

IOWA ALCOHOLIC BEVERAGES DIVISION

ANNUAL REPORT

FY '21



ALCOHOLIC
BEVERAGES
DIVISION
State of Iowa

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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 & 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

WILLINGNESS TO ACCEPT RESPONSIBILITY AND
HONOR OUR COMMITMENT.

CUSTOMER SERVICE FOCUS

WE ARE COURTEOUS, RESPONSIVE, AND RESPECTFUL.

TRUSTED RESOURCE

WE ARE A RELIABLE RESOURCE FOR IOWANS.

MAINTAINING A RESPONSIVE AND EFFECTIVE ORGANIZATION
REQUIRES STATE AGENCIES TO LOOK AT THEIR BUSINESS
PROCESSES AND OPERATIONS STRATEGICALLY.

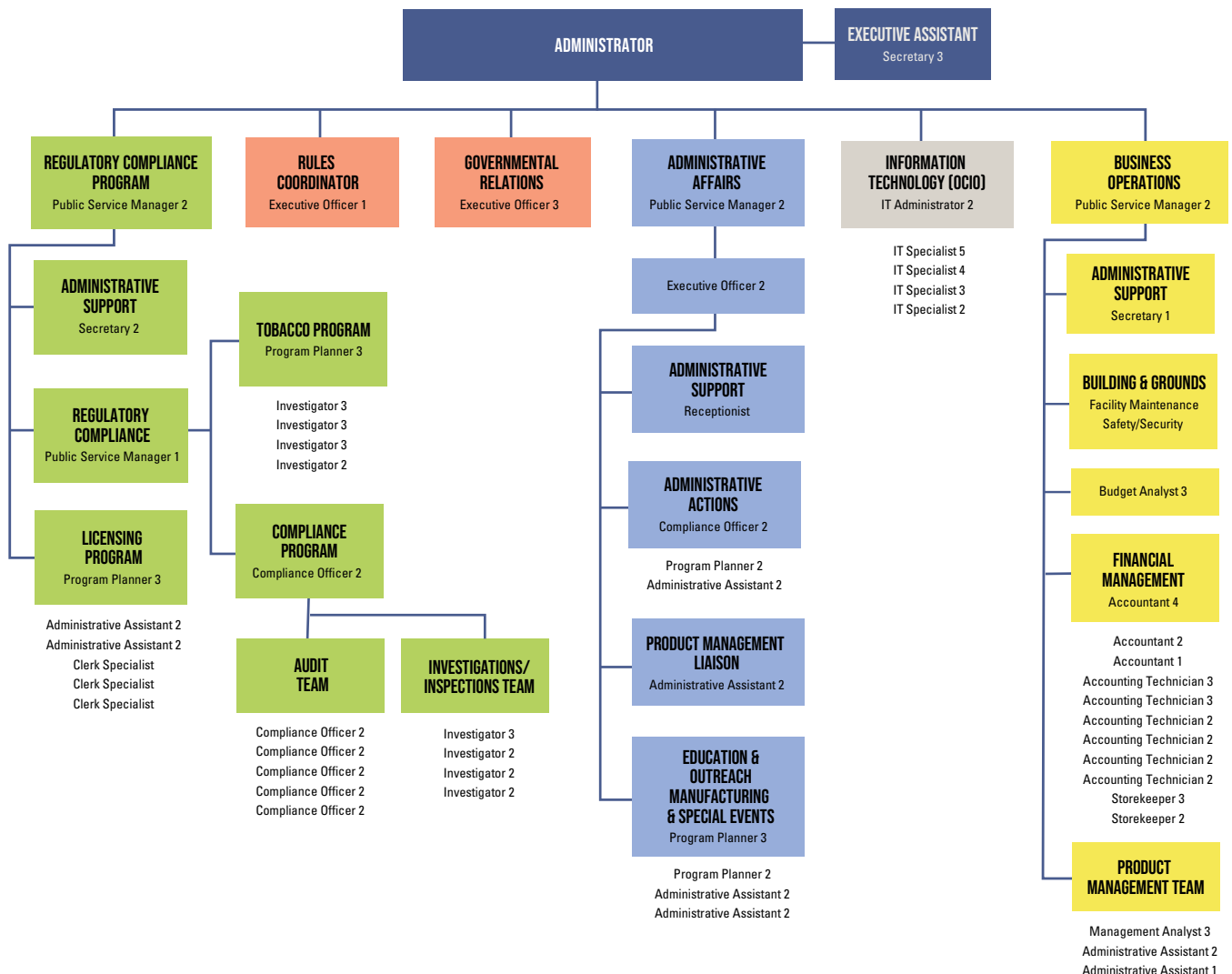
EXECUTIVE INFORMATION

KIM REYNOLDS GOVERNOR OF IOWA
 ADAM GREGG LIEUTENANT GOVERNOR

DIVISION ADMINISTRATION

STEPHEN LARSON ADMINISTRATOR
 HERBERT H. SUTTON, JR. BUSINESS OPERATIONS BUREAU CHIEF
 JOSHUA HAPPE REGULATORY COMPLIANCE BUREAU CHIEF
 LOLANI LEKKAS ADMINISTRATIVE AFFAIRS BUREAU CHIEF
 LEISA BERTRAM CHIEF FINANCIAL OFFICER
 STEPHANIE STRAUSS GOVERNMENT RELATIONS

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 OUTCOMES WITHIN THIS YEAR'S ANNUAL REPORT REFLECT GOOD GOVERNMENT PLANNING AND EXECUTION. THIS IS A DIRECT RESULT OF ABD PUTTING IN PLACE A SOLID STRATEGIC PLAN IN 2019."

— STEPHEN LARSON, ADMINISTRATOR

In today's rapidly-changing alcohol marketplace, it's important to have a comprehensive organizational strategic plan to guide decisions and look for operational modifications. The outcomes within this year's annual report reflect good government planning and execution. This is a direct result of the Iowa Alcoholic Beverages Division (ABD) putting in place a solid strategic plan in 2019 to meet the needs of our licensees and industry partners and ensure a level playing field to protect the health and safety of local communities.

In FY21, ABD experienced exponential revenue growth. Total liquor sales were \$415.8 million, a 13.2% increase over the previous fiscal year. Income from liquor profits, funds generated by gallonage and barrel taxes on wine and beer, and revenue from licensing and regulatory efforts translated to a total net revenue of over \$168 million.

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 retail customers. This partnership allowed us to maintain the continued profitability of Iowa's highly successful citizen-owned model. In addition, ABD implemented and utilized many new information systems to yield data-based decision making. A partnership began with SAS Analytics Software to provide data management and predictive analytics for sales and warehousing products.

