISIONS

SMOKEFREE AIR ACT (SFAA) ENFORCEMENT

SMOKEFREE AIR ACT COMPLAINTS RECEIVED FROM THE IOWA DEPARTMENT OF PUBLIC HEALTH

SMOKEFREE AIR ACT INVESTIGATIONS CONDUCTED AS A RESULT OF A COMPLAINT RECEIVED FROM THE IOWA DEPARTMENT OF PUBLIC HEALTH

U.S. FOOD AND DRUG ADMINISTRATION (FDA) COMPLIANCE PROGRAM

FDA conducts inspections of tobacco product retailers to determine a retailer's compliance with federal laws and regulations, including the Federal Food, Drug, and Cosmetic Act, as amended by the Tobacco Control Act, and the FDA's rules and regulations.

ABD has a contract with the FDA to conduct FDA-sponsored retail tobacco compliance inspections.

U.S. FOOD AND DRUG ADMINISTRATION (FDA) COMPLIANCE PROGRAM

REGULATORY DECISIONS MADE BY THE U.S. FOOD AND DRUG ADMINISTRATION REGARDING TOBACCO COMPLIANCE CHECK INSPECTIONS CONDUCTED ON TOBACCO RETAILERS IN IOWA

This information is available to the public at:
accessdata.fda.gov/scripts/oce/inspections/oce_insp_searching.cfm

ADMINISTRATIVE AFFAIRS BUREAU

"THE GOAL OF OUR BUREAU BEGINS WITH THE ISSUANCE OF LICENSES FOR THE MAKERS, MOVERS, AND SELLERS OF ALCOHOLIC BEVERAGES. ADDITIONAL FOCUS ON LICENSING AND EDUCATION FOR OUR NATIVE MANUFACTURERS AND THOSE OBTAINING SPECIAL EVENT LICENSES HAS BEEN A RECENT CHANGE IN OUR BUREAU. OUR ULTIMATE GOAL IS TO ENCOURAGE LICENSEE COMPLIANCE WITH IOWA'S ALCOHOL LAWS AND RULES TO PROTECT THE HEALTH, SAFETY, AND WELFARE OF IOWANS."

— LOLANI LEKKAS, BUREAU CHIEF

BUREAU PERFORMANCE SUMMARY

The purpose of the Administrative Affairs Bureau is to assist those engaged in the alcoholic beverage marketplace to achieve compliance with all laws and regulations related to a variety of business types. Our purpose includes proactive measures through analysis of existing laws and education to the alcoholic beverage retail, wholesale, and manufacturing industries and stakeholders. This Bureau also provides legal background and analysis when ABD governance is challenged.

Compliance and communication by the Bureau is accomplished through education and outreach initiatives focusing on the native manufacturing industry in this state, as well as special events occurring at the local level. ABD offers a variety of programs, information, and publications available to alcoholic beverage licensees and permittees, local authorities, law enforcement agencies, media, the general public, and other stakeholders.

Governance by the Bureau is accomplished through the administrative actions process which holds licensees, permittees, and certificate holders accountable when they are found in violation of Iowa's alcohol and tobacco laws.

The Administrative Affairs Bureau is responsible for assisting in the governance of the alcoholic beverage marketplace in Iowa through legal background, analysis, and education which incorporate:

- **Licensing**
- **Administrative Actions**
- **Education and Outreach**

ADMINISTRATIVE ACTIONS UNIT

The unit established the following goal:

Administrative Actions has transitioned from adversarial hearing complaints to cooperative settlement agreements and education-based corrective actions while working to ensure safe communities and a fair and level business environment across the state.

21

HEARING COMPLAINTS AND SETTLEMENT AGREEMENTS

FROM ABD INVESTIGATIONS AND INSPECTIONS

7

HEARINGS HELD

ADMINISTRATIVE APPEALS HEARINGS HELD BY ADMINISTRATIVE LAW JUDGE

$57,500

CIVIL PENALTY FUNDS

CIVIL PENALTY FUNDS FROM VIOLATIONS COLLECTED

EDUCATION AND OUTREACH

The purpose of this unit is to provide assistance to Native Manufacturers and Special Event organizers to ensure efficient and effective licensing and education to these two important groups of licensees and permittees. In addition, educational programs and information are provided to alcoholic beverage licensees and permittees, local authorities, law enforcement agencies, and other stakeholders regarding the laws and rules which govern the alcoholic beverage industry.

402

NEW AND RENEWAL APPLICATIONS ISSUED TO NATIVE MANUFACTURERS

(NUMBER INCLUDED IN TOTAL LICENSES BELOW)

1,246

SPECIAL EVENT LICENSES

(NUMBER INCLUDED IN TOTAL LICENSES BELOW)

23,508

PERSONS TRAINED

THROUGH I-PACT

LICENSING UNIT

The unit established the following goal:

The purpose of this unit is to provide streamlined, efficient processes that assist those entities engaged in the alcoholic beverage marketplace in the state.

19,725

TOTAL ALCOHOL LICENSES, PERMITS, AND CERTIFICATES ISSUED

$22,467,407

LICENSE REVENUE COLLECTED

ADMINISTRATIVE AFFAIRS BUREAU

ALCOHOL LICENSING UNIT

The Alcohol Licensing Unit is responsible for licensing the three tiers of the alcoholic beverage industry doing business in the state of Iowa.

The unit established the following goals:

- **Effectively and efficiently license all eligible alcohol establishments in partnership with local authorities.**
- **Provide outstanding customer service to those applicants engaged in the alcoholic beverages industry through the licensing process.**

The Alcohol Licensing Unit in coordination with the Education and Outreach Unit and the Native Manufacturing Unit issued 19,725 alcohol licenses, permits, and certificates in FY22. As of June 30, 2022 there were 12,211 active alcohol licenses, permits, and certificates.

Outstanding license fees related to the Governor's COVID-19 pandemic proclamations, which allowed for deferral of certain on-premises licenses and permit fees, in the amount of $718,490 remain to be collected by ABD in FY23. There was a total of $22,467,407 in license revenue collected during FY22.

ABD transitioned to a new licensing system (eLAPS) which now collects license fees upon submission of an application. Additionally, ABD is working with the Iowa Department of Revenue to create a "one stop shop" for licensing and taxation through IDR's GovConnectIowa system. The total number of licenses, permits, and certificates issued encompasses all licensed entities that do business involving alcoholic beverages in the state of Iowa.

TOTAL ALCOHOL LICENSES, PERMITS, & CERTIFICATES ACTIVE AS OF JUNE 30, 2022

TOTAL ACTIVE AS OF JUNE 30, 2022		FY22
1	Class "C" Liquor License (LC)	4,440
2	Class "E" Liquor License (LE)	1,955
3	Class "C" Beer Permit (BC)	1,380
4	Wine Direct Shipper Permit (DS)	1,142
5	Vintner's Certificate of Compliance (CV)	606
6	Special Class "C" Liquor License (BW)	540
7	Class "B" Beer Permit (BB)	521
8	Class "B" Native Wine Permit (WBN)	284
9	Distiller's Certificate of Compliance (CD)	278
10	Brewer's Certificate of Compliance (CB)	240
11	Class "B" Liquor License (LB)	151
12	Class "A" Wine Permit (Native) (WAN)	123
13	Class "A" Liquor License (LA)	120
14	Class "C" Native Wine Permit (WCN)	97
15	Class "A" Beer Permit (Native) (BAN)	95
16	Class "A" Wine Permit (WA)	48
17	Class "A" Beer Permit (BA)	43
18	Broker's Permit (SP)	36
19	Class "B" Wine Permit (WB)	30
20	Class "A" Native Distilled Spirits License (ND)	26
21	Class "D" Liquor License (LD)	22
22	Manufacturer's License (CM)	20
23	Class "C" Native Distilled Spirits Liquor License (LCN)	11
24	Wine Carrier Permit (AC)	3
25	Charity Beer, Spirits, and Wine Auction Permit (CP)	-
26	Charity Beer, Spirits, and Wine Event Permit (CE)	-
	Total	**12,211**

LICENSES, PERMITS, & CERTIFICATES ISSUED BY THE LICENSING UNIT

	12-MONTH		8-MONTH		6-MONTH		SUB-PERMITS		TOTAL	
	FY22	FY21	FY22	FY21	FY22	FY21	FY22	FY21	FY22	FY21
License/Permit/Certificate Type										
Class "A" Liquor License (LA)	141	94	1	–	–	–	–	–	142	94
Class "B" Liquor License (LB)	176	124	–	–	–	–	–	–	176	124
Class "B" Beer Permit (BB)	494	373	23	23	66	52	–	–	583	448
Class "B" Native Wine Permit (WBN)	302	257	–	–	3	1	420	489	725	747
Class "C" Liquor License (LC)	4,912	3,727	43	40	54	55	–	–	5,009	3,822
Class "C" Native Distilled Spirits Liquor License (LCN)	12	8	–	–	–	–	–	–	12	8
Class "C" Native Wine Permit (WCN)	115	82	–	–	1	–	94	64	210	146
Class "D" Liquor License (LD)	21	16	–	–	–	1	–	–	21	17
Class "E" Liquor License (LE)	2,005	1,724	–	–	–	–	–	–	2,005	1,724
Special Class "C" Liquor License (BW)	592	439	4	7	25	17	–	–	621	463
Class "C" Beer Permit (BC)	1,420	1,275	–	–	–	–	1,915	1,777	3,335	3,052
Class "B" Wine Permit (WB)	24	25	–	–	2	2	2,667	2,512	2,693	2,539
Brewer's Certificate of Compliance (CB)	255	189	–	–	–	–	–	–	255	189
Wine Direct Shipper Permit (DS)	1,283	910	–	–	–	–	–	–	1,283	910
Vintner's Certificate of Compliance (CV)	648	536	–	–	–	–	–	–	648	536
Distiller's Certificate of Compliance (CD)	306	219	–	–	–	–	–	–	306	219
Broker's Permit (SP)	43	24	–	–	–	–	–	–	43	24
Wine Carrier Permit (AC)	10	4	–	–	–	–	–	–	10	4
Total	**12,759**	**10,026**	**71**	**70**	**151**	**128**	**5,096**	**4,842**	**18,077**	**15,066**

ADMINISTRATIVE AFFAIRS BUREAU

EDUCATION AND OUTREACH

The Education and Outreach Unit uses the ABD website, a variety of social media platforms, presentations, and informative documents to implement the education and communication objectives of ABD.

IOWA PROGRAM FOR ALCOHOL COMPLIANCE TRAINING (I-PACT)

One of the most widely used programs is the Iowa Program for Alcohol Compliance Training or I-PACT. I-PACT is a free online training program designed to prevent illegal sales of alcohol by educating alcohol sellers and increasing awareness of changes in Iowa's liquor laws. The goal of I-PACT is increased voluntary compliance with Iowa's alcohol laws through education and enforcement. After successfully passing the final test, participants receive a printable certificate of completion. The certification is valid for a period of two years. However, if an individual is cited for a sale-to-minor, the certification is revoked. The training may be taken again for recertification.

In FY22, 23,508 people were trained in the responsible selling and serving of alcoholic beverages through the I-PACT program. Of those trained, 22,522 were certified, 986 failed the certification resulting in a 95% passage rate. In FY22, 10 people were decertified due to selling alcohol to a minor.

23,508
TOTAL PERSONS TRAINED THROUGH THE I-PACT RETAILER TRAINING PROGRAM

95%
OF PERSONS TRAINED THROUGH THE I-PACT RETAILER TRAINING PROGRAM PASSED

IOWA SPIRITS MAGAZINE

Iowa Spirits Magazine continued production in FY22. This publication is produced biannually, showcases the spirits environment in Iowa and features profiles, businesses, trends, food and drink recipes, ABD initiatives, and much more. Iowa Spirits Magazine is available free-of-charge to consumers at class "E" liquor-licensed establishments, Iowa Welcome Centers, and online via the ABD website. ABD distributes 30,000 copies of each issue of Iowa Spirits Magazine throughout the state.

30,000
COPIES OF IOWA SPIRITS MAGAZINE DISTRIBUTED

SPECIAL EVENTS UNIT

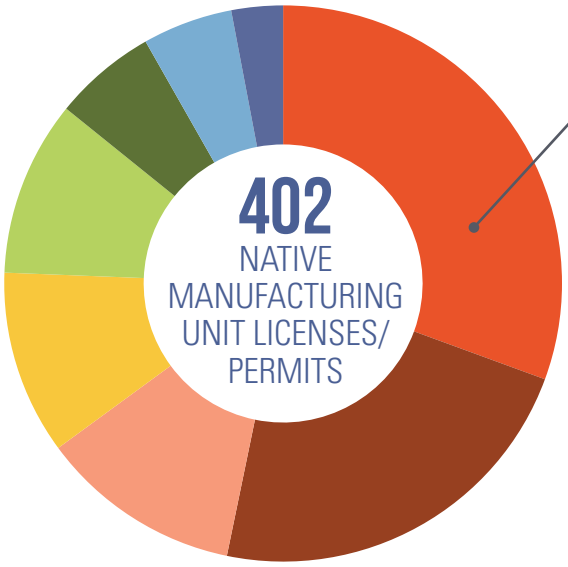
ABD developed a Special Events Unit to address the needs of short term licensees and permittees engaged in the selling and serving of alcoholic beverages at community events, fairs, and festivals. ABD believes that the needs of these license and permit types necessitates additional education, licensing attention, and timely coordination with local authorities.

SHORT-TERM LICENSES/PERMITS ISSUED BY THE SPECIAL EVENTS UNIT

	14-DAY		5-DAY		36 HOURS		TOTAL	
	FY22	FY21	FY22	FY21	FY22	FY21	FY22	FY21
License/Permit Type								
Class "A" Liquor License (LA)	–	–	4	–	–	–	4	–
Class "B" Liquor License (LB)	–	–	1	–	–	–	1	–
Class "B" Beer Permit (BB)	35	8	429	195	–	–	464	203
Class "B" Native Wine Permit (WBN)	1	–	1	1	–	–	2	1
Class "C" Liquor License (LC)	18	14	499	235	–	–	517	249
Class "C" Native Wine Permit (WCN)	1	–	6	8	–	–	7	8
Charity Beer, Spirits, and Wine Auction Permit (CP)	–	–	–	–	59	42	59	42
Charity Beer, Spirits, and Wine Event Permit (CE)	–	–	–	–	6	6	6	6
Special Class "C" Liquor License (BW)	7	3	179	62	–	–	186	65
Total	**62**	**25**	**1,119**	**501**	**65**	**48**	**1,246**	**574**

NATIVE MANUFACTURING UNIT

ABD developed a Native Manufacturing Unit to address additional education, licensing, and regulatory questions and concerns applicable to this group of stakeholders. Iowa native breweries, wineries, and distilleries are an extremely important part of the Iowa business landscape and ABD wants to do what we can to ensure their success and compliance with complicated state and federal regulation, as well as disjointed beer and wine taxation.



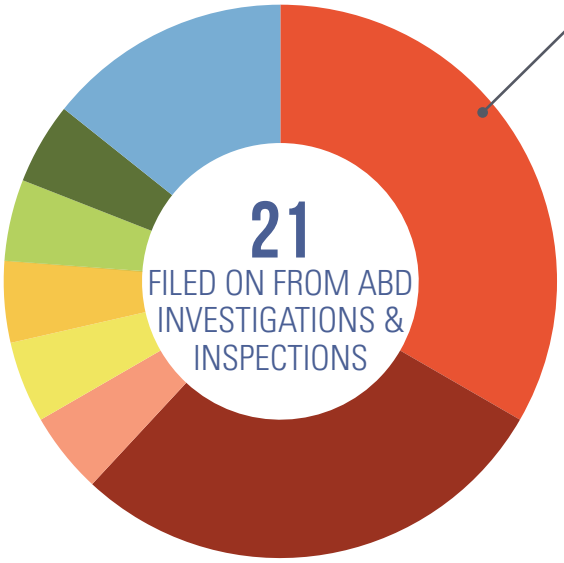
LICENSES/PERMITS ISSUED BY THE NATIVE MANUFACTURING UNIT	FY22
Native Wineries - Class "A" Wine Permit (WAN)	123
Native Beer Manufacturers - Class "A" Beer Permit (BAN)	91
Wine Wholesalers - Class "A" Wine Permit (WA)	47
Brewpub - Class "C" Liquor License (LC) with a Special Class "A" Beer Permit Sub-Permit	43
Beer Wholesalers - Class "A" Beer Permit (BA)	41
Native Distilleries - Class "A" Native Distilled Spirits License (ND)	24
Liquor Manufacturer's License (CM)	21
Brewpub - Class "B" Beer Permit (BB) with a Special Class "A" Beer Permit Sub-Permit	12
Total	**402**

ADMINISTRATIVE AFFAIRS BUREAU

ADMINISTRATIVE ACTIONS UNIT

The Administrative Actions Unit is responsible for ABD's prosecution of administrative violations of Iowa's alcohol and tobacco laws. Administrative Actions has transitioned from adversarial hearing complaints to cooperative settlement agreements and education based corrective actions while working to ensure safe communities and a fair and level business environment across the state.

HEARING COMPLAINTS, SETTLEMENT AGREEMENTS, AND CONSENT ORDERS



ABD INVESTIGATIONS / INSPECTIONS	FY22	FY21
Smokefree Air Act	7	7
Bootlegging	6	5
Illegal Activity	1	3
Illegal Credit	1	2
Gambling	1	1
Good Financial Standing/ Dram Cancellations	1	–
Good Financial Standing/ Non-compliance for Payment of Taxes	1	–
After Hours	3	–
Refilling Bottles	–	1
Total ABD Investigations/ Inspections Filed	**21**	**19**

SALES TO MINORS, REFERRED BY LAW ENFORCEMENT

INVESTIGATIONS REFERRED BY LAW ENFORCEMENT	FY22	FY21
1st Sale of Alcohol to Minor	46	52
2nd Sale of Alcohol to Minor	19	–
I-PACT Affirmative Defense Used	8	2
3rd Sale of Alcohol to Minor	2	3
Total Referred Investigations	**75**	**57**

SUSPENSIONS

	FY22	FY21
Dram Summary Suspensions	6	13
Iowa Department of Revenue Suspensions	1	10
Iowa Department of Revenue Intents	5	28
Total	**12**	**51**

VIOLATIONS/CRIMINAL HISTORY - NEW APPLICATIONS

	FY22	FY21
Misrepresentation on Application	–	4
Total	**–**	**4**

RENEWAL APPLICATIONS DENIED BY ABD

	FY22	FY21
Inactive with the SOS	223	12
Personal Taxes Owed	5	1
Good Moral Character	1	6
Total	**229**	**19**

ADMINISTRATIVE APPEALS HEARINGS HELD BY ADMINISTRATIVE LAW JUDGE

	FY22	FY21
Local Authority Cases	5	6
ABD Cases	2	8
Total	**7**	**14**

CIVIL PENALTY FUNDS COLLECTED

	FY22	FY21
Civil Penalties from Violations	$57,500	$64,000
Total	**$57,500**	**$64,000**

BUSINESS OPERATIONS BUREAU

"FISCAL YEAR 2022 USHERED IN ANOTHER CHALLENGING YEAR WITH THE CONTINUATION OF SUPPLY CHAIN OBSTACLES, A TIGHT LABOR MARKET, AND INCREASED DELIVERY OUTLETS FOR ABD AND ITS DISTRIBUTION PARTNER RUAN TRANSPORTATION. WORKING TOGETHER AS A PUBLIC/PRIVATE PARTNERSHIP ENABLED ABD TO CONTINUE SUPPORTING BUSINESS AS THEY HAVE COME TO EXPECT UNINTERRUPTED SERVICE."

—HERBERT H. SUTTON JR., DEPUTY CHIEF OF STAFF, BUSINESS OPERATIONS AND FINANCIAL MANAGEMENT

BUREAU PERFORMANCE SUMMARY

Each unit played a critical role in executing the public policy mission of protecting the health, safety, and welfare of the citizens of Iowa (Iowa Code section 123.1).

During FY22, class "E" store growth continued to increase at a steady pace from 1,840 to 1,927 retail outlets. Ruan, our warehousing and transportation partner, continued to complete the "last mile" for deliveries as expected in light of a challenging labor market.

More outlets translated to more orders processed, moving from 94,514 to 112,034. Additionally, ABD's product portfolio increased by 16.7% with 395 new products, moving from 2,367 to 2,762 for this period. This increase resulted in the largest product portfolio offered by ABD in its history.

With the ongoing supply chain issues, it was critical for ABD to maintain a more diverse selection of products allowing substitutions to be readily available to the marketplace.

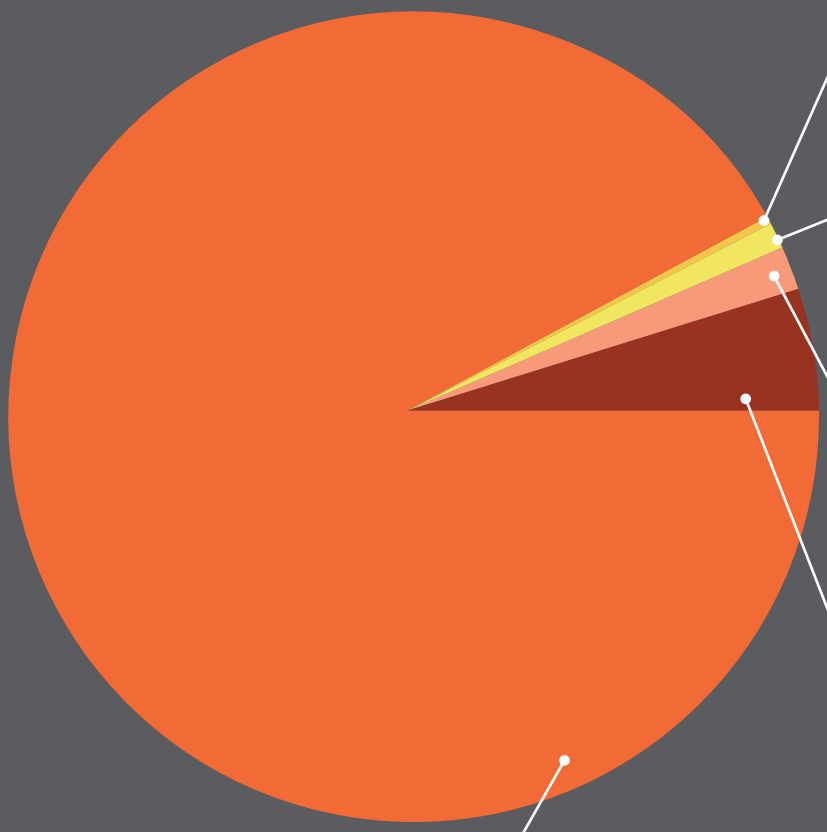
The Business Operations Bureau continues to look for ways to improve the distribution of spirits by integrating data analytics, best practices, collaboration with its partner, and other forward-thinking solutions, as well as providing Iowa businesses with the customer service, selection, and expertise they rely on.

The Business Operations Bureau is responsible for all day-to-day functions, which incorporate:

- **Accounting**
- **Data Analytics**
- **Product Management**
- **Capital Improvements**
- **Contract Management and Oversight**

$468,404,346

TOTAL REVENUE EARNED



$1,568,152

SPLIT CASE REVENUE

The Split Case fee is applied when alcoholic liquor is sold to a retailer as a single bottle. The split case fee is $0.50 per bottle. This fee is applied to offset the cost of splitting, picking, and shipping single bottles.

$4,744,833

BOTTLE DEPOSIT / SURCHARGE

Pursuant to Iowa Code section 455C.2 and Iowa Code section 123.24, ABD charges a bottle deposit and surcharge included in the wholesale purchase price. The charge assessed by ABD is $0.09 per unit sold and includes the $0.05 bottle deposit.

$8,112,188

WINE TAX

All wine sold at wholesale in the state, as well as wine directly shipped to consumers within Iowa, is assessed a tax at the rate of $1.75 per gallon.

$22,552,972

LICENSE FEES

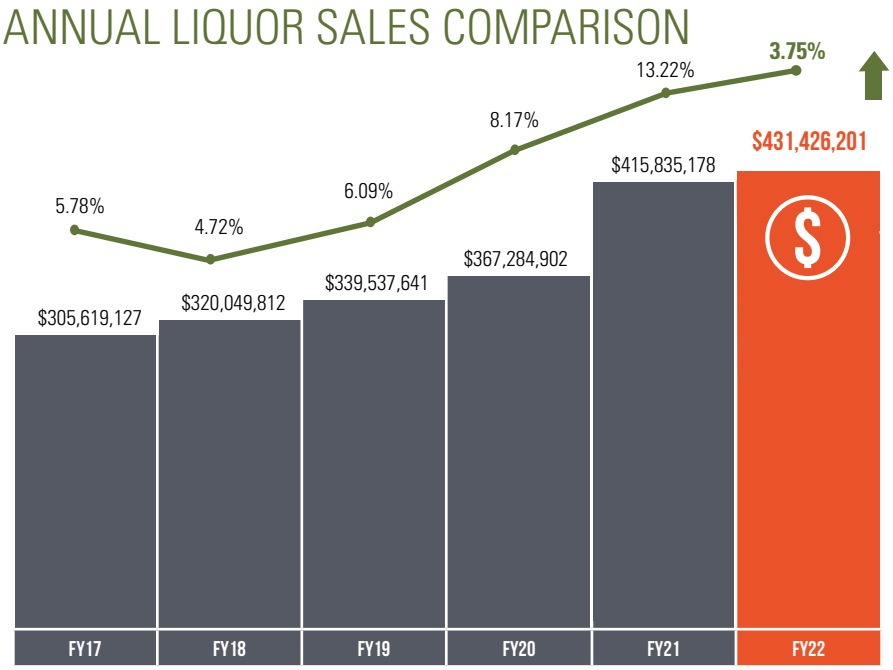
Fees collected are for the licenses, permits, and certificates required for the manufacture, importation, and sale of liquor, beer, and wine in and to the state of Iowa. During FY21, this fee was deferred for certain license types by a proclamation set forth by the Governor in response to the COVID-19 pandemic. A small portion of the deferred fees were collected in FY22, causing an increase to these revenues.

$431,426,201

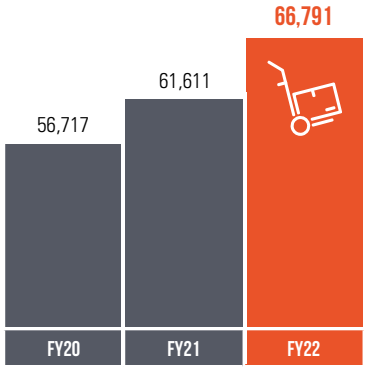
LIQUOR SALES

ABD is the sole wholesaler of alcoholic liquor sold in Iowa and delivers products to over 1,927 off-premise retail locations across the state. Iowa Code 123.24 requires ABD to markup the price of products sold at wholesale by up to 50 percent.

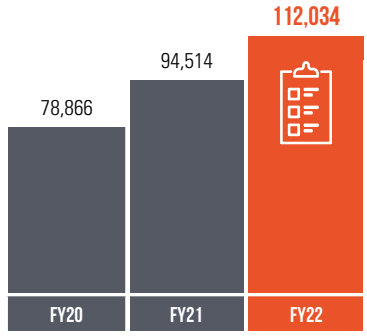
ANNUAL LIQUOR SALES COMPARISON



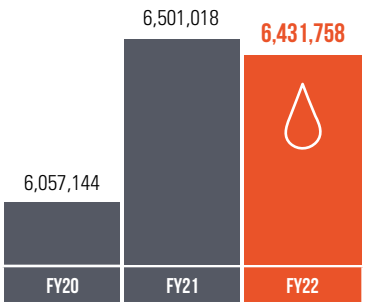
ANNUAL DELIVERY COMPARISON



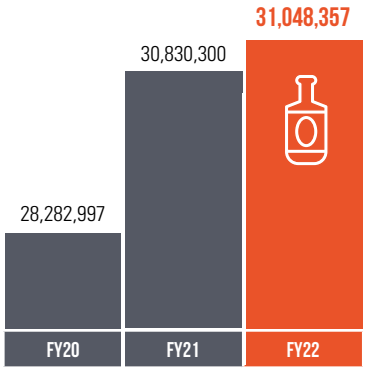
DELIVERIES



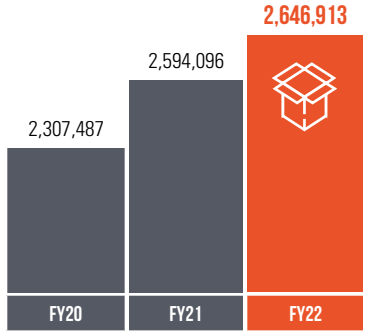
ORDERS



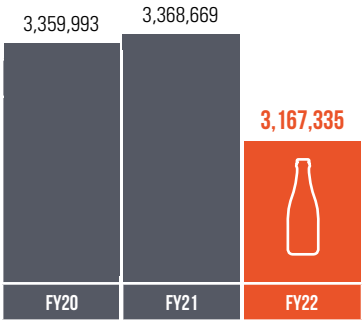
GALLONS



BOTTLES



CASES



SPLITS

BUSINESS OPERATIONS BUREAU

WHERE THE PROFITS GO

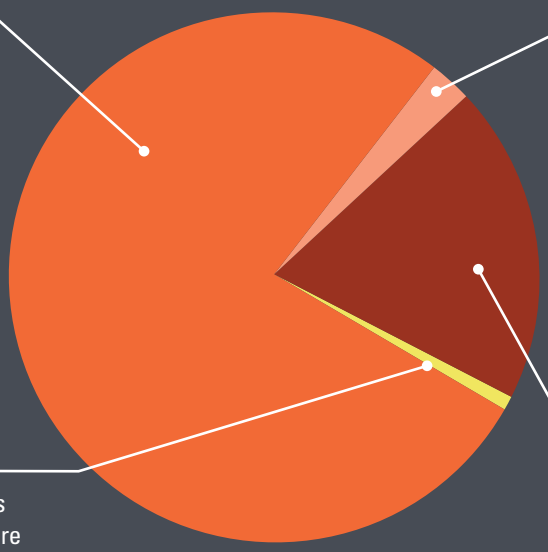
REVENUES TRANSFERRED

$118,800,000
STATE OF IOWA GENERAL FUND REVERSION

Payments made to the State General Fund come from several sources within ABD, with the main resources being liquor sales and license revenues. The funds are appropriated by the legislature to different departments and programs throughout the state.