Contained within this report will be information regarding alcohol education programs and partnerships, law enforcement training, administrative actions associated with non-compliance, a regulatory compliance report on protecting the health and safety of Iowans during COVID-19, and financial information to provide context and analysis associated with the pre-COVID-19 marketplace versus the current COVID-19 marketplace.

LOOKING AHEAD

As we move forward, we will be expanding upon a joint partnership with the Iowa Department of Revenue's GovConnect Iowa program. This is a one-stop-shop licensing portal for businesses across Iowa to apply for various state-issued permits and licenses. ABD's strategic initiatives (see page 3) will be to continue working toward improving our operations, policies, and processes to align with Governor Reynolds' vision of "Unleashing Opportunities."

The information contained within the body of this year's annual report reaffirms our commitment to strive for continual improvement to better serve and protect the welfare of the citizens of Iowa, while meeting the demands of an ever-evolving alcoholic beverage marketplace. 🍷

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.



CHRISTINE SPRATT
CHAIRPERSON

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 current term will expire on April 30, 2022. She will be eligible for a second five-year term.



JAY WILSON
VICE 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
SECRETARY

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
COMMISSIONER

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.

REGULATORY COMPLIANCE BUREAU



PROPER PLANNING AND EXECUTION ALLOWED THE BUREAU TO CONTINUE EFFECTIVE AND EFFICIENT GOVERNANCE DURING THE GLOBAL PANDEMIC.”

— JOSHUA HAPPE, BUREAU CHIEF

BUREAU PERFORMANCE SUMMARY

Multiple successful compliance initiatives were planned and implemented, some of which were unprecedented due to COVID-19. They included the implementation of an overall inspection strategy, a COVID-19 compliance initiative and administrative actions process, and a cocktails to-go initiative.

The Electronic Licensing And Permitting System (eLAPS), with the assistance of the vendor MTX and Iowa OCIO, and the SAS Compliance Data Management System were built and successfully deployed.

COLLABORATIVE PARTNERSHIPS

The Bureau of Regulatory Compliance actively seeks to participate and educate through cooperative efforts with various other regulators and associations.

ABD has become a resource having significantly strengthened partnerships with multiple different law enforcement agencies and other state departments, as well as with federal agencies, such as the Alcohol and Tobacco Tax and Trade Bureau (TTB). 🍷

REGULATORY COMPLIANCE BUREAU

ALCOHOL COMPLIANCE UNIT

- Investigations/Evaluations
- Inspections
- Audits
- Education/Outreach of Law Enforcement, Local Officials

TOBACCO COMPLIANCE UNIT

- I-PLEDGE Training and Enforcement
- U.S. Food and Drug Administration
- Smokefree Air Act

ALCOHOL LICENSING UNIT

ADMINISTRATIVE SUPPORT UNIT

ALCOHOL COMPLIANCE UNIT

246 

INVESTIGATIONS PERFORMED

FROM ALCOHOL OR SMOKEFREE
AIR ACT COMPLAINTS

3,229 

INSPECTIONS CONDUCTED

AT ALCOHOL ESTABLISHMENTS

\$26,832

RECOVERED TAX OBLIGATIONS

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

15 

LAW ENFORCEMENT TRAININGS CONDUCTED

THROUGHOUT THE STATE IN FY21

TOBACCO COMPLIANCE UNIT

13,405 

PERSONS CERTIFIED

THROUGH THE I-PLEDGE RETAILER TRAINING PROGRAM

338 

REGULATORY DECISIONS MADE

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

3,463 

TOBACCO COMPLIANCE CHECKS PERFORMED

IN PARTNERSHIP WITH LOCAL LAW ENFORCEMENT
ACROSS THE STATE OF IOWA

ALCOHOL LICENSING UNIT

15,964 

LICENSES, PERMITS, AND CERTIFICATES PROCESSED

\$19,134,834

COLLECTED IN ALCOHOL LICENSE REVENUE

Proclamations of Disaster Emergency affected all compliance work in FY21.

COVID-19 IMPACT — PUBLIC SAFETY

The Regulatory Compliance Bureau and the Iowa Department of Inspections and Appeals worked together to ensure that licensees followed public health guidelines set forth by the proclamations.

Additional steps to ensure compliance with the Governor's Proclamation of Disaster Emergency regarding social distancing and increased hygiene practices at Iowa bars, restaurants, and other food establishments included:

Investigators were assigned zones within the state

- Contacted and assisted law enforcement
- Identified non-compliant licensees
- Conducted inspections for public health and safety

Checked for compliance

- 6-feet apart and group sizes
- Increased hygiene measures in place
- Must be serving food with alcoholic beverages
- Educated licensees
- Reduced hours of operation

COVID-19 violations priority

- Cases / hearing complaints were filed on licensees that did not follow ABD education and violated the proclamations.

EDUCATION / OUTREACH OF LAW ENFORCEMENT, LOCAL OFFICIALS

To fulfill the ABD Regulatory Compliance Bureau's mission, and to be effective in the education of alcohol and tobacco regulation in Iowa, the Bureau collaborated with law enforcement, local officials, non-licensee partners, and the businesses we regulated.

In many jurisdictions, local law enforcement agencies are either unaware of, or do not fully understand, the scope, role, and authority that ABD and law enforcement agencies possess in reference to regulating and enforcing alcohol control laws. The Bureau expanded the role of training Iowa's law enforcement officers at the city and county level.

In FY21, the Bureau conducted 15 law enforcement trainings throughout the state. Additionally, the Bureau provided training to new law enforcement recruits at both the Iowa Law Enforcement Academy and the Iowa Department of Public Safety Academy.

The Regulatory Compliance Bureau partnered with D.A.R.E. (Drug Abuse Resistance Education) Iowa in October 2020 and provided direct assistance with certifying 17 law enforcement officers as new D.A.R.E. Instructors. 🍷

15

LAW ENFORCEMENT
TRAININGS CONDUCTED
THROUGHOUT THE STATE

17

LAW ENFORCEMENT
OFFICERS CERTIFIED AS
D.A.R.E. INSTRUCTORS



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 or delivery of alcoholic beverages to underage individuals.**
- **To prevent the sale or 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

The Iowa ABD Regulatory Compliance Bureau receives complaints from multiple different sources including the public, law enforcement, city/county officials, and other state and federal agencies.

Investigations were generated from complaints reported to the Regulatory Compliance Bureau and through violations discovered during inspections of alcohol licensed establishments.

The Regulatory Compliance Bureau did not receive any voluntary disclosures from licensees in FY21.

ALCOHOL COMPLIANCE EVALUATIONS / INVESTIGATIONS

The Bureau's evaluations and investigations were largely driven by inspections in FY21.

This provided ABD the opportunity to educate businesses on recent legislative changes, which impacted the manner in which some alcohol products may be sold and delivered.

The Bureau completed several cases in FY21 that resulted in licensees coming into compliance.