$4,038,908
STATE AID TO CITIES AND COUNTIES

The amount of revenue collected from license/permit fees remitted back to the local authorities (cities and counties) who are directly involved in the approvals of license/permits within their jurisdictions.



$914,666
IOWA DEPARTMENT OF PUBLIC HEALTH SUNDAY SALES

Iowa Department of Public Health receives Sunday Sales license fees, of which 50% are to be earmarked for grants to counties for operating substance abuse programs involving education, prevention, referral, or post-treatment services.

$30,309,617
IOWA DEPARTMENT OF PUBLIC HEALTH SUBSTANCE ABUSE

ABD transfers 7% of gross sales of alcoholic liquor to the State General Fund for specific appropriation to the Iowa Department of Public Health for the administration of substance abuse and prevention education programs.

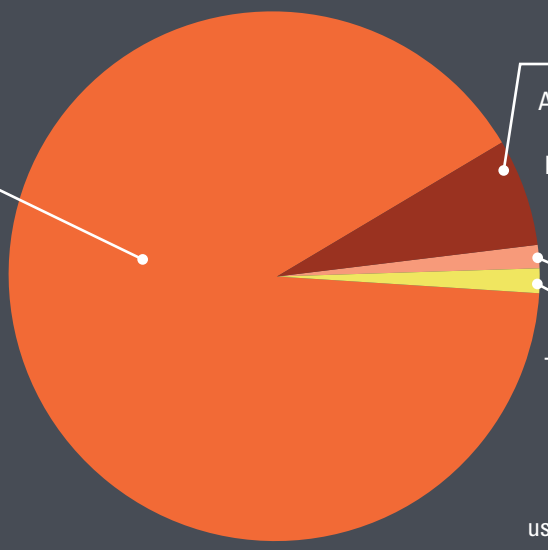
REVENUES PROCESSED

$13,660,146
STATE OF IOWA GENERAL FUND BEER TAX

All beer sold at wholesale in the state of Iowa is assessed a tax at the rate of $0.19 per gallon. Beer tax is processed and deposited into the State General Fund to be appropriated by the legislature to different departments and programs throughout the state.

$1,000,000
NATIVE MANUFACTURER PROMOTION

ABD transfers quarterly $250,000 of gross sales of alcoholic liquor to the Iowa Economic Development Authority for the purpose of supplementing the funding of the Wine and Beer Promotion Board.



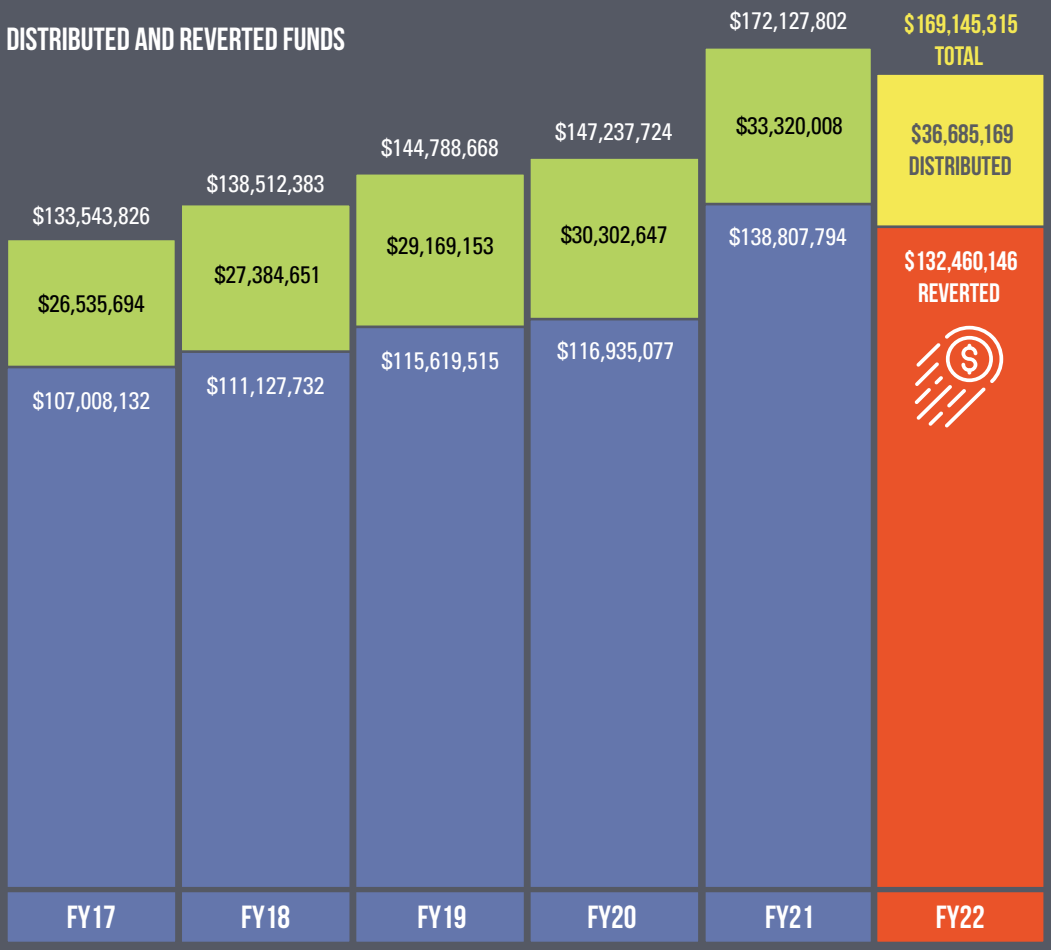
$198,526 NATIVE BEER TAX
$223,452 NATIVE WINE TAX

Tax revenues collected from Iowa native wine producers and native breweries are directed to the Iowa Economic Development Authority's Wine and Beer Promotion Board. Funds collected are used for research and development within the native wine and beer industries.

$421,978 TOTAL NATIVE TAX COLLECTED

REVERSION GROWTH

DISTRIBUTED AND REVERTED FUNDS



TOTAL FUNDS DISTRIBUTED

This total refers to the total amounts of all funds sent to all recipients, including the Iowa Economic Development Authority, Iowa Department of Public Health, and the local authorities.

TOTAL FUNDS REVERTED*

This is the total amount of revenues transferred to the State General Fund for appropriation by the legislature. This total is the combination of the liquor sales profits and the beer tax revenues.

**Reverted funds decreased in FY22 due to increases in reversion transfers to IDPH for Substance Abuse and IEDA for Native Manufacturer Promotion as well as a decrease in beer tax collections relating to previous year's deferred revenues.*

BEER AND WINE

GALLONS SOLD

	FY22	FY21	INCREASE/ DECREASE
Beer	71,895,505	95,830,495	-24.98%
Native Beer	1,044,874	1,149,910	-9.13%
Total Beer Gallons*	**72,940,379**	**96,980,405**	**-24.79%**
Wine	4,635,536	6,290,353	-26.31%
Native Wine	127,687	167,436	-23.74%
Total Wine Gallons*	**4,763,223**	**6,457,789**	**-26.24%**

TAXES PROCESSED

	FY22	FY21	INCREASE/ DECREASE
Taxes Processed**			
Beer Tax	$13,660,146	$18,207,794	-24.98%
Native Beer Tax	$198,526	$218,483	-9.13%
Wine Tax	$8,112,188	$11,008,117	-26.31%
Native Wine Tax	$223,452	$293,013	-23.74%
Total Taxes Processed	**$22,194,312**	**$29,727,407**	**-25.34%**

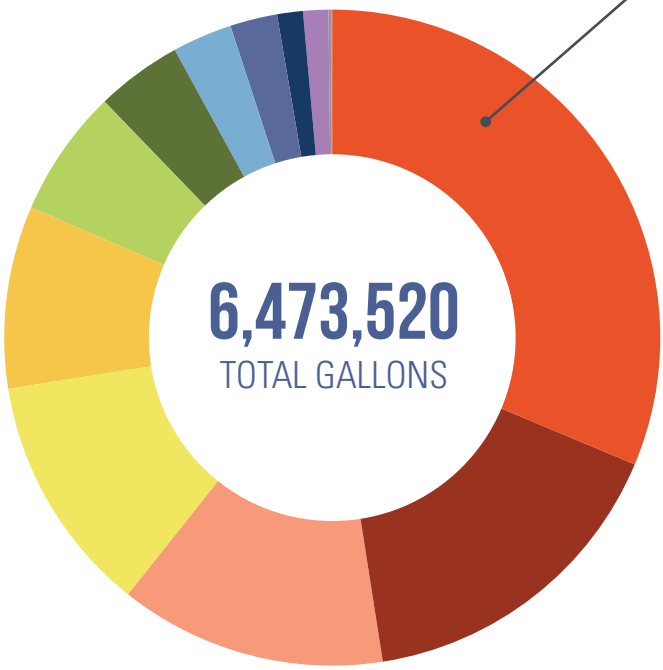
LICENSING REVENUE

	FY22	FY21	INCREASE/ DECREASE
Licensing Revenue**			
Liquor Permits	$20,785,806	$17,847,369	16.46%
Wine Permits	$63,982	$57,950	10.41%
Beer Permits	$1,462,169	$1,086,855	34.53%
Special Licenses***	$11,225	$5,575	101.35%
Certificates of Compliance****	$144,225	$107,654	33.97%
Total License Revenue***	**$22,467,407**	**$19,105,403**	**17.60%**

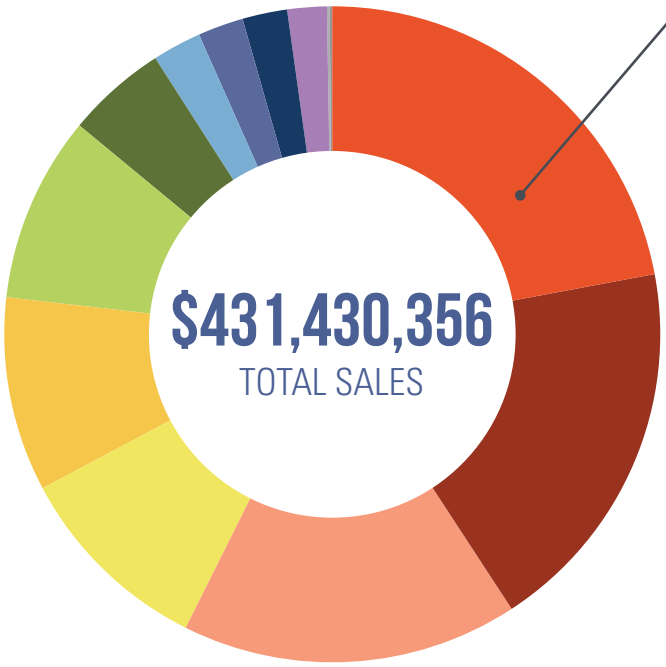
**Total gallons is calculated by the tax collected. FY21 gallons were impacted by the Governor's Proclamation that allowed deferment of tax reporting and collection. This led to an increase in reported gallons for FY21.*
***Tax and license revenue was partially deferred for FY20 and collected in FY21 due to the Governor's Proclamation for COVID-19. This deferred collection led to an increase in revenues for FY21 for taxes and an increase in FY22 for licenses.*
****Charity Auction Permits, Broker's Permits, and Alcohol Carrier Licenses.*
*****Brewer's Certificate of Compliance, Distiller's Certificate of Compliance.*
****** Total license revenue does not include the additional fees of $85,565 associated.*

LIQUOR

COMPARATIVE STATEMENT OF GALLONS SOLD



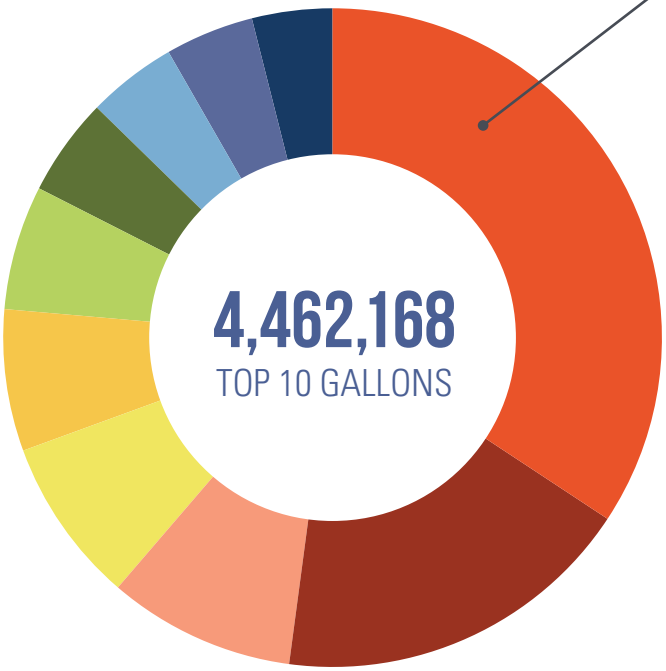
DISTILLED SPIRITS BY GALLONS	FY22	FY21
Vodka	2,027,164	2,024,666
Canadian Whiskey	1,049,873	1,084,204
Domestic Whiskey	851,920	858,462
Rum	764,506	748,980
Cordials	581,727	572,329
Tequila	407,648	363,556
Cocktails	274,668	310,498
Brandy/Cognac	190,777	212,564
Gin	150,772	151,149
Scotch	82,190	83,891
Irish Whiskey	80,492	78,916
Neutral Grain Spirit	9,020	9,966
Other Imported Whiskey	2,395	1,801
Cachaca	368	313
Total Gallons*	**6,473,520**	**6,501,295**



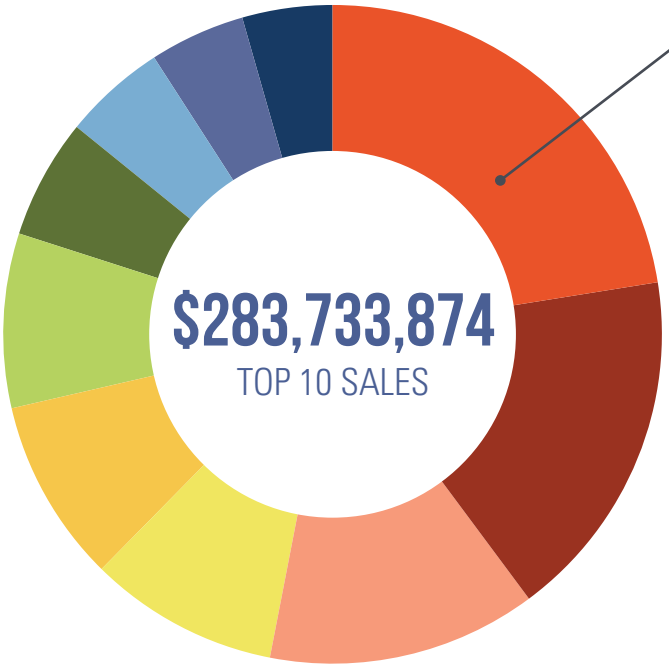
DISTILLED SPIRITS BY SALES	FY22	FY21
Vodka	$95,166,464	$93,847,823
Domestic Whiskey	$80,796,355	$76,270,397
Canadian Whiskey	$71,565,596	$70,971,425
Rum	$42,506,847	$40,864,656
Cordials	$41,327,110	$39,051,214
Tequila	$39,615,399	$32,822,682
Brandy/Cognac	$21,314,381	$23,230,653
Scotch	$10,409,608	$10,455,523
Gin	$9,701,838	$9,360,900
Irish Whiskey	$9,520,174	$9,184,855
Cocktails	$8,388,787	$8,821,367
Neutral Grain Spirit	$588,523	$592,579
Other Imported Whiskey	$494,191	$336,747
Cachaca	$35,083	$30,353
Total Sales*	**$431,430,356**	**$415,841,174**

**Total gallons and sales number is adjusted from the total gallons and liquor revenue due to the timing of returns and adjustments.*

TOP 10 PRODUCT CATEGORIES

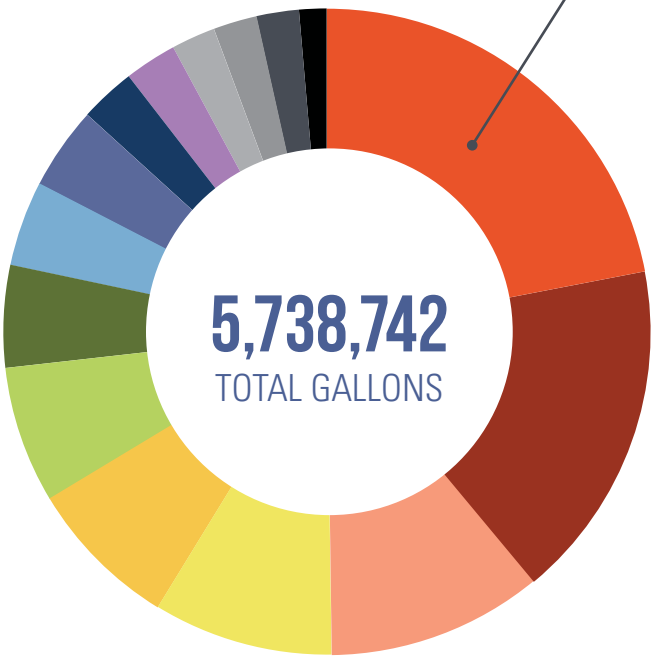


	TOP CATEGORIES BY GALLONS	FY22	FY21
1	American Vodka	1,529,333	1,481,161
2	Canadian Whiskies	795,693	836,847
3	Spiced Rum	410,049	392,235
4	Straight Bourbon Whiskies	362,894	358,974
5	Whiskey Liqueur	310,303	304,198
6	Cocktails/RTD	272,453	308,240
7	Blended Whiskies	214,973	231,915
8	Imported Vodkas	196,293	224,332
9	American Flavored Vodka	194,298	210,636
10	100% Agave Tequila	175,879	147,359
	Total Gallons	**4,462,168**	**4,495,897**

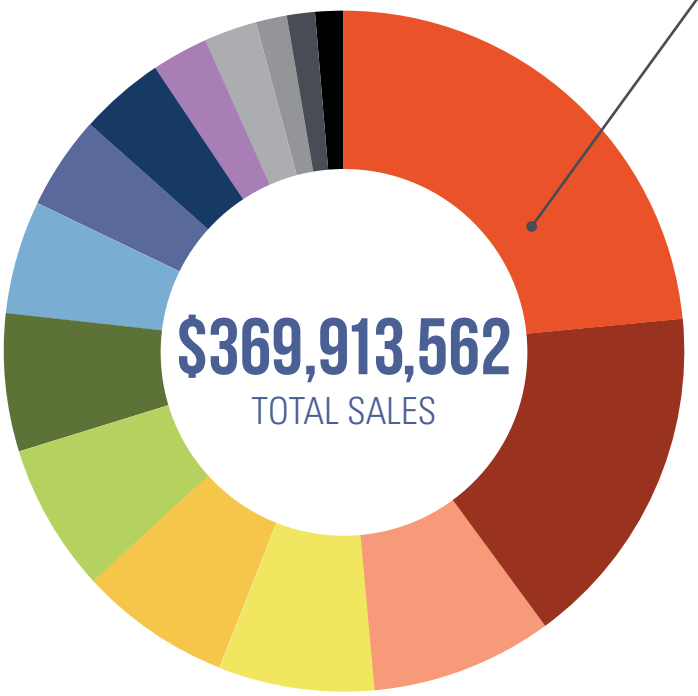


	TOP CATEGORIES BY SALES	FY22	FY21
1	American Vodka	$63,757,489	$59,385,869
2	Canadian Whiskies	$49,251,890	$50,047,226
3	Straight Bourbon Whiskies	$37,507,876	$34,246,680
4	100% Agave Tequila	$26,454,942	$20,974,396
5	Whiskey Liqueur	$25,590,469	$24,345,644
6	Spiced Rum	$24,291,834	$23,014,973
7	Tennessee Whiskies	$16,695,206	$16,742,606
8	Imported Brandies	$14,325,561	$16,956,584
9	Imported Vodkas	$13,312,466	$14,992,856
10	Blended Whiskies	$12,546,141	$12,657,992
	Total Sales	**$283,733,874**	**$273,364,826**

TOP 15 SUPPLIERS

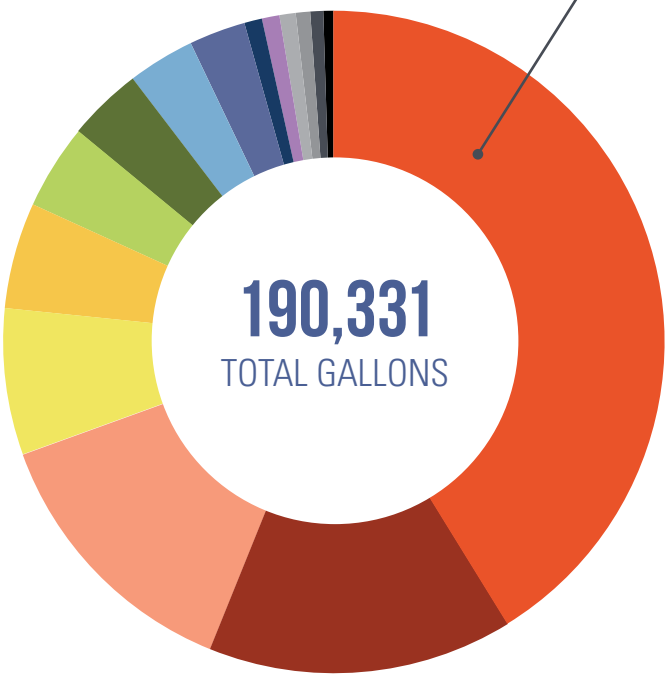


	TOP SUPPLIERS BY GALLONS	FY22
1	Sazerac Company Inc.	1,260,564
2	Diageo Americas	974,803
3	Heaven Hill Brands	621,639
4	Luxco Inc.	514,463
5	Jim Beam Brands	437,050
6	Fifth Generation Inc.	393,283
7	Pernod Ricard USA	292,752
8	Proximo Spirits	245,060
9	Bacardi USA Inc.	238,089
10	Brown Forman Corp.	159,372
11	E & J Gallo Winery	149,791
12	McCormick Distilling Co.	125,928
13	Laird & Company	125,466
14	Phillips Beverage	122,062
15	Blue Ox Spirits, Inc.	78,420
	Total	**5,738,742**

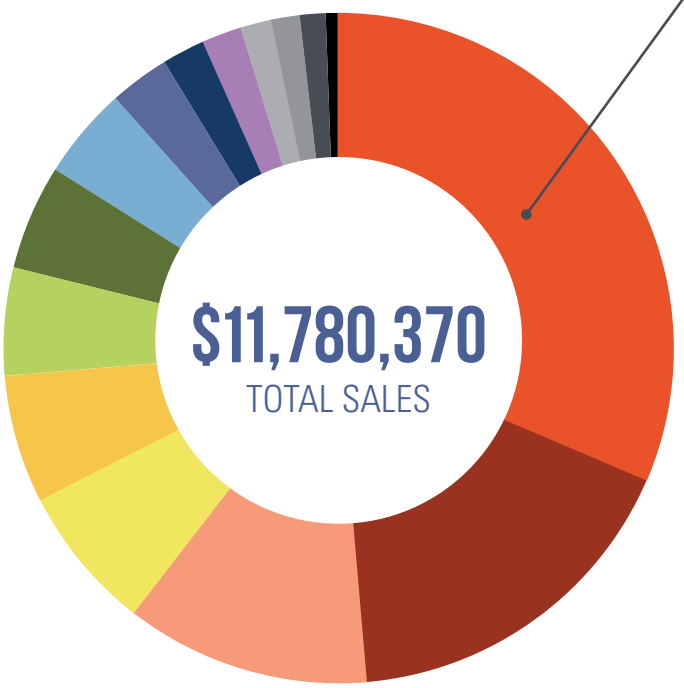


	TOP SUPPLIERS BY SALES	FY22
1	Diageo Americas	$86,837,089
2	Sazerac Company Inc.	$60,821,177
3	Jim Beam Brands	$31,960,077
4	Fifth Generation Inc.	$27,421,140
5	Heaven Hill Brands	$26,625,691
6	Pernod Ricard USA	$26,082,943
7	Bacardi USA Inc.	$24,183,755
8	Brown Forman Corp.	$19,886,961
9	Luxco Inc.	$16,410,729
10	Proximo Spirits	$14,934,416
11	E & J Gallo Winery	$10,025,291
12	Moet Hennessy USA	$9,327,903
13	Remy Cointreau USA Inc.	$5,483,899
14	Mast-Jagermeister US, Inc.	$4,973,939
15	Phillips Beverage	$4,938,552
	Total	**$369,913,562**

TOP 15 IOWA NATIVE DISTILLERS AND MANUFACTURERS



	TOP SUPPLIERS BY GALLONS	FY22
1	Blue Ox Spirits, Inc.	78,420
2	Dehner Distillery	28,382
3	Cedar Ridge Vineyards	25,434
4	Mississippi River Distilling	13,597
5	Iowa Distilling, Dunkel Corporation	9,872
6	Swell Liquor, LLC	7,924
7	Revelton Distilling Company	6,956
8	Foundry Distilling Company, LLC	6,238
9	S&B Farms Distillery	5,249
10	American Heritage Distillers, LLC/ Century Farms Distillery	1,648
11	Lonely Oak Distillery	1,637
12	John Ernest Distillery, Inc.	1,507
13	Midwest Liquor Company	1,336
14	Cats Eye Distillery	1,201
15	Bad Bear Enterprises LLC/ Legendary Rye	930
	Total Gallons	**190,331**



	TOP SUPPLIERS BY SALES	FY22
1	Cedar Ridge Vineyards	$3,700,658
2	Blue Ox Spirits, Inc.	$2,028,171
3	Mississippi River Distilling	$1,395,785
4	Revelton Distilling Company	$827,237
5	Iowa Distilling, Dunkel Corporation	$728,430
6	Dehner Distillery	$611,260
7	Foundry Distilling Company, LLC	$596,404
8	S&B Farms Distillery	$523,589
9	Swell Liquor, LLC	$341,524
10	Lonely Oak Distillery	$242,441
11	Cats Eye Distillery	$228,654
12	Templeton Distilling LLC	$175,620
13	American Heritage Distillers, LLC/ Century Farms Distillery	$165,080
14	Bad Bear Enterprises LLC/ Legendary Rye	$146,959
15	Green Frog Distillery, LLC	$68,558
	Total	**$11,780,370**

TOP 50 BRANDS

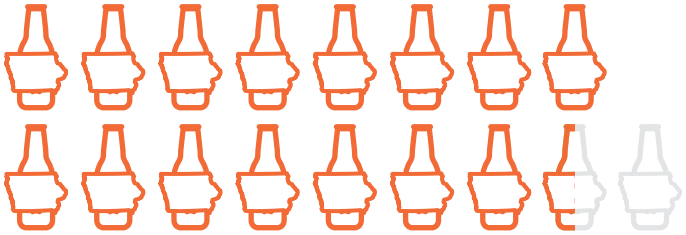
	BRAND RANKED BY GALLONS SOLD	FY22
1	Titos Handmade Vodka	393,280
2	Black Velvet Canadian Whiskey	353,791
3	Captain Morgan Original Spiced Rum	282,826
4	Fireball Cinnamon Whiskey	270,519
5	Hawkeye Vodka	195,804
6	McCormick Vodka	111,822
7	Smirnoff Vodka	102,212
8	Jack Daniels Old #7 Black Label Whiskey	96,090
9	Crown Royal Canadian Whiskey	95,136
10	Crown Royal Regal Apple Canadian Whiskey	83,578
11	Five O'Clock Vodka	77,477
12	Bacardi Superior Rum	76,173
13	Blue Ox Vodka	72,293
14	Malibu Coconut Rum	71,922
15	Jim Beam Bourbon Whiskey	68,278
16	Admiral Nelson Spiced Rum	68,262
17	Barton Vodka	66,546
18	Seagram's 7 Crown Whiskey	61,319
19	Jameson Whiskey	58,513
20	Jose Cuervo Especial Reposado Tequila	54,488
21	Juarez Gold Tequila	54,151
22	Fris Danish Vodka	54,021
23	Platinum 7x Vodka	54,000
24	Barton Naturals Vodka	50,887
25	Absolut Swedish Vodka 80prf	50,209

	BRAND RANKED BY GALLONS SOLD	FY22
26	Svedka Vodka	44,395
27	Kirkland Signature American Vodka	44,062
28	Dr McGillicuddys Cherry Schnapps	43,153
29	Hennessy VS Imported Brandy	42,543
30	Five Star American Whiskey	42,360
31	Nikolai Vodka	42,160
32	Black Velvet Toasted Caramel Canadian Whiskey	40,104
33	Paramount White Rum	36,623
34	Jägermeister Liqueur	36,482
35	Phillips Vodka	35,178
36	Jose Cuervo Authentic Lime Margarita	34,964
37	Members Mark Vodka	34,222
38	Patron Silver	33,261
39	New Amsterdam Vodka	32,790
40	Tortilla Gold	31,818
41	Southern Comfort Liqueur	30,668
42	Windsor Canadian	30,536
43	Grey Goose Vodka	29,830
44	Canadian Ltd Whisky	29,246
45	Makers Mark Bourbon Whiskey	27,312
46	UV Blue Raspberry	26,696
47	Dekuyper Luscious Peachtree	26,586
48	Kessler Blend Whiskey	26,560
49	Ten High	26,441
50	Jose Cuervo Especial Silver	26,208
	Top 50 Gallons Sold	**3,777,795**
	All Gallons Sold	**6,431,758**

TOP 50 NATIVE IOWA BRANDS, NATIVE DISTILLERS, AND MANUFACTURERS

	BRAND RANKED BY GALLONS SOLD	FY22
1	Blue Ox Vodka	72,293
2	Gotcha Vodka	21,681
3	Cedar Ridge Bourbon	15,478
4	Swell Vodka	7,924
5	Prairie Fire	4,452
6	Gotcha Silver Rum	3,474
7	Sir Winston Peach	3,324
8	Iowish Cream Salted Caramel	2,971
9	Saints N Sinners Apple Pie	2,953
10	Blue Ox Silver Rum	2,838
11	Iowish Cream Liqueur	2,474
12	Revelton Mulberry Gin	2,124
13	Revelton Whiskey and Cream Liqueur	1,960
14	Blue Ox Gin	1,956
15	Gotcha Blended Whiskey	1,597
16	Cody Road Barrel Old Fashioned	1,511
17	Butchers Block Vodka	1,479
18	Slipknot Iowa Whiskey No. 9	1,395
19	Revelton Honey Whiskey	1,382
20	State Vodka	1,336
21	Cody Road Bourbon	1,239
22	Don Agave Gold	1,211
23	Bagger Vodka	1,105
24	Foundry Vodka	1,026
25	Foundry Whiskey Custom	978