This indicated ABD was governing the market, helping ensure public health, safety, and welfare; and, that ABD contributed toward ensuring a fair and level playing field for all industry businesses in Iowa. 🍷

938

COVID-19 RELATED COMPLAINTS RECEIVED

245

NON-COVID-19 RELATED COMPLAINTS RECEIVED

1,049

EVALUATIONS PERFORMED

246

INVESTIGATIONS PERFORMED



ALCOHOL COMPLIANCE INSPECTIONS

A formalized compliance inspections program to facilitate a more proactive approach was implemented in FY21.

Inspection strategies were targeted toward special events at which alcohol service was a prominent feature. This was to ensure that public health, safety, and welfare were paramount for event attendees.

The inspections program consisted of the following initiatives: COVID-19 Proclamations compliance enforcement, mixed drinks and cocktails to-go, over-service, sale of alcohol to minors, and overall compliance with Iowa alcohol laws.

A total of 3,229 compliance inspections were conducted throughout the state in FY21. This is an increase from 271 inspections conducted in FY20.

Of the total compliance inspections in FY21, 2,877 were part of an initiative targeted on ensuring compliance of licensed establishments with the Governor's COVID-19 Proclamations.

Special Initiatives Implemented in FY21

- Cocktails To-Go Enforcement
- COVID-19 Proclamations Compliance
- Over-service Compliance Checks
- Underage Compliance Checks
- Iowa State Wrestling Championship (Des Moines)
- Winter Games (Okoboji)

ALCOHOL COMPLIANCE AUDITS

The Bureau conducted audits on licensees to verify the appropriate reporting requirements were filed and the correct amount of tax was remitted. The audits were essential for the efficient administration of self-assessed taxes and for ensuring that licensees paid neither more nor less tax than required.

The Audit Program identified and brought into compliance non-filers of prior tax reports. A total of 54 audits were conducted with a compliance rate of 85%. This resulted in a recovery of \$26,832 in outstanding gallonage tax obligations to the state of Iowa.

54
TOTAL AUDITS

85%
COMPLIANCE RATE

\$26,832
IN RECOVERED TAXES



REGULATORY COMPLIANCE BUREAU

TOBACCO COMPLIANCE UNIT

The Tobacco Compliance Unit is responsible for the education and enforcement of Iowa's tobacco laws.

The unit established the following goal:

Increase voluntary compliance with Iowa's tobacco, alternative nicotine, and vapor product laws through education and enforcement.

I-PLEDGE RETAILER TRAINING PROGRAM



■ Persons not certified

■ Persons decertified as a result of selling a tobacco/alternative nicotine/vapor product to a minor

While enforcement of Iowa's tobacco, alternative nicotine, and vapor product laws is an important goal of I-PLEDGE, education of both law enforcement and the state's retailers 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.

13,933
TOTAL TRAINED
THROUGH I-PLEDGE

90%
STATEWIDE I-PLEDGE
COMPLIANCE RATE

3,463
COMPLIANCE CHECKS

I-PLEDGE ENFORCEMENT PROGRAM COMPLIANCE CHECKS



■ Non-compliant

■ Unable to be completed

Iowa Alcoholic Beverages Division (ABD) is required by the Health & Human Services bill to collaborate with Iowa Department of Public Health (IDPH) for tobacco enforcement.



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

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



338
REGULATORY DECISIONS

11
SMOKEFREE AIR ACT
COMPLAINTS

13
SMOKEFREE AIR ACT
INVESTIGATIONS

SMOKEFREE AIR ACT (SFAA) ENFORCEMENT

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



SMOKEFREE AIR ACT INVESTIGATIONS CONDUCTED



** Due to COVID-19, the Tobacco Compliance Unit saw a decrease from FY20.*



REGULATORY COMPLIANCE BUREAU

ALCOHOL LICENSING UNIT

The Alcohol Licensing Unit is responsible for licensing alcohol establishments inside and outside 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 applicants throughout the licensing process.**

The Alcohol Licensing Unit processed 15,964 alcohol licenses, permits, and certificates in FY21. COVID-19 pandemic proclamations issued by the Governor suspended the requirement to renew and pay license fees for certain on-premises licensees and permittees for all of FY21. This license fee deferral expired on July 25, 2021.

Outstanding license fees related to the deferral for FY21 in the amount of \$1,797,163 remain to be collected by ABD in FY22. There was a total of \$19,134,834 in license revenue collected during FY21.

ABD transitioned to a new licensing system which now collects license fees upon submission of an application. The total number of licenses, permits, and certificates issued encompasses all licensed entities that do business involving alcoholic beverages in the state of Iowa. 🍷

15,964

LICENSES, PERMITS,
AND CERTIFICATES PROCESSED

\$19,134,834

LICENSE REVENUE COLLECTED

\$1,797,163

LICENSE REVENUE TO BE
COLLECTED IN FY22



RETAIL LICENSES/PERMITS**

	12-MONTH		8-MONTH		6-MONTH		14-DAY		5-DAY		SUB-PERMIT		TOTAL	
	FY21	FY20	FY21	FY20	FY21	FY20	FY21	FY20	FY21	FY20	FY21	FY20	FY21	FY20
Class "B" Beer Permit (BB)	373	367	23	2	52	52	8	20	195	349	—	—	651	790
Class "A" Liquor License (LA)	94	103	—	8	—	—	—	—	—	—	—	—	94	111
Class "B" Liquor License (LB)	124	105	—	—	—	—	—	—	—	—	—	—	124	105
Class "C" Liquor License (LC)	3,727	3,482	40	40	55	51	14	13	235	353	—	—	4,071	3,939
Class "C" Native Distilled Spirits Liquor License (LCN)	8	3	—	—	—	—	—	—	—	—	—	—	8	3
Class "D" Liquor License (LD)	16	24	—	—	1	1	—	—	—	—	—	—	17	25
Special Class "C" Liquor License (BW)	439	450	7	4	17	16	3	4	62	179	—	—	528	653
Total	4,863	4,600	70	54	125	120	25	38	500	898	64	69	5,647	5,779
Charity Beer, Spirits, and Wine Event Permit (CE)														
Total	0	0	0	0	0	0	0	0	0	0	0	0	6*	0
Off-Premises														
Class "C" Beer Permit (BC)	1,275	1,468	—	—	—	—	—	—	—	—	1,777	1,761	3,052	3,229
Class "E" Liquor License (LE)	1,724	1,858	—	—	—	—	—	—	—	—	—	—	1,724	1,858
Class "B" Wine Permit (WB)	25	23	—	—	2	1	—	—	—	—	2,512	2,603	2,539	2,627
Total	3,281	3,652	0	0	3	2	0	0	1	0	4,778	4,917	8,063	8,571
Special Class "A" Beer Permit (Brewpub)														
Class "B" Beer Permit (BB)	10	7	—	—	—	1	—	—	—	—	—	—	10	8
Total	50	48	—	—	—	1	—	—	—	—	—	—	50	49
Charity Beer, Spirits, and Wine Auction Permit (CP)														
Total	—	—	—	—	—	—	—	—	—	—	—	—	42*	69*