	BRAND RANKED BY GALLONS SOLD	FY22
26	Gotcha Gin	965
27	Cedar Ridge Quintessential American Single Malt	957
28	River Pilot Vodka	929
29	Swell Zone Vodka	868
30	Rocket Fuel	865
31	Blue Ox American Spirit Whiskey	821
32	Private First Class	819
33	Cedar Ridge Malted Rye	762
34	Cody Road Peach	753
35	The Real Stuff	746
36	Slipknot Limited Edition Anniversary Iowa Label Whiskey	679
37	Sir Winston Apple	671
38	Cedar Ridge Bottled in Bond Rye Whiskey	632
39	Templeton Rye 6YR Special Reserve	612
40	Ingenioz Vodka	539
41	Cedar Ridge Barrel Proof Bourbon	511
42	Cody Road Honey	475
43	Revelton Honey Vodka	467
44	Cody Road Rye	456
45	Iowa Distilling Company Straight Bourbon Whiskey	440
46	Revelton American Gin	440
47	Steeple Ridge Bourbon	428
48	Cedar Ridge Bottled in Bond Bourbon	400
49	Cedar Ridge Shorts Whiskey	396
50	Mullets Vodka	390
	Top 50 Iowa Gallons Sold	**176,182**
	All Iowa Gallons Sold	**195,179**



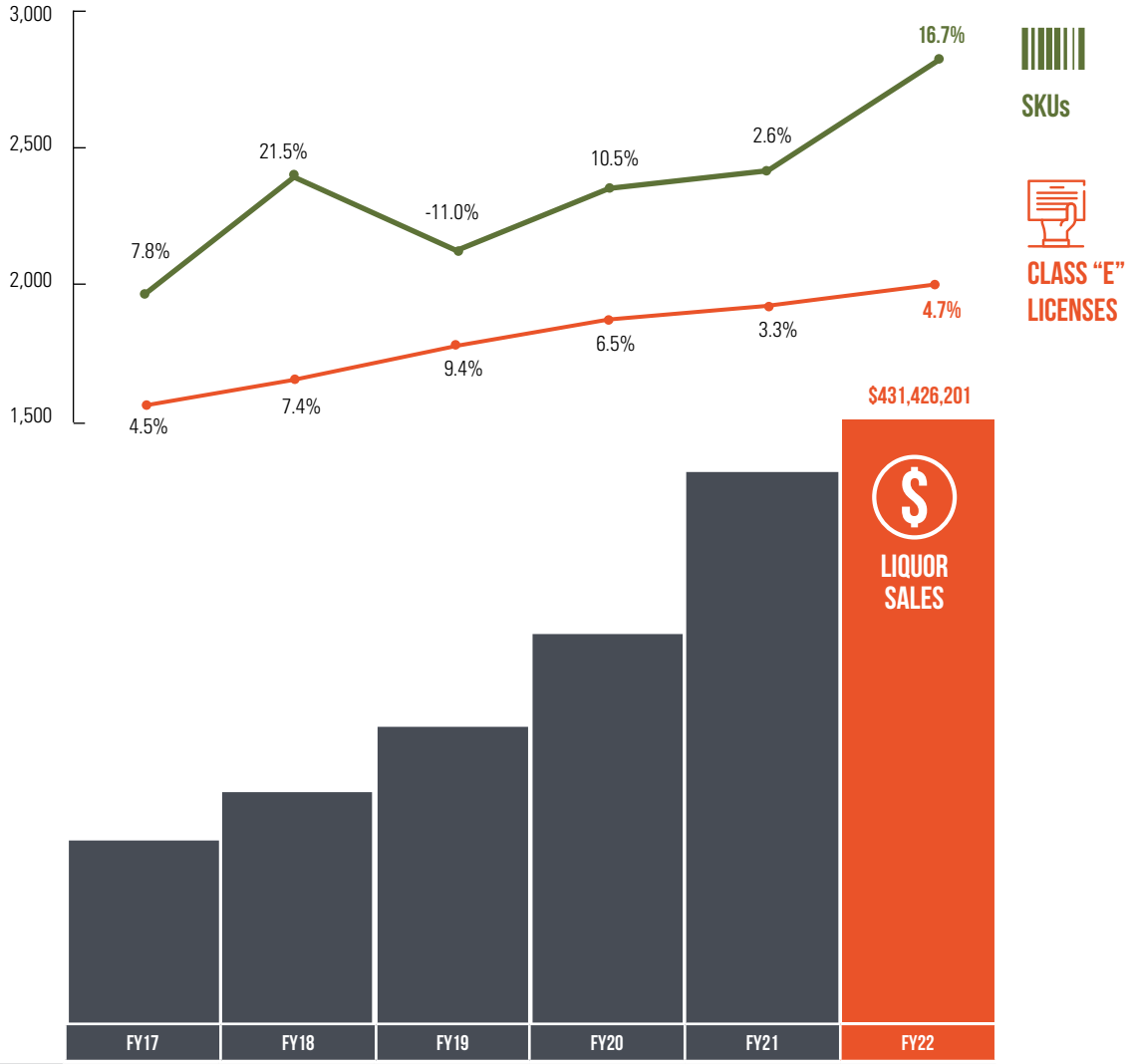
90%

OF ALL NATIVE IOWA GALLONS SOLD WERE TOP 50 BRANDS

CLASS "E" LICENSE AND SKU GROWTH

ABD continues to experience growth in many aspects of the business model including class "E" licenses and SKUs. The increase in class "E" licenses increases the number of distribution points available to be delivered to on a weekly basis. The number of SKUs refers to the diverse catalog of products offered for distribution to class "E" licenses for sale to the public and on-premises license holders. The following graph depicts the growth of the spirit sales as well as the distribution and SKU growth over the last six fiscal years.

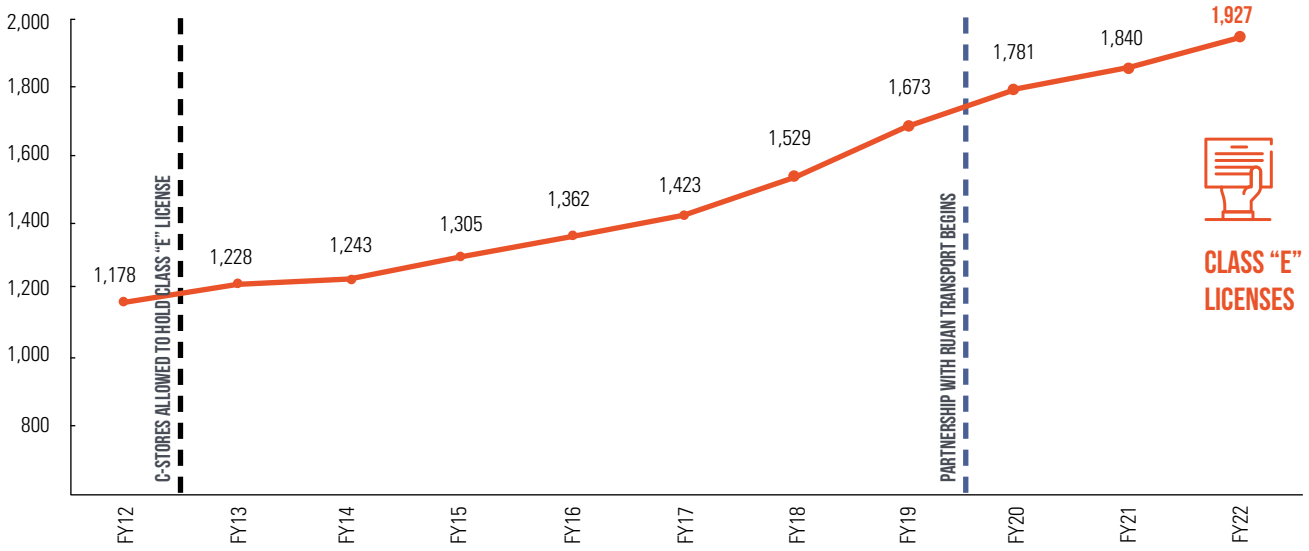
ANNUAL GROWTH OF SPIRIT SALES, DISTRIBUTION OUTLETS, & SKUs

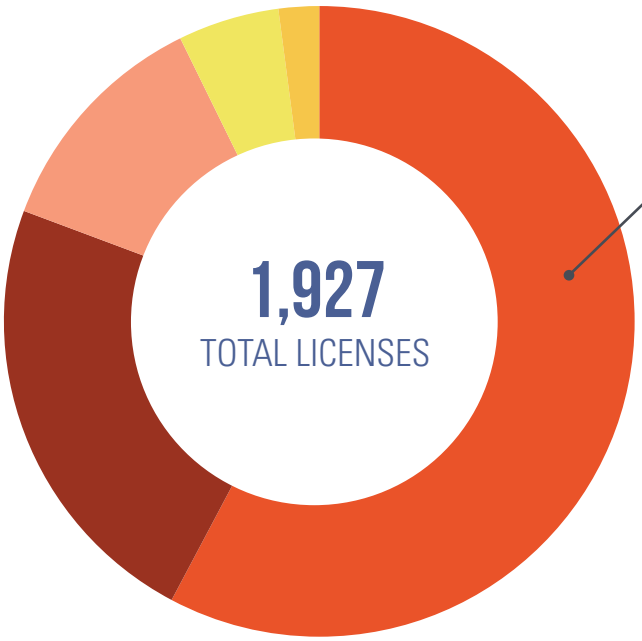


	FY17	FY18	FY19	FY20	FY21	FY22
LIQUOR SALES	$305,619,127	$320,049,812	$339,537,641	$367,284,902	$415,835,178	$431,426,201
CLASS "E" LICENSES	1,423	1,529	1,673	1,781	1,840	1,927
SKUs	1,930	2,344	2,087	2,306	2,367	2,762

CLASS "E" LICENSE GROWTH

In 2012, there was an increase in the number of class "E" licenses due to a legislative change that allowed convenience stores to be licensed to sell liquor. Since that time, the number of class "E" licenses continues to grow and increases the number of distribution points across the state of Iowa. As we continue to pursue our mission, ABD is committed to serving these class "E" licensees through the responsible and efficient distribution of alcohol.





	CLASS "E" PREMISES TYPES	FY22	FY21	FY20
1	Convenience Store	1,113	1,075	1,008
2	Grocery Store	442	425	440
3	Liquor Store	232	200	193
4	Pharmacy	100	98	98
5	Other*	40	42	42
	Total**	**1,927**	**1,840**	**1,781**

**Other Category represents Discount Store, Casino, Hotel, Redemption Center, and Specialty Shop.*
***Number of active class "E" licenses at the end of the fiscal year.*

CLASS "E" LICENSES AND SALES BY COUNTY

The heat map below shows the total number of class "E" licenses per county. The color of the county corresponds to the total amount of liquor gallons sold from ABD to the class "E" licenses within that county. The darker the color, the greater the amount of liquor gallons sold. Class "E" licenses sell directly to the public via retail sales or to on-premises liquor licenses. To sell to the on-premises licenses, the class "E" must hold a federal wholesale permit.

1,927
IOWA RETAILERS

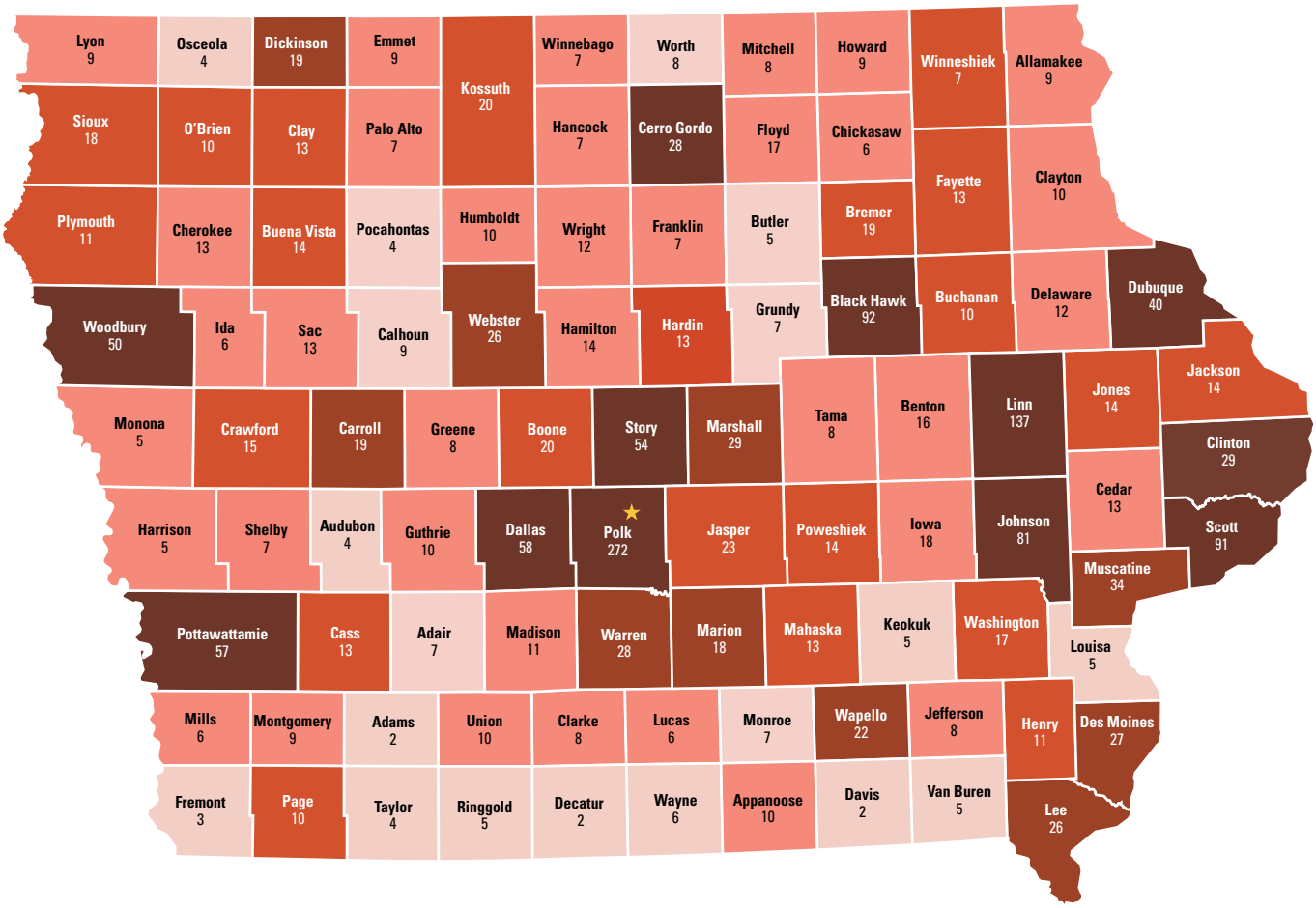
At the end of FY22, ABD distributed to retailers in the state of Iowa through one central warehouse in Ankeny.