* 36 hour charity permits

NON-RETAIL ANNUAL LICENSES/PERMITS**/CERTIFICATES

	FY21	FY20
Importer/Manufacturer		
Brewer's Certificate of Compliance (CB)	189	190
Distiller's Certificate of Compliance (CD)	219	221
Vintner's Certificate of Compliance (CV)	536	621
Total	944	1,032
Wholesaler		
Class "A" Beer Permit (BA)	32	38
Class "A" Wine Permit (WA)	40	45
Total	72	83
In-State Manufacturer		
Class "A" Beer Permit (BAN)	72	83
Class "A" Wine Permit (WAN)	97	119
Class "A" Native Distilled Spirits License (ND)	20	18
Manufacturer's License (CM)	13	16
Total	202	236
Broker		
Broker's Permit (SP)	24	29
Total	24	29
Wine Direct Shipper		
Wine Direct Shipper Permit (DS)	910	1,080
Total	910	1,080
Wine Carrier		
Wine Carrier Permit (AC)	4	4
Total	4	4

***Permits issued on pages 14 and 15 refer to the total number of licenses processed by the Licensing Unit within the licensing system for the fiscal year.*

ADMINISTRATIVE AFFAIRS BUREAU



OUR GOAL IS ENSURING LICENSEE COMPLIANCE WITH IOWA'S ALCOHOL LAWS THROUGH EDUCATION AND GOVERNANCE. WE USE PROGRESSIVE DISCIPLINE IN THE FORM OF EDUCATION, CIVIL PENALTIES, AND, IF NECESSARY, SUSPENSION, DENIAL, AND/OR REVOCATION OF LICENSES TO PROTECT THE PUBLIC HEALTH, SAFETY, AND WELFARE OF IOWANS."

— LOLANI LEKKAS, BUREAU CHIEF

BUREAU PERFORMANCE SUMMARY

The purpose of the Administrative Affairs Bureau is to work toward achieving compliance with all laws and regulations related to the alcoholic beverage industry in Iowa. This includes proactive measures through analysis of existing laws and education to licensees and alcohol industry members as well as providing legal background and analysis when ABD governance is challenged.

Compliance and communication by the Bureau is accomplished through education and outreach initiatives comprised of a variety of programs, information, and publications offered to alcoholic beverage licensees and permittees, local authorities, law enforcement agencies, media, 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 industry in Iowa through legal background, analysis, and education which incorporate:

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

ADMINISTRATIVE ACTIONS UNIT

The unit established the following goal:

Hold accountable licensees, permittees, and certificate holders found in violation of Iowa's alcohol and/or tobacco laws.

56 

HEARING COMPLAINTS FILED

FROM ABD INVESTIGATIONS
AND INSPECTIONS

14 

HEARINGS HELD

ADMINISTRATIVE APPEALS HEARINGS
HELD BY ADMINISTRATIVE LAW JUDGE

\$64,000 

CIVIL PENALTY FUNDS

CIVIL PENALTY FUNDS FROM
VIOLATIONS COLLECTED

EDUCATION & OUTREACH UNIT

The purpose of this unit is to provide educational programs, information, and publications for alcoholic beverage licensees and permittees, local authorities, law enforcement agencies, and other stakeholders regarding the laws and rules which govern the alcoholic beverage industry, and to promote compliance with alcoholic beverage laws and rules.

22,589 

PEOPLE TRAINED

THROUGH I-PACT

2,366 

INFORMATIONAL PACKETS

EDUCATIONAL RESOURCES SENT TO NEW
LICENSEES AND PERMITTEES

276,949 

LICENSES SCANNED

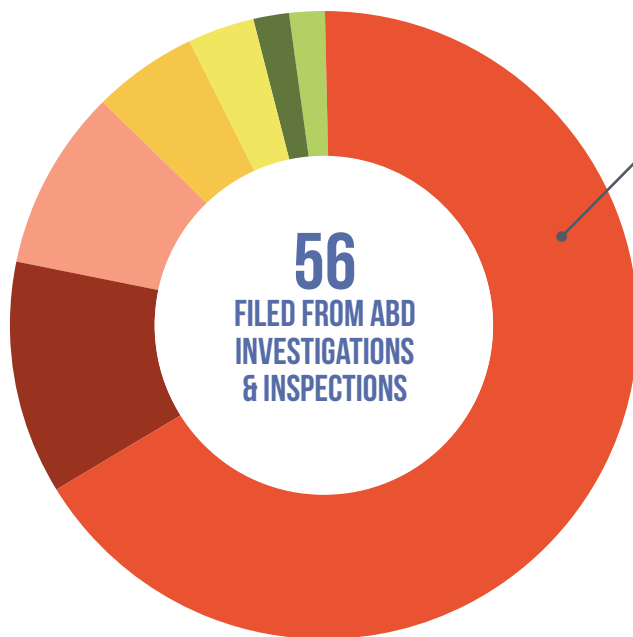
WITH THE IOWA ABD AGE TO PURCHASE MOBILE APP

ADMINISTRATIVE AFFAIRS BUREAU

ADMINISTRATIVE ACTIONS UNIT

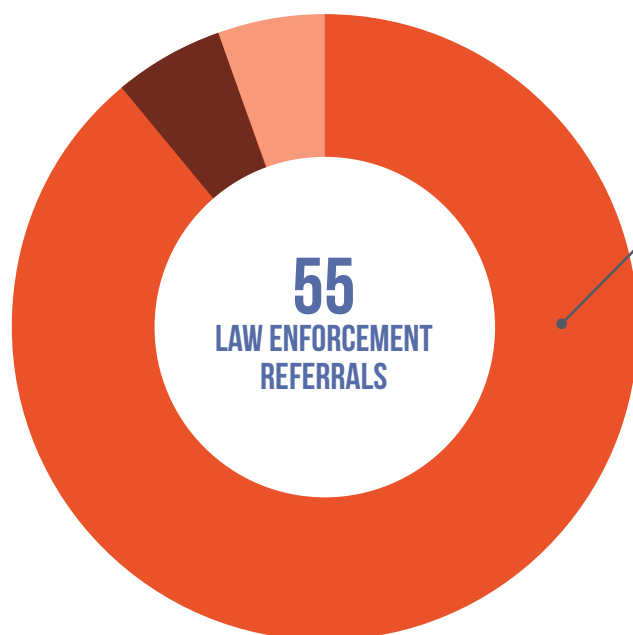
The Administrative Actions Unit is responsible for ABD's prosecution of violations of Iowa's alcohol and tobacco laws.