6,431,758
TOTAL GALLONS SOLD

County
Number of Licenses

0-9,999 | 10,000-24,999 | 25,000-49,999 | 50,000-99,999 | 100,000+ **Gallons Sold**

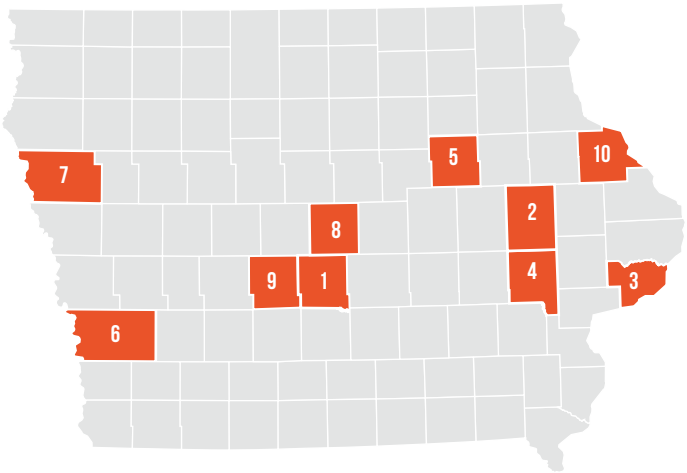
★ Distribution Center



TOP 10 COUNTIES BY SALES

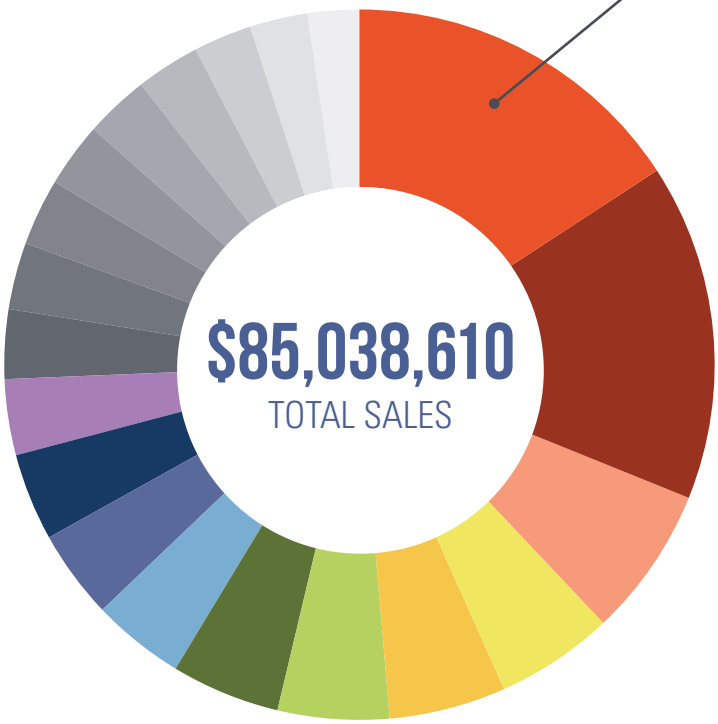
$283,528,769

TOTAL CLASS "E" LIQUOR SALES



	TOP COUNTIES BY CLASS "E" LIQUOR SALES	FY22
1	Polk	$100,355,099
2	Linn	$36,594,345
3	Scott	$29,232,985
4	Johnson	$24,794,563
5	Black Hawk	$23,624,143
6	Pottawattamie	$16,210,285
7	Woodbury	$15,063,085
8	Story	$13,416,417
9	Dallas	$12,241,218
10	Dubuque	$11,996,629
	Total	**$283,528,769**

TOP 20 CUSTOMERS BY SALES



	TOP CUSTOMERS BY CLASS "E" LIQUOR SALES	FY22
1	Hy-Vee #3, BDI, Des Moines	$13,432,337
2	Central City 2, Des Moines	$13,027,886
3	Hy-Vee Wine and Spirits, Iowa City	$5,815,848
4	Benz Distributing, Cedar Rapids	$4,563,854
5	Costco Wholesale #788, West Des Moines	$4,523,361
6	Another Round, DeWitt	$4,311,057
7	Wilkie Liquors, Mount Vernon	$4,208,801
8	I-80 Liquor, Council Bluffs	$3,588,630
9	Sam's Club 8162, Cedar Rapids	$3,435,759
10	Sam's Club 6344, Windsor Heights	$3,381,147
11	Sam's Club 6979, Ankeny	$2,936,797
12	Hy-Vee Food Store, Coralville	$2,685,942
13	Sam's Club 6432, Sioux City	$2,589,456
14	Sam's Club 6514, Waterloo	$2,585,864
15	Sam's Club 8238, Davenport	$2,500,458
16	Costco Wholesale #1111, Coralville	$2,490,698
17	Lot-A-Spirits, Betterndorf	$2,471,404
18	Sam's Club 6568, Ames	$2,252,761
19	Sam's Club 6472, Council Bluffs	$2,231,417
20	Hy-Vee Food Store #1, Mason City	$2,005,133
	Total	**$85,038,610**

FINANCIAL MANAGEMENT

"AS LIQUOR SALES AND OPERATIONAL VOLUMES CONTINUE TO INCREASE, THE USE OF THOUGHTFUL DATA AND ANALYTICS PLATFORMS AND METRICS WILL BE AN IMPORTANT TOOL IN PROVIDING ACCURATE AND EFFICIENT FINANCIAL REPORTING AS WELL AS SHAPE THE GOALS AND DECISIONS OF ABD'S FUTURE."

— LEISA BERTRAM, CHIEF FINANCIAL OFFICER

FINANCIAL HIGHLIGHTS

OPERATIONAL INCREASES IN REVENUES AND EXPENDITURES

ABD continues to see an increase to the liquor sales revenue year over year. Though the growth rate has slowed since FY21, the amount of revenue collected remains high. This increase in revenue has also driven increases in the volume of cases and bottles that flow through the ABD warehouse. Through these increases, ABD has been able to efficiently work with our operations partner, Ruan Transportation, Inc., ensuring daily operations for liquor sales and deliveries while continuing to drive value for our customers.

In addition to the impact on liquor sales and liquor operations, FY22 was a year of growth in the area of license fees as obligations were collected from FY20 due to the expiration of the Emergency Proclamation for Disaster Relief in FY21. Per the proclamation, payments were deferred for certain license types as well as beer and wine tax. The beer and wine tax obligations were collected in FY21, inflating that number year over year, whereas the license obligations are still being collected through FY22.

PARTNERING WITH OTHER STATE AGENCIES

In FY22, a new transfer was created for the Iowa Economic Development Authority (IEDA.) ABD has previously deposited all native beer and native wine tax into an IEDA fund to be used for promotion of tourism in conjunction with the Wine and Beer Promotion Board. This new transfer was created to include funding for the promotion of the native distilleries as well. ABD also partners with the Iowa Department of Revenue to utilize the new GovConnectIowa portal for some license types. This new system allows users to apply for and renew licenses, file for permits, and perform various other tasks. As ABD continues this partnership, more license types and functionality will be available.

IT AND ANALYTICS FOCUS

Expense increases in the Information Technology (IT) budget line were attributed to continued updates in the areas of forecasting, case management, data analytics, and licensing. ABD enhanced and maintained several key systems including data dashboards, ABD's eLAPS licensing platform based in Salesforce, and connection to the Iowa Department of Revenue's GovConnectIowa portal. IT remains a top priority with a need to provide metrics and key performance indicators on a regular cadence. ABD continues to focus on data analytics and system-based reports to provide transparent information to a variety of stakeholders. These IT enhancements, in conjunction with our dedicated OCIO / ABD IT team, has provided ABD with the necessary tools and systems to govern and make decisions based on data related to key operational and financial metrics.

The Financial Management area is responsible for all day-to-day functions, which incorporate:

- **Liquor Sales Invoicing**
- **Inventory Management**
- **Procurement**
- **Budget**
- **Financial Reporting**
- **Data Analytics and Division Wide Metrics**

FY22 HIGHLIGHTS

$431M
RECORD-HIGH LIQUOR SALES

3.6%
INCREASE IN TOTAL REVENUE OVER FY21

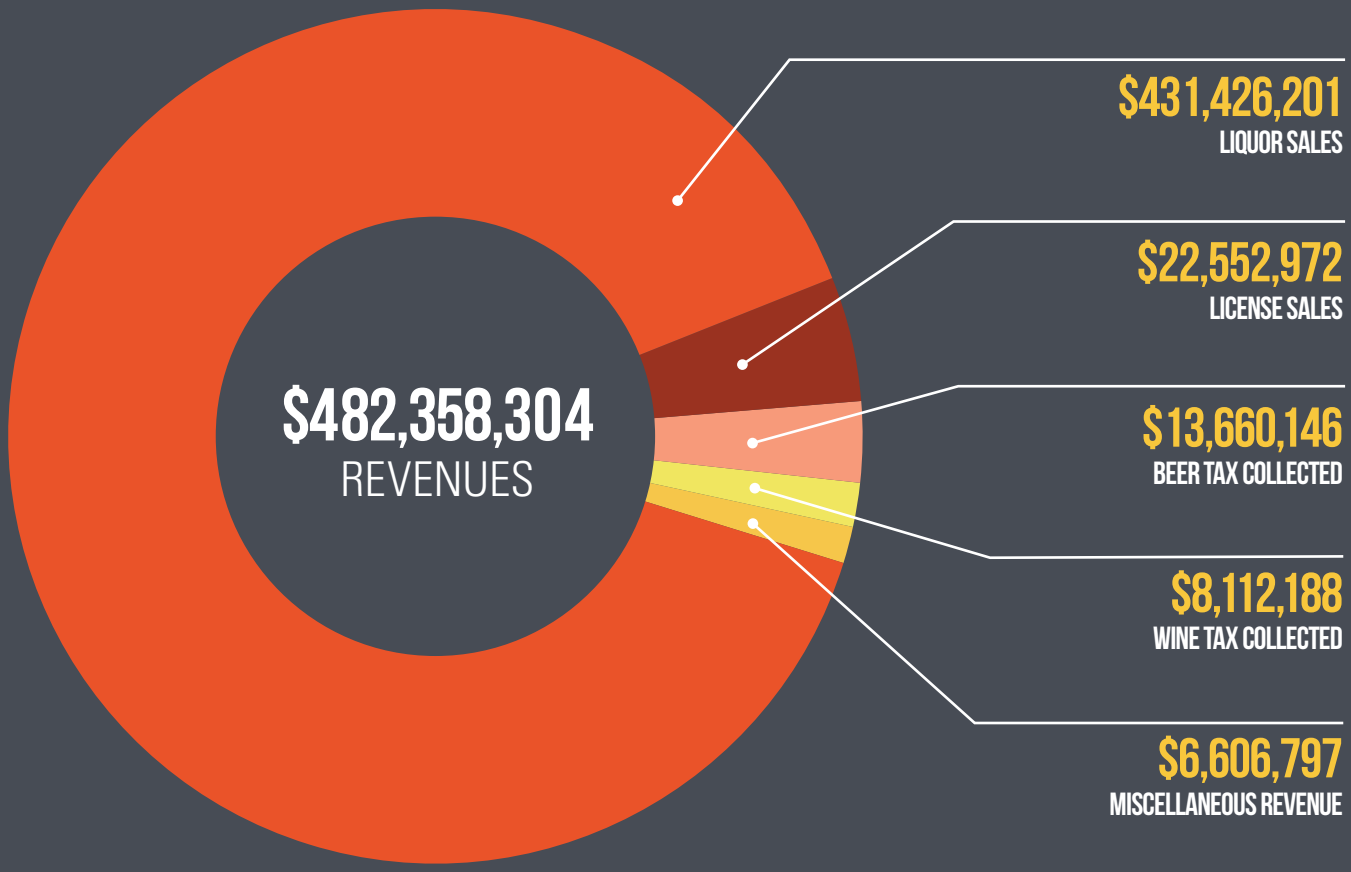
$22.2M
TAX REVENUE PROCESSED

$119M
REVERTED LIQUOR SALES TO THE STATE OF IOWA GENERAL FUND

$30M
REVERTED SUBSTANCE ABUSE TRANSFER TO THE STATE OF IOWA GENERAL FUND

$1M
NEW TRANSFER TO IOWA ECONOMIC DEVELOPMENT AUTHORITY

$150M
TOTAL TRANSFER TO THE STATE OF IOWA GENERAL FUND AND IEDA



FINANCIAL STATEMENTS

INTRODUCTION

The following summary of ABD's financial performance provides an overview of the financial and operational activities for FY22. This data is extracted from the state of Iowa accounting system and the ABD operating system and is in compliance with annual report requirements from Iowa Code chapter 123.16. Except as noted, all financial information reflects transactions for the reported fiscal period of July 1, 2021 through June 30, 2022. The state of Iowa hold-open period is July 1, 2022 through September 15, 2022.

OVERVIEW OF FINANCIAL STATEMENTS

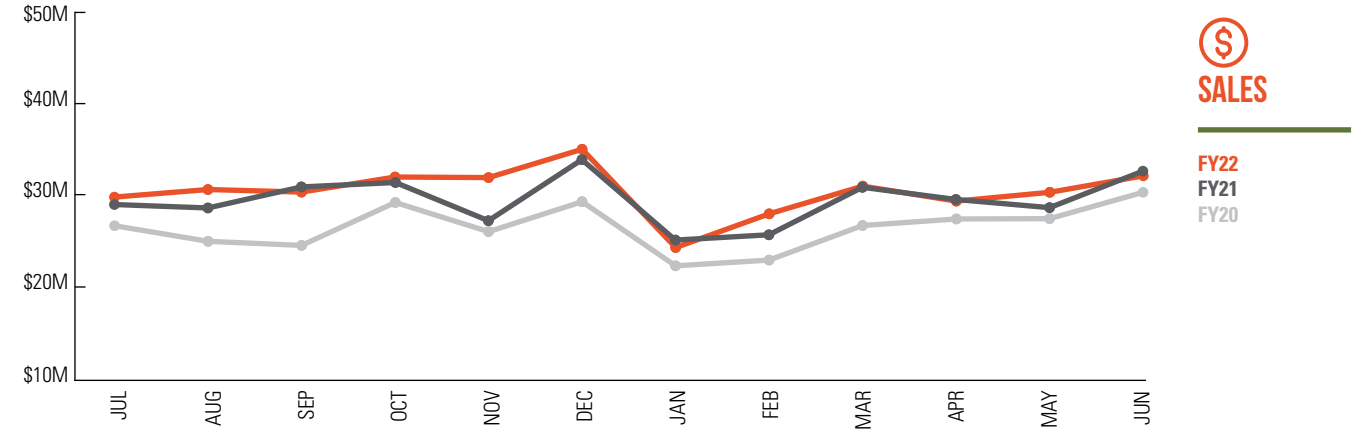
The Profit and Loss Statement reflects ABD's performance with respect to the wholesale operations with revenues and expenses directly related to the Liquor Control Trust Fund. The Net income Statement encompasses the Liquor Control Trust Fund as well as the other operating funds within ABD. Both the Profit and Loss and the Net Income Statement provide a year-over-year analysis, comparing FY22 to FY21. The statements represent the financial operation and performance of ABD relating to Iowa Code chapter 123, including administrative revenues and expenses, distribution, and personnel.

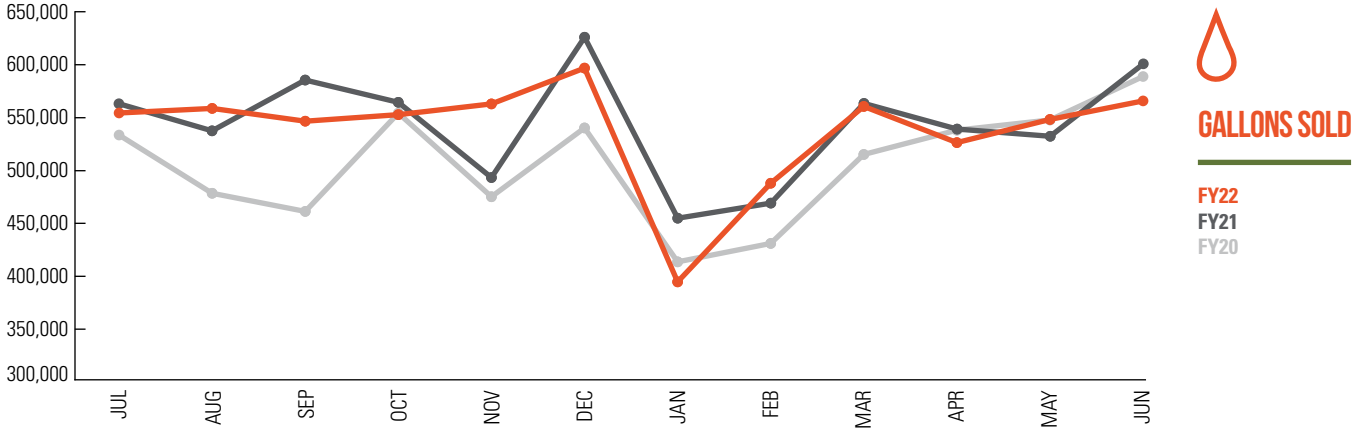
The Statement of Cash Flow represents revenues and expenses for FY22 compared with FY21 within the Liquor Control Trust Fund for the operating period of the fiscal year July 1 through June 30. The Balance Sheet reflects resources and obligations in the fiscal year hold-open period, July 1 through September 15. Also presented in this report are Notes to Financial Statement that provide additional information to facilitate a better understanding of ABD's financials and the data within each statement.

Within the annual report are various references to deferred license and tax revenues starting in FY20. These deferments expired during the hold-open period of FY21. Tax obligations were collected and reported in FY21 along with FY20 obligations, thus inflating the numbers reported. FY22 in comparison shows a decrease in tax collections, but is more accurate based on true collection for the fiscal year. ABD continues to collect on outstanding license fees and will have all obligations met by the end of FY23.

LIQUOR SALES BY MONTH

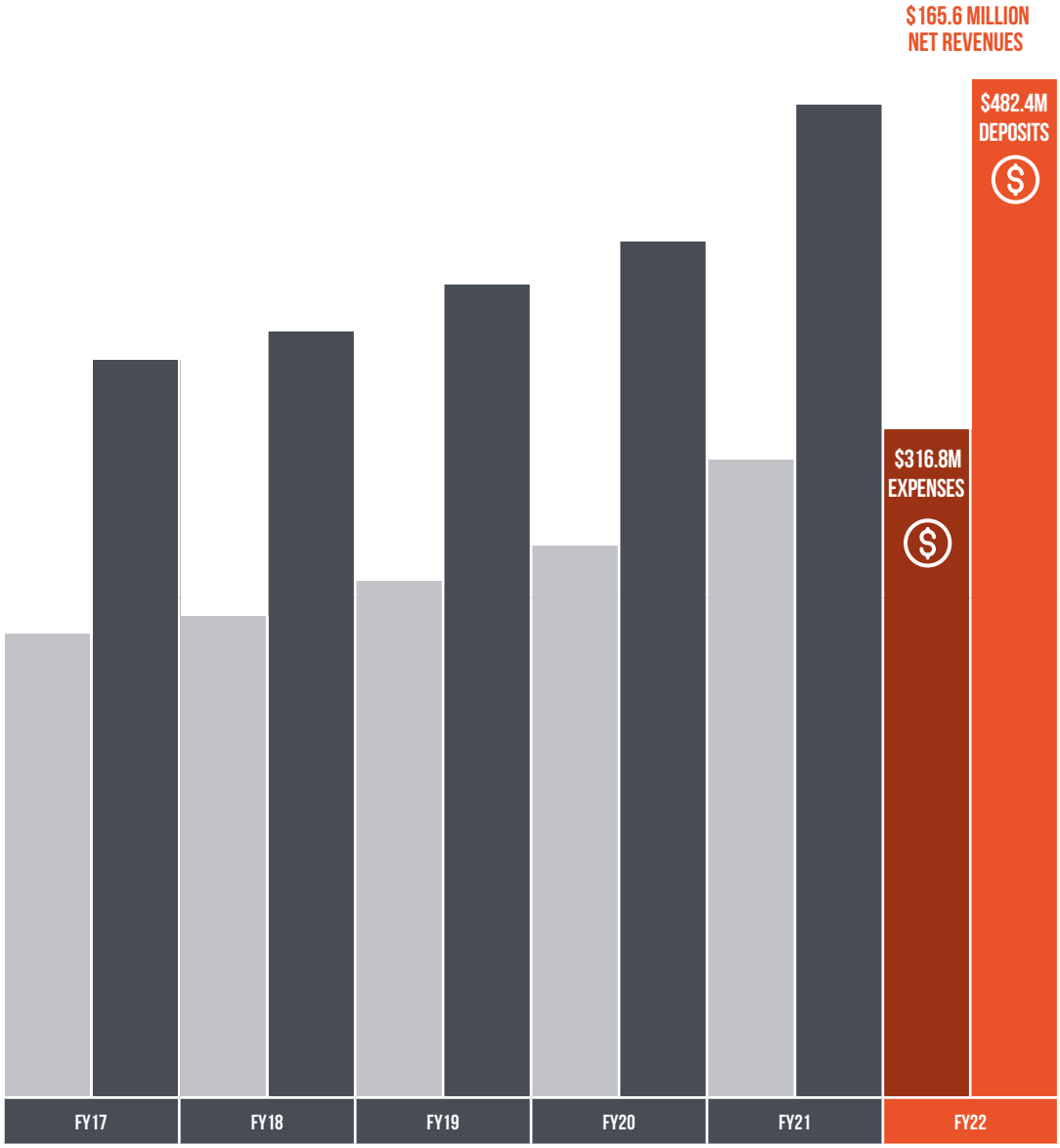
For the period ending June 30, 2022.





	SALES			GALLONS		
	FY22	FY21	FY20	FY22	FY21	FY20
JUL	$35,118,976	$34,185,439	$30,899,877	552,172	560,545	531,565
AUG	$36,427,989	$33,497,816	$28,332,668	556,446	535,184	477,071
SEP	$35,753,034	$36,694,030	$27,912,044	544,499	582,684	460,102
OCT	$37,994,045	$37,316,758	$34,376,892	550,610	561,849	552,009
NOV	$37,945,211	$31,719,813	$30,013,513	560,660	491,454	473,840
DEC	$42,189,802	$40,727,558	$34,476,824	594,111	622,749	538,204
JAN	$27,553,608	$28,455,925	$24,837,627	394,350	453,430	412,934
FEB	$32,405,072	$29,576,583	$25,661,232	486,512	467,532	430,148
MAR	$36,870,031	$36,586,219	$30,829,383	558,296	560,816	513,394
APR	$34,725,514	$34,650,682	$31,970,378	524,499	536,815	536,117
MAY	$35,923,683	$33,595,847	$32,043,936	546,144	530,090	545,666
JUN	$38,519,236	$38,828,509	$35,930,527	563,459	597,870	586,314
Total	**$431,426,201**	**$415,835,179**	**$367,284,901**	**6,431,758**	**6,501,018**	**6,057,364**

LIQUOR CONTROL TRUST FUND SUMMARY



	FY17	FY18	FY19	FY20	FY21	FY22
Sale of Liquor	$305,619,126	$320,049,812	$339,537,641	$367,284,902	$415,835,178	$431,426,201
Sale of Licenses	$15,664,468	$16,613,682	$18,733,557	$17,676,967	$19,134,834	$22,552,972
Beer Tax Collected*	$13,904,082	$13,592,912	$13,438,680	$9,435,077	$18,207,794	$13,660,146
Wine Tax Collected	$8,078,043	$8,166,553	$8,219,810	$5,677,108	$11,008,117	$8,112,188
Miscellaneous Revenue	$6,115,965	$4,806,557	$5,290,473	$5,614,701	$6,198,781	$6,606,797
Total Deposits	**$349,381,684**	**$363,229,516**	**$385,220,161**	**$405,688,755**	**$470,384,704**	**$482,358,304**
Total Expenses	**$(219,986,581)**	**$(228,179,166)**	**$(244,804,012)**	**$(261,613,359)**	**$(302,348,510)**	**$(316,768,532)**
Net Revenue over Expense	**$129,395,103**	**$135,050,350**	**$140,416,149**	**$144,075,396**	**$168,036,194**	**$165,589,772**

Expenses
Deposits
FY22 Expenses
FY22 Deposits

**Beer tax collected is deposited into the State General Fund. This revenue is processed by ABD, but is not included in the total revenue numbers for ABD on other financial reports as this is not deposited in an ABD fund.*

REVERSION ANALYSIS

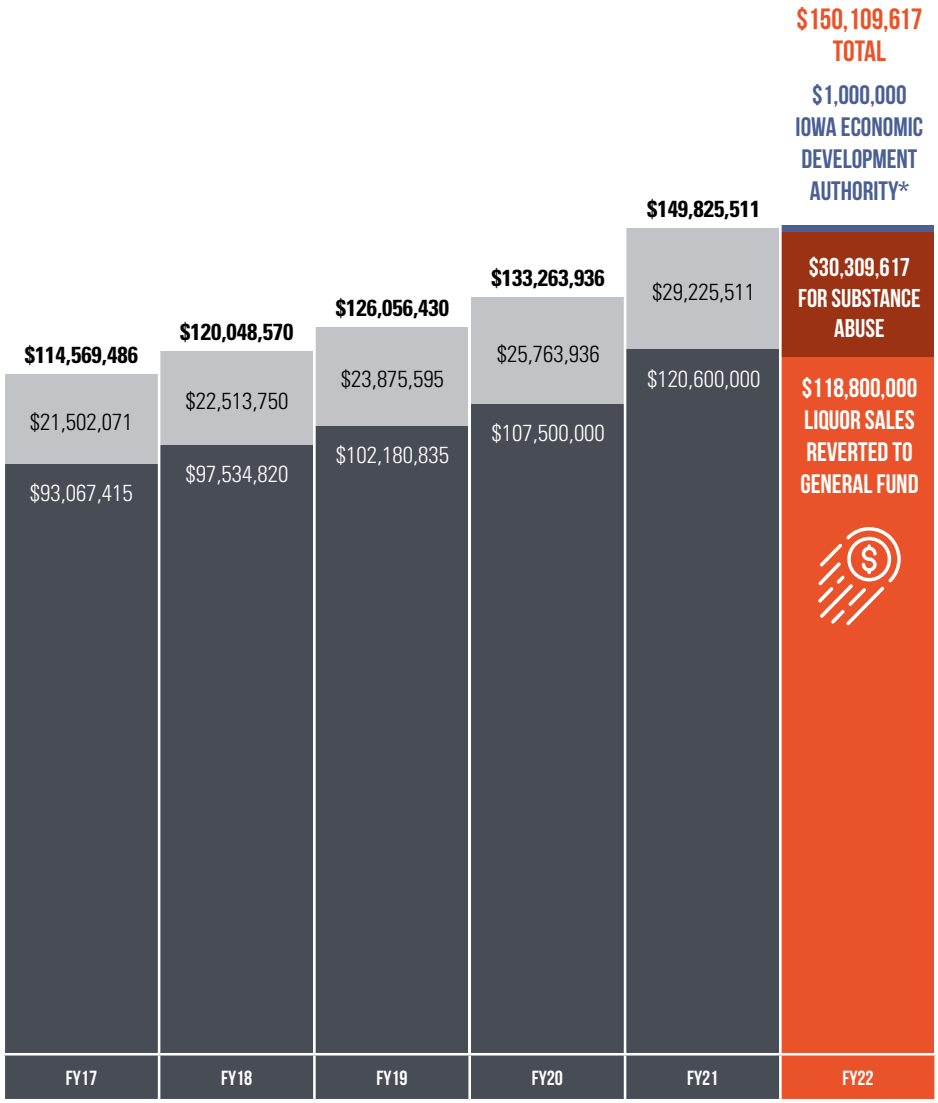
Each year, on a monthly basis, ABD transfers a reversion amount to the State General Fund that is derived from liquor sales, license fees, and other revenue sources. This reversion is then appropriated by the legislature to other departments and agencies throughout the state. ABD provides an estimate of this total number to be used in budgeting and is required to fulfill this estimated amount. The estimate is derived using past and current sales and reflects the overall growth of ABD as it continues to serve Iowans through the responsible regulation, sale, and distribution of spirits.

$118.8M
REVERTED TO STATE OF IOWA GENERAL FUND

$30.3M
REVERTED FOR SUBSTANCE ABUSE

$1M
IOWA ECONOMIC DEVELOPMENT AUTHORITY

$150.1M
TOTAL FUNDS REVERTED



- Substance Abuse
- Liquor Sales
- FY22 Liquor Sales Reverted to State General Fund
- FY22 for Substance Abuse
- IEDA*

**New transfer started in FY22 for the Iowa Economic Development Authority for the purpose of supplementing the funding of the Wine and Beer Promotion Board.*

PROFIT AND LOSS STATEMENT

For the period ending June 30, 2022 including the hold-open period through September 30, 2022.