HEARING COMPLAINTS



	FY21	FY20
ABD INVESTIGATIONS / INSPECTIONS		
COVID-19 Proclamation Violation	37*	1
Smokefree Air Act	7	6
Bootlegging	5	25
Illegal Activity	3	4
Illegal Credit	2	1
Gambling	1	-
Refilling Bottles	1	2
Trade Practice Violation	-	4
Books and Records	-	2
Violation of Local Ordinance	-	1
Gallonage Tax Reports Delinquent	-	1
Infusing	-	1
No Keg Stickers	-	-
Illegal Advertising	-	-
Total ABD Investigations/ Inspections Filed on	56	48

* Administrative Actions 14, Regulatory Compliance 23



INVESTIGATIONS REFERRED BY LAW ENFORCEMENT		
1st Sale of Alcohol to Minor	51	52
2nd Sale of Alcohol to Minor	2	-
Sale of Alcohol After Hours	2	3
Total Referred Investigations	55	55

SUSPENSIONS

Iowa Department of Revenue Suspensions	10	10
Iowa Department of Revenue Intents	28	79
Total	51	106

VIOLATIONS - NEW APPLICATIONS

	FY21	FY20
Misrepresentation on Application	4	12
Total	4	12

RENEWAL APPLICATIONS DENIED BY ABD

	FY21	FY20
Deleted Corporation	12	94
Personal Taxes Owed	1	9
Good Moral Character	6	-
Total	19	103

ADMINISTRATIVE APPEALS HEARINGS HELD BY ADMINISTRATIVE LAW JUDGE

	FY21	FY20
Local Authority Cases	6	2
ABD Cases	8	6
Total	14	8

CIVIL PENALTY FUNDS COLLECTED

	FY21	FY20
Civil Penalties from Violations	\$64,000	\$90,253
Total	\$64,000	\$90,253

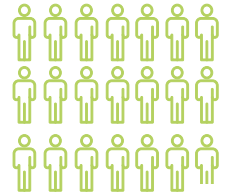
ADMINISTRATIVE AFFAIRS BUREAU

EDUCATION & OUTREACH UNIT

The Education & Outreach Unit uses a variety of programs to implement the education and communication objectives of ABD.

COVID-19

The COVID-19 pandemic required the Education and Outreach Unit to rapidly explore and develop new ways to provide education and communication to stakeholders. Given a fast evolving climate comprising new proclamations, law, and procedural changes, in addition to routine efforts, the unit implemented a number of new initiatives to retain effectiveness and improve efficiency. This included email campaigns targeting specifically impacted stakeholders, regular updates to the ABD website and social media channels with new information, materials, and infographics, an opinion article urging the public to do their part to help establishments adhere to guidelines, and virtual meetings and presentations to disseminate information to large groups of stakeholders.



22,589

PEOPLE TRAINED
THROUGH I-PACT

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 FY21, 22,598 people were trained in the responsible selling and serving of alcoholic beverages through the I-PACT program. Of those trained, 21,617 were certified while 981 failed the certification, leading to a 96% passage rate. In FY21, two people were decertified due to selling alcohol to a minor.

8,958

IOWA ABD AGE TO
PURCHASE APP
DOWNLOADS

276,949

ID SCANS

30,000

COPIES OF IOWA SPIRITS
MAGAZINE DISTRIBUTED

NEW LICENSEE EDUCATION PACKETS

During FY21 the Education and Outreach Unit continued to expand educational efforts for new licensees and permittees, adding in additional focus on special events. While there are many opportunities for licensees to receive education regarding alcohol licensing and compliance, they may not always know where to start. Each week, informational packets were sent to new licensees and permittees specific to their license or permit type. While the information is not all-inclusive, it does provide great insight into applicable alcohol regulations and provides the licensee the resources to find the answers they need within the materials that are available to them. In addition, all applicants for temporary licenses or permits received communication directing them to a dedicated special event page on the ABD website. This page provides a wealth of resources and information to help licensees plan their special events. These communications also serve as a point of contact for licensees and reflect a more proactive approach to education. The total number of licensees who received education packets during FY21 was 1,727. The total number of applicants who received special event resources was 639.



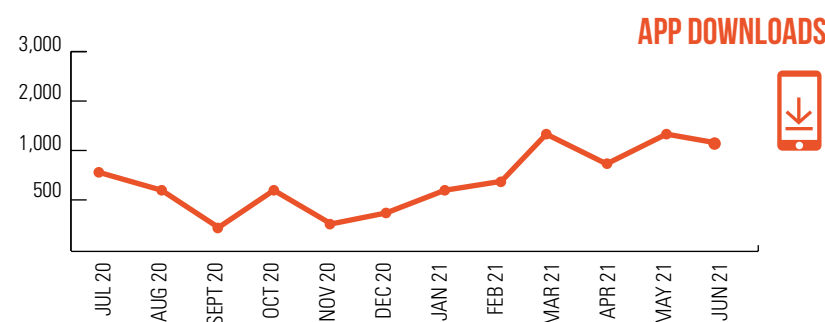
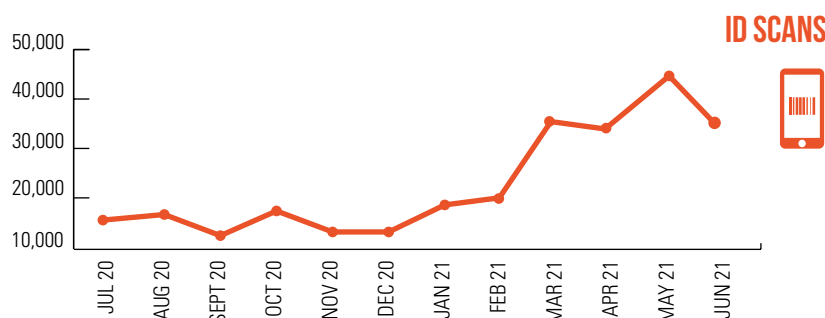
IOWA ABD AGE TO PURCHASE MOBILE APP

Another tool developed by ABD is the Iowa ABD Age to Purchase Mobile App. The app allows users to scan driver's licenses with their smartphone. No personal information of the customer is stored on the device. The built-in scanning function uses the camera feature on the device to scan the barcode on the driver's license to quickly help determine age and validity. The app also gives users access to a view similar to the desktop calendars previously issued by ABD as well as a manual date of birth calculator.

During the fiscal year, there were 276,949 ID's scanned and the app was downloaded 8,958 times. Since launching the app in February 2019 through the end of FY21, total downloads reached 19,807 and the total number of licenses scanned reached 753,620.

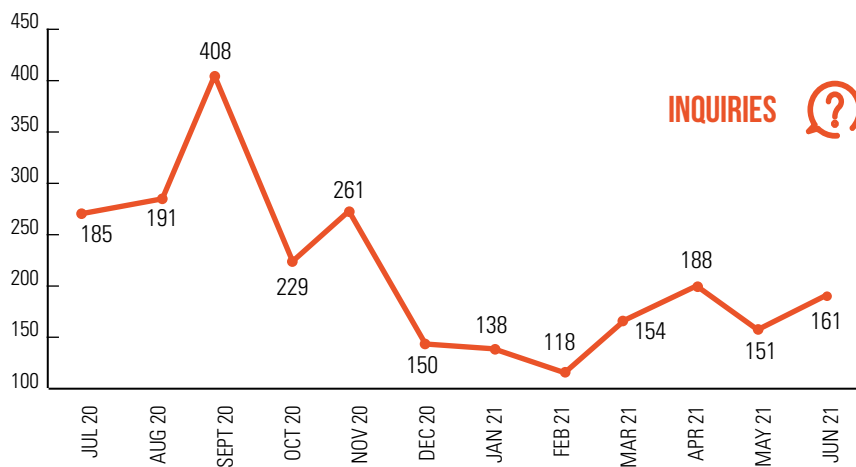


Iowa ABD Age to Purchase Mobile App



EDUCATIONAL OPPORTUNITIES

The Education and Outreach Unit offers formalized training and informational opportunities. Over 300 stakeholders received education through these opportunities in FY21. This included presentations to industry associations, event coordinators, public health and advocacy groups, external stakeholders, and members of the public. Along with these formal opportunities, the Education & Outreach Unit also assists licensees with Iowa's alcohol laws. The unit fielded over 194 questions each month from stakeholders on topics ranging from compliance and legal inquiries to special event outlines. This number averaged over 237 during the first half of FY21, mostly attributed to the COVID-19 pandemic. Along with providing education via phone or email, the unit also utilizes ABD's website as a vast educational resource. ABD's website features bulletins, licensing information, compliance, regulation, and educational materials. Advisory, educational, and regulatory bulletins provide guidance to a target audience on specific alcohol-related matters. The unit published 2 Advisory Bulletins and 1 Regulatory Bulletin during FY21.



IOWA SPIRITS MAGAZINE

Iowa Spirits Magazine continued production in FY21. This publication is produced bi-annually, 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.



ALCOHOL AWARENESS MONTH

During April, ABD partnered with other state agencies to promote Alcohol Awareness Month. In coordination with ABD, the Iowa Department of Public Health, Governor’s Office of Drug Control Policy, and Iowa Governor’s Traffic Safety Bureau launched a social media campaign and worked with Governor Reynolds’ Office on a proclamation declaring April as Alcohol Awareness Month. The social media campaign offered encouraging messaging focused on moderation and responsibility and offered resources from public health experts.



ADVERTISING CAMPAIGN

A new advertising campaign was launched to increase awareness of the I-PACT and I-PLEDGE programs and the Iowa ABD Age to Purchase Mobile App. The campaign was distributed on social media and search engine platforms and targeted business owners and employees that participated in selling and serving alcoholic beverages, tobacco, alternative nicotine and vapor products. The ads garnered 1.8 million impressions and over 10,000 user interactions.



BUSINESS OPERATIONS BUREAU



FISCAL YEAR 2021 CAN BE ACCURATELY DESCRIBED AS THE YEAR OF ‘MANAGING A SALES SURGE IN A TIME OF CRISIS.’ ABD CONTINUOUSLY STRIVES TO ACHIEVE ITS GOALS NO MATTER THE ‘CLIMATE’ OF THE DAY. OUR DISTRIBUTION PARTNER, RUAN, DEMONSTRATED THEIR ABILITY TO MANAGE EFFECTIVELY DURING THIS PERIOD AS THEY PLAYED A CRITICAL ROLE IN SUCCESS FOR ABD.”

— HERBERT H. SUTTON JR., CHIEF OPERATIONS OFFICER

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 FY21, class “E” store growth continued to increase at a steady pace from 1,796 to 1,840 retail outlets. With COVID-19 still present and affecting our daily lives, sales have also continued to increase at levels never experienced.

More outlets translated to more orders processed, moving from 78,866 to 94,514. In turn, total sales dollars hit an all-time high of \$415 million, from \$367 million the previous fiscal year. A portion of this increase may be contributed to buying habits formed due to the pandemic and consumers purchasing more spirits for home consumption.

Additional warehouse space has allowed us to keep up with increased business and offer a more diverse selection of products

to consumers. ABD was able to provide similar options for consumers as the supply chain tightened during the pandemic. This proved invaluable in light of the ongoing supply chain issues that will more than likely continue through mid-2022 and beyond.

Our distribution partner, Ruan Transportation, continued to out-perform our expectations as they navigated managing a sales surge in a time of crisis. It was critical for ABD and Ruan, both deemed as “essential businesses” during the height of the pandemic, to prove the partnerships value by keeping the Iowa consumer supply chain open with no interruptions.

The number of bottles shipped rose by 2.6 million from 28.2 million to 30.8 million.

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. 🍷

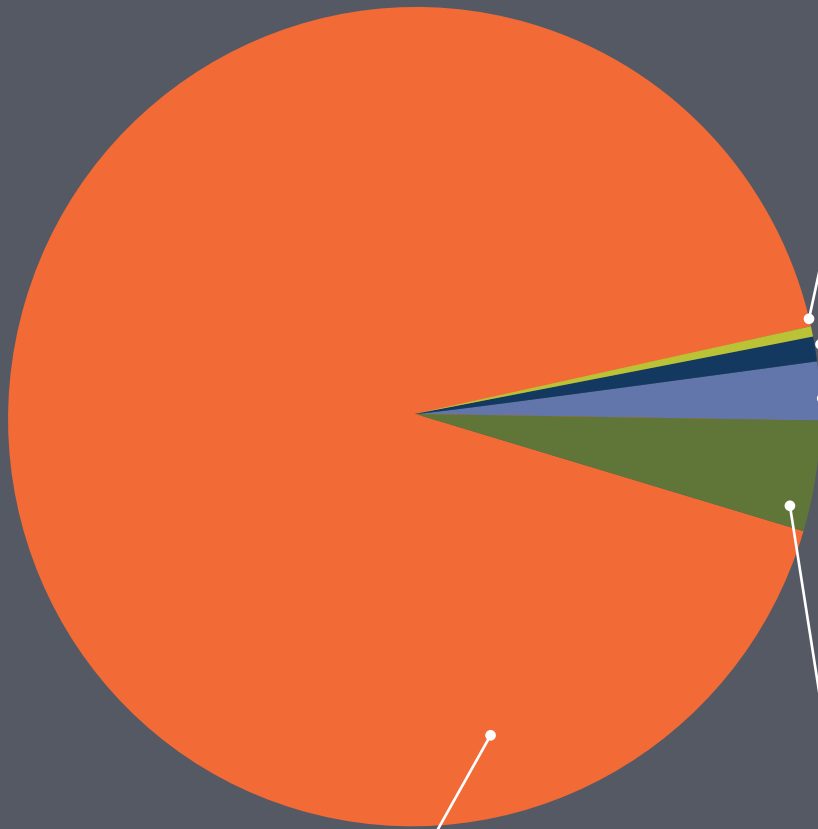
The Business Operations Bureau is responsible for all day-to-day functions, which incorporate:

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

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

\$452,010,794

TOTAL REVENUE EARNED



\$415,835,178

LIQUOR SALES

ABD is the sole wholesaler of alcoholic liquor in Iowa and delivers product to 1,840 off-premises retail locations across the state. Iowa Code section 123.24 requires ABD to mark up the price of products sold at wholesale by up to 50%.