	FY 2022	FY 2021	AMOUNT CHG.	% CHG.
LIQUOR SALES REVENUE	**431,426,201**	**415,835,178**	**15,591,023**	**3.75%**
COST OF SALES				
Bailment [1]	287,720,047	277,289,204	10,430,843	3.76%
Less: Bailment Fees	(2,910,472)	(2,869,546)	(40,926)	1.43%
Less: Special Handling Fees [2]	(2,044)	(117,808)	115,764	-98.26%
Less: Defective Products	(26,917)	(30,949)	4,032	-13.03%
Total Cost of Sales	**284,780,614**	**274,270,901**	**10,509,713**	**3.83%**
Gross Profit	**146,645,587**	**141,564,277**	**5,081,310**	**3.59%**
Gross Profit %	**33.99%**	**34.04%**	**-0.05%**	**-0.15%**
OPERATING EXPENSES				
ABD Operating Expenses	764,845	494,839	270,006	54.56%
Ruan Fleet Expenses [3]	4,448,278	3,690,301	757,977	20.54%
Ruan Warehouse Expenses [3]	3,578,531	3,442,634	135,897	3.95%
Other Expenses Related To Distribution [4]	300,143	49,021	251,122	512.27%
Total Operating Expenses	**9,091,797**	**7,676,795**	**1,415,002**	**18.43%**
GENERAL AND ADMINISTRATIVE EXPENSES				
Warehouse Administration	1,182,453	781,139	401,314	51.38%
Product Administration	519,117	503,607	15,510	3.08%
License Administration	502,640	415,242	87,398	21.05%
Accounting	1,067,647	916,598	151,049	16.48%
Information Technology [5]	10,005,993	9,446,926	559,067	5.92%
Buildings and Grounds	461,318	508,303	(46,985)	-9.24%
General and Administrative Expenses Total	**13,739,168**	**12,571,815**	**1,167,353**	**9.29%**
INCOME FROM OPERATIONS	**123,814,622**	**121,315,667**	**2,498,955**	**2.06%**
OTHER REVENUES				
Split Case Fee	1,568,152	1,672,118	(103,966)	-6.22%
Bottle Deposit/Surcharge	4,744,833	4,360,547	384,286	8.81%
Recycling	57,942	47,609	10,333	21.70%
Fuel and Lease Reimbursement [6]	3,266	89,975	(86,709)	-96.37%
Other Revenue and Reimbursements [7]	232,604	28,532	204,072	715.24%
Wine Tax and License Fees	30,665,160	30,142,951	522,209	1.73%
Total Other Revenues	**37,271,957**	**36,341,732**	**930,225**	**2.56%**
OTHER EXPENSES				
Bottle Deposit Fees	684,327	707,877	(23,550)	-3.33%
Recycle Surcharge Fees	1,792,929	1,826,632	(33,703)	-1.85%
Bank Charges and Credit Card Fees [8]	108,807	39,096	69,711	178.31%
License and Liquor Refunds [9]	549,772	485,487	64,285	13.24%
Intra-Agency Transfer	1,067,545	1,187,142	(119,597)	-10.07%
Substance Abuse Transfer	30,309,617	29,225,511	1,084,106	3.71%
Iowa Economic Development [10]	1,000,000	–	1,000,000	N/A
Sunday Sales Transfer	914,666	944,896	(30,230)	-3.20%
City and County Payments [11]	4,038,908	2,638,105	1,400,803	53.10%
Total Other Expenses	**40,466,571**	**37,054,746**	**3,411,825**	**9.21%**
Net Profit*	**120,620,008**	**120,602,653**	**17,355**	**0.01%**
Return on Sales	**27.96%**	**29.00%**	**-1.04%**	**-3.59%**

**Net Profit is equivalent to the General Fund Reversion and the FY22 carry-forward funds for FY23.*

NET INCOME STATEMENT

For the period ending June 30, 2022 including the hold-open period through September 30, 2022.

	FY 2022	FY 2021	AMOUNT CHG.	% CHG.
REVENUES				
OPERATING REVENUES				
Liquor Sales	431,426,201	415,835,178	15,591,023	3.75%
Split Case Revenue [1]	1,568,152	1,672,118	(103,966)	-6.22%
Bottle Deposit/Surcharge	4,744,833	4,360,547	384,286	8.81%
Total Operating Revenues	**437,739,186**	**421,867,843**	**15,871,343**	**3.76%**
NON-OPERATING REVENUES				
Lease Revenue	3,266	89,975	(86,709)	-96.37%
License Fees [2]	22,552,972	19,134,834	3,418,138	17.86%
Wine Tax [2]	8,112,188	11,008,117	(2,895,929)	-26.31%
Fines/Penalties	140	–	140	N/A
Recycling Revenues	58,755	47,870	10,885	22.74%
Misc. Funding Sources [3]	251,829	90,090	161,739	179.53%
State Appropriations	1,075,454	1,075,454	–	0.00%
Intra-Department Transfers [4]	1,067,545	1,187,142	(119,597)	-10.07%
Total Non-Operating Revenues	**33,122,149**	**32,633,482**	**488,667**	**1.50%**
Total Revenues	**470,861,335**	**454,501,325**	**16,360,010**	**3.60%**
EXPENSES				
OPERATING EXPENSES				
Purchase of Liquor [5]	284,780,614	274,270,901	10,509,713	3.83%
ABD Operations Expense	764,846	494,840	270,006	54.56%
Ruan Fleet Expenses	4,448,278	3,690,301	757,977	20.54%
Ruan Warehouse Expenses	3,578,531	3,442,634	135,897	3.95%
Other Expenses Related to Distribution [6]	300,143	49,021	251,122	512.27%
Warehouse Administration [7]	982,059	493,234	488,825	99.11%
Product Administration	519,117	503,607	15,510	3.08%
Licensing Administration	502,640	415,242	87,398	21.05%
Accounting	1,067,647	916,611	151,036	16.48%
Information Technology	10,005,993	9,446,926	559,067	5.92%
Buildings and Grounds	491,729	527,401	(35,672)	-6.76%
Safety and Security	223,812	375,562	(151,750)	-40.41%
Bottle Deposit Fee	684,327	707,877	(23,550)	-3.33%
Recycle Surcharge Fee	1,792,929	1,826,632	(33,703)	-1.85%
Liquor and License Refunds	549,772	485,487	64,285	13.24%
Substance Abuse Transfer	30,309,617	29,225,511	1,084,106	3.71%
Iowa Economic Development	1,000,000	–	1,000,000	N/A
Liquor Profits Transfer	118,800,000	120,600,000	(1,800,000)	-1.49%
Total Operating Expenses	**460,802,054**	**447,471,787**	**13,330,267**	**2.98%**
NON-OPERATING EXPENSES [8]				
Sunday Sales Transfer	914,666	944,896	(30,230)	-3.20%
Payments to Cities and Counties	4,038,908	2,638,105	1,400,803	53.10%
Non-Operating Expenditures	2,218,154	2,256,742	(38,588)	-1.71%
Intra-Department Transfers [9]	1,067,545	1,187,142	(119,597)	-10.07%
Remaining Authority Liq Trust Fund [10]	1,820,008	2,653	1,817,355	N/A
Non-Operating Expenses Total	**10,059,281**	**7,029,538**	**1,212,388**	**43.10%**
Total Expenses	**470,861,335**	**454,501,325**	**14,542,655**	**3.60%**
Net Income	**–**	**–**	**–**	**N/A**

STATEMENT OF CASH FLOW

For the fiscal year ending June 30, 2022.

	FY2022	FY2021
CASH IN		
Liquor Sales	423,252,540	410,624,426
Wine Tax	7,361,223	10,145,783
License Fees	22,529,876	18,633,464
Split Case Fee	1,538,494	1,648,900
Bottle Deposit Fee	4,647,654	4,288,794
Other - Fees, NSF	20	–
Other - Misc. Income	90,117	712,657
Lease Revenue	2,450	67,481
Other Sales/Service-Recycling	46,331	40,890
TOTAL CASH IN	**459,468,705**	**446,162,395**
CASH OUT		
Cities-Liqour Sales Dist	3,502,914	758,469
Counties-Liquor Sales Dist.	230,406	48,943
Transfer to Liq Gen Fund (0001)	1,050,000	1,150,000
Iowa Economic Development	750,000	–
Substance Abuse	27,217,923	25,996,787
Sunday Sales	914,666	944,896
General Fund Transfer	108,800,000	107,000,000
Personal Expenses	2,842,769	2,198,066
Capital Outlay	2,771,475	648,596
Liquor Purchases	271,912,697	262,947,294
Bottle Deposit/Surcharge	2,424,153	2,426,443
ABD Operations Expenses	722,762	454,209
Ruan Fleet Expenses	4,130,637	3,233,015
Ruan Warehouse Expenses	3,243,820	3,455,168
Misc. Trust Fund Expenses*	10,807,975	8,783,726
TOTAL CASH OUT	**441,322,197**	**420,045,612**
TOTAL CHANGE IN CASH	**18,146,508**	**26,116,783**

**Includes Information Technology expenses*

BALANCE SHEET

Hold open only, July 1 - September 30, 2022.

ASSETS	FY2022	FY2021	% CHANGE
CURRENT ASSETS			
Cash			
Cash	19,114,637	27,075,784	-29.4%
Accounts Receivable			
Liquor	8,173,661	5,210,752	56.9%
Split Case Fees	29,659	23,218	27.7%
Recycle Fee/Surcharge	97,179	71,753	35.4%
Wine Tax	750,965	862,334	-12.9%
Licenses	23,096	501,370	-95.4%
Fines and Penalties	80	–	N/A
Refunds and Reimbursements	154,814	16,659	829.3%
Other Agency Billings and Transfers	–	22,494	-100.0%
Def License & Tax Fees Outstanding (estimate less allowance for uncollectible)	503,880	1,258,014	-59.9%
Prepaid			
Licenses and Contract Agreements	169,910	238,303	-28.7%
Inventory			
Liquor	15,106	67,947	-77.8%
Gasoline/Fuel	4,428	22,089	-80.0%
Total Current Assets	**29,037,414**	**35,370,717**	**-17.9%**
PROPERTY PLANT AND EQUIPMENT			
Machinery, Equipment and Vehicles	1,610,132	1,610,132	0.0%
Buildings and Building Improvements	11,016,276	11,016,276	0.0%
Land Improvements	1,729,581	1,729,581	0.0%
Less: Accumulated Depreciation	(5,943,630)	(5,579,283)	6.5%
Construction In Progress	314,347	28,912	987.3%
Land	210,000	210,000	0.0%
Total Assets	**37,974,120**	**44,386,335**	**-14.4%**

LIABILITIES	FY2022	FY2021	% CHANGE
CURRENT LIABILITIES			
Wages and Benefits	89,676	31,330	186.2%
Liquor Purchases	12,867,917	12,076,904	6.5%
Bottle Deposit Refund	14,669	30,480	-51.9%
Recycle Surcharge Fee	38,434	78,237	-50.9%
Substance Abuse Obligation	3,091,694	3,228,724	-4.2%
Iowa Economic Development	250,000	–	N/A
General Fund Obligation	10,000,000	13,600,000	-26.5%
License Fees to Cities/Counties	305,588	1,830,693	-83.3%
Liquor and License Refunds	55,619	73,432	-24.3%
Transfer to Liq Gen Fund (0001)	–	37,142	N/A
Misc. Obligations	1,325,710	1,835,767	-27.8%
Total Liabilities	**28,039,307**	**32,822,709**	**-14.6%**
Total Net Assets	**9,934,813**	**11,563,626**	**-14.1%**
Total Liabilities and Net Assets	**37,974,120**	**44,386,335**	**-14.4%**

NOTES TO FINANCIAL STATEMENTS

PROFIT AND LOSS NOTES ON TOTALS

Refer to page 44

[1] Per Iowa Code section 123.22, ABD utilizes a bailment inventory system. ABD charges the liquor suppliers a $1.00 bailment fee per case sold. The bailment fee is deducted from payments to suppliers. Bailment fees and special handling fees are not actual revenues received.

[2] The decrease in Special Handling Fees is attributed to the introduction of the Vendor Scorecard system and is a direct reflection of ABD charging less fees for incoming inventory. These fees were charged on a variety of issues, and in FY22, ABD continued to reduce the total amount of fees charged to suppliers.

[3] Major expenditures in the Ruan Fleet and Ruan Warehouse expense categories include wages and benefits of delivery drivers, fleet vehicles, pick rate per unit, warehouse labor and warehouse equipment. Increases in these line items have a direct correlation to the increase in the liquor sales.

[4] The increase in FY22, when compared to FY21, can be attributed to the startup costs associated with a new warehouse racking project as well as a significant portion related to the fuel tank replacement project. FY21 did not have any major project allocations.

[5] Information Technology increases are due to the implementation of major IT systems. During FY22 there were several projects including the integration of the new Salesforce licensing system with IDR's GovConnectIowa project, continued updates on the Vendor Scorecard, continued updates of the new inventory forecasting and case management system, and the implementation of a web-based inventory management system. ABD continues to grow the business in the areas of IT and data analytics.

[6] The decrease in Fuel and Lease Reimbursement is due to ABD agreeing to forego the collection of lease charges from Iowa Lottery for the use of warehouse space.

[7] The increase in Other Revenues and Reimbursements is attributed to a grant from IDPH to help wrap distribution trailers, a reimbursement from IEDA for FY22 Native Beer and Wine Tax refunds that were processed by ABD, and an IT reimbursement grant for ABD's integration with the eLAPS payment platform, NIC.

[8] The new Salesforce licensing platform allowed ABD to begin accepting credit cards as a payment option within our licensing operations. Bank charges and credit card fees were collected based on the use of this new payment type being offered to licensees. FY22 had a full year of payment activity whereas FY21 only had a few months of payment activity.

[9] License and liquor refunds continued to be impacted by the replacement of the legacy licensing system and the implementation of the new Salesforce system. Since the activation of the new platform, instances of incorrect license types being applied for and refunds needing to be generated continued into FY22. Additionally, there were some licensees that chose to close their business during the pandemic and were issued a refund for unused portions of their license during both FY21 and FY22.

[10] ABD began quarterly transfers of $250,000 of gross sales of alcoholic liquor to the Iowa Economic Development Authority for the purpose of supplementing the funding of the Wine and Beer Promotion Board. This agreement did not exist in FY21.

[11] The increase in the collection of license revenues during FY22 led to an increase in the payments made by ABD to the local authorities during FY22 known as the City and County payments. As deferred revenues were collected, the portions of these fees were paid back to the local authorities. FY21 was a low collection year by comparison due to the impact of license fee deferment.

NET INCOME STATEMENT NOTES ON TOTALS

Refer to page 45

[1] The decrease in split case revenues is attributed to stores buying more full cases and fewer single bottle purchases.

[2] As previously mentioned in this report, the beer and wine tax and license fees were deferred for collection in FY20 and the deferment expired in FY21. Deferred Tax revenue collections mostly occurred in FY21 causing an inflated number to be reported in that fiscal year. Many deferred license fees continued to be collected in FY22, causing the revenue total to increase again from FY21.

[3] The increase in Misc. Funding Sources is attributed to a grant from IDPH to help wrap distribution trailers, a reimbursement from IEDA for FY22 Native Beer and Wine Tax refunds that were processed by ABD, and an IT reimbursement grant for ABD's integration with the payment platform, NIC.

[4] Intra-Department Transfers are transfers made within ABD funds to cover operational expenses. This revenue line is the transfer into the State General Fund from the Liquor Control Trust Fund. Transfers within ABD decreased year over year due to the reallocation of some personnel in the areas of administrative actions, compliance, and education into the Liquor Control Trust Fund.

[5] The purchase of liquor is the inventory cost associated with the sale of liquor to our class "E" licensees. ABD purchases liquor inventory from suppliers on the bailment system.

[6] The increase in FY22, when compared to FY21, is attributed to the startup costs associated with a new warehouse racking project as well as the fuel tank replacement project. FY21 did not have any major project allocations.

[7] The increase in Warehouse Administration is attributed to the reallocation of personnel expenses in FY22 that had not existed in FY21.

[8] Non-operating expenses are the ABD's costs that are not associated with the physical distribution of spirits. This category includes salaries and costs of the administrative segment, administrative actions, education, and compliance, as well as the portion of building maintenance not allocated to the operational segment supporting spirits distribution.

[9] Intra-Department transfers, as a non-operating expense, is the transfer out of the Liquor Control Trust Fund into the General Fund as referenced in note 4 above.

[10] Remaining Authority Liq Trust Fund is the amount of resources remaining over dispositions for each respective fiscal year. These remaining funds are carried forward into the next fiscal year.

ALCOHOLIC
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