\$1,672,118

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.

\$4,360,547

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.

\$11,008,117

WINE TAX

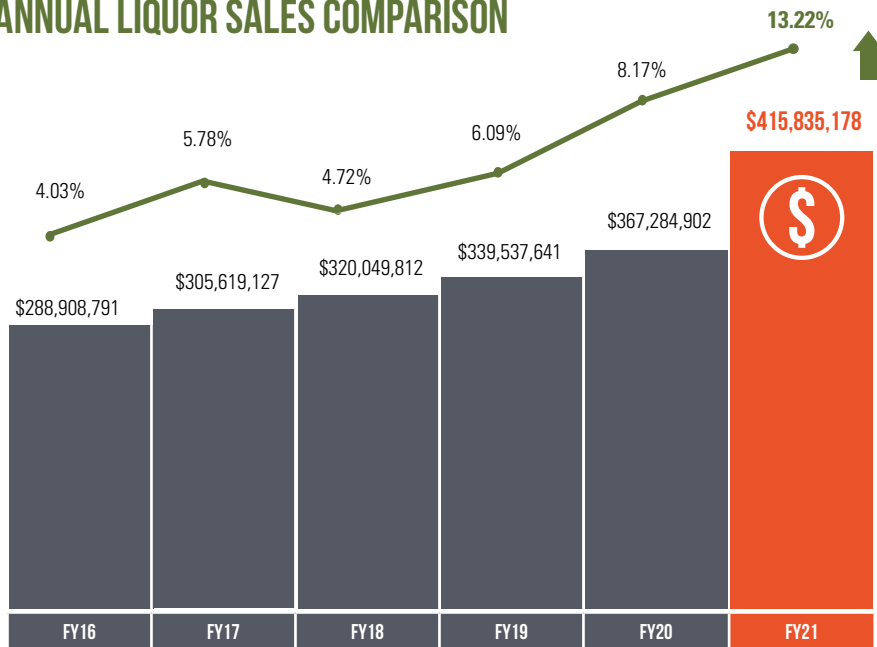
All wine sold at wholesale in the state, as well as wine directly shipped to consumers within Iowa, is assessed a tax at the rate of \$1.75 per gallon. During FY21, this tax continued to be deferred for report and collection by a proclamation set forth by the Governor in response to the COVID-19 pandemic in FY20. This tax was deferred for the months of February through June FY20. FY21 reported February through June FY20 deferred taxes which accounts for the increase in revenue.

\$19,134,834

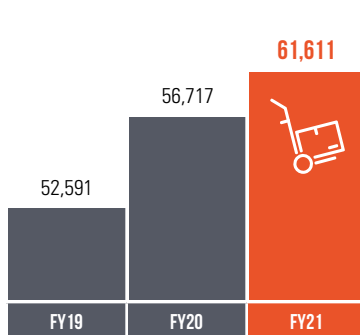
LICENSE FEES

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 continued to be deferred for certain license types by a proclamation set forth by the Governor in response to the COVID-19 pandemic in FY20. There was a portion of these license fees that were collected in FY21, which accounts for the increase in revenue.

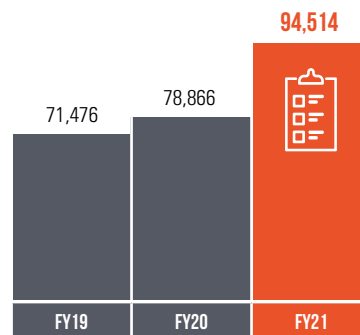
ANNUAL LIQUOR SALES COMPARISON



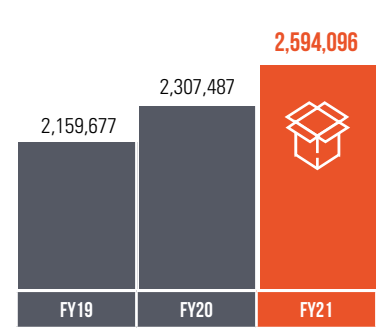
ANNUAL DELIVERY COMPARISON



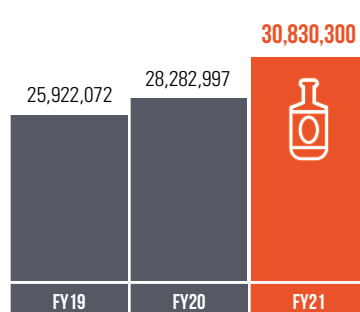
DELIVERIES



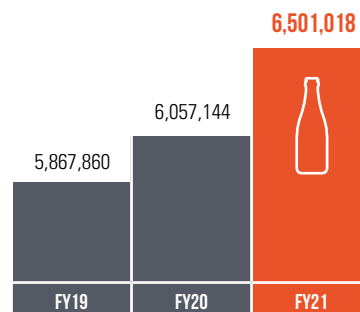
ORDERS



CASES



BOTTLES



GALLONS

WHERE THE PROFITS GO

REVENUES TRANSFERRED

\$120,600,000

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.

\$2,638,105

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.

\$944,896

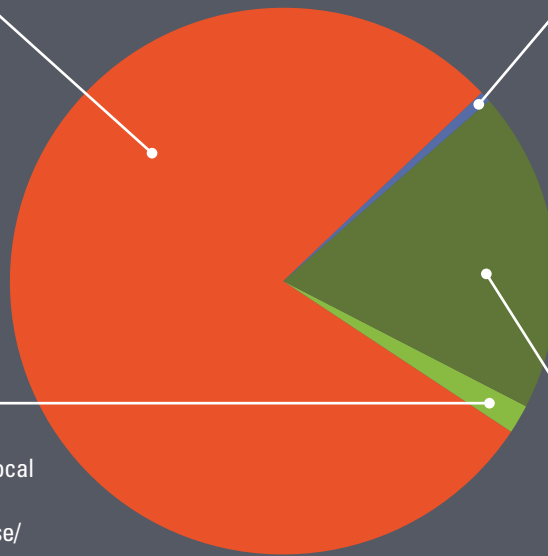
IOWA DEPARTMENT OF PUBLIC HEALTH
SUNDAY SALES

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.

\$29,225,511

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

\$18,207,794

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.

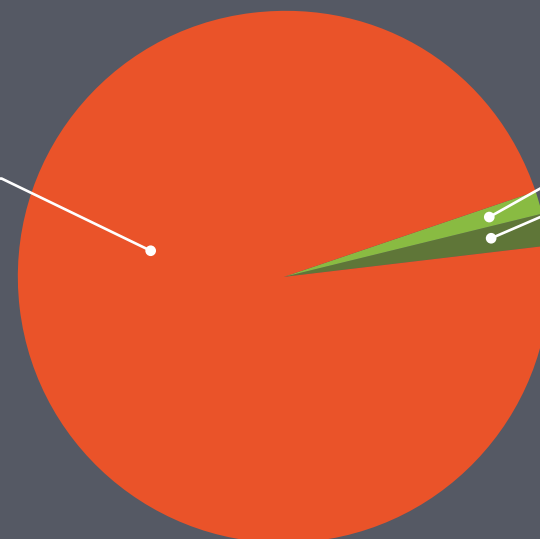
\$511,496

IOWA ECONOMIC DEVELOPMENT AUTHORITY

\$218,483 NATIVE BEER TAX*

\$293,013 NATIVE WINE TAX*

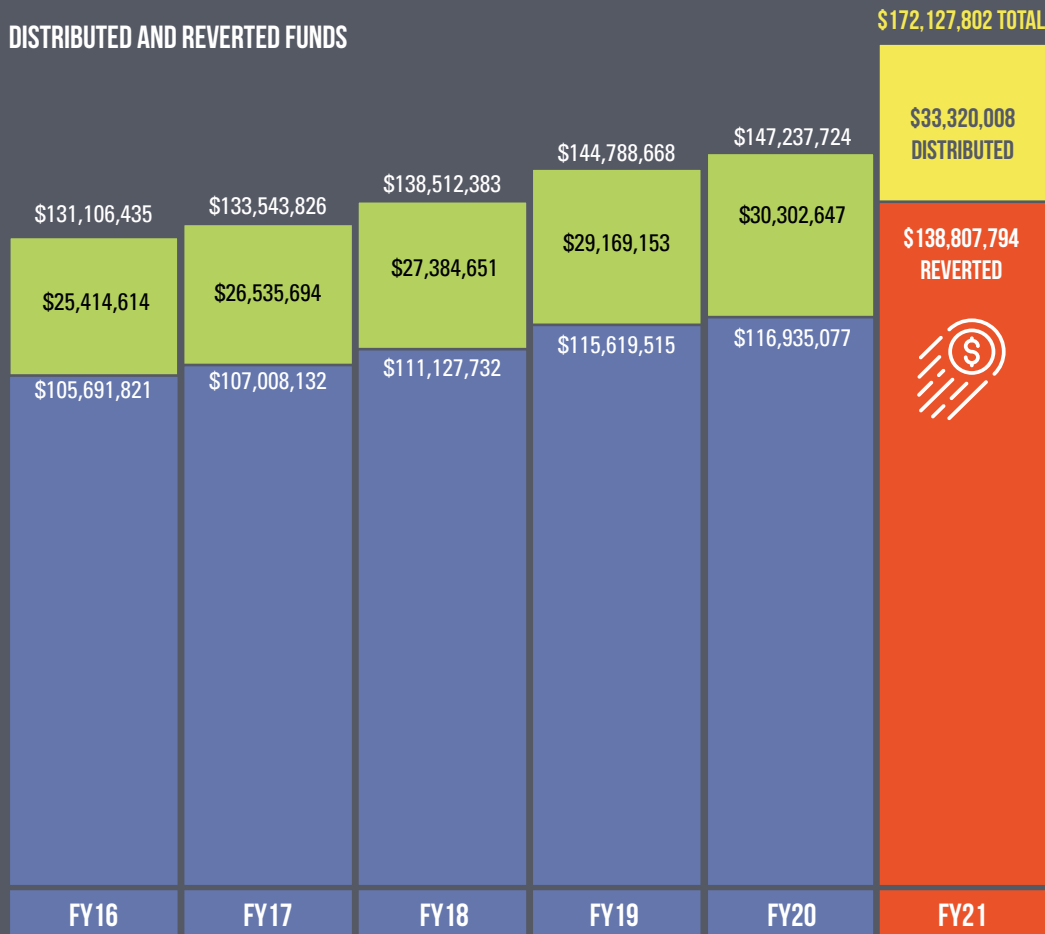
Tax revenues collected from Iowa native wine producers and native breweries are directed to the Iowa Economic Development Authority's Beer and Wine Promotion Board. Funds collected are used for research and development within the native wine and beer industries.



*During the fiscal year, this tax continued to be deferred for report and collection by a proclamation set forth by the Governor in response to the Covid-19 pandemic in FY20. These taxes were deferred until the FY21 hold open period of July 2021. This deferred collection led to an increase in revenue for FY21.

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.

BEER AND WINE GALLONS SOLD

	FY21	FY20	INCREASE/ DECREASE
Beer	95,830,495	49,663,037	92.96%
Native Beer	1,149,911	641,378	79.29%
Total Beer Gallons*	96,980,406	50,304,415	92.79%
Wine	6,290,353	3,244,062	93.90%
Native Wine	167,436	105,433	58.81%
Total Wine Gallons*	6,457,789	3,349,495	92.80%

BEER AND WINE TAXES PROCESSED

	FY21	FY20	INCREASE/ DECREASE
Taxes Processed**			
Beer Tax	\$18,207,794	\$9,435,977	92.96%
Native Beer Tax	\$218,483	\$121,862	79.29%
Wine Tax	\$11,008,117	\$5,677,108	93.90%
Native Wine Tax	\$293,013	\$184,507	58.81%
Total Taxes Processed	\$29,727,407	\$15,419,454	92.79%

LICENSING REVENUE

	FY21	FY20	INCREASE/ DECREASE
Licenses Processed**			
Liquor Licenses	\$17,847,369	\$16,319,185	9.36%
Wine Permits	\$57,950	\$63,090	-8.15%
Beer Permits	\$1,086,855	\$1,184,968	-8.28%
Special Licenses***	\$5,575	\$8,025	-30.53%
Certificates of Compliance****	\$107,654	\$101,395	6.17%
Total License Revenue*****	\$19,105,403	\$17,676,663	8.08%

*Total gallons is calculated by the tax collected. FY20 gallons were impacted by the Governor's Proclamation that deferred 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.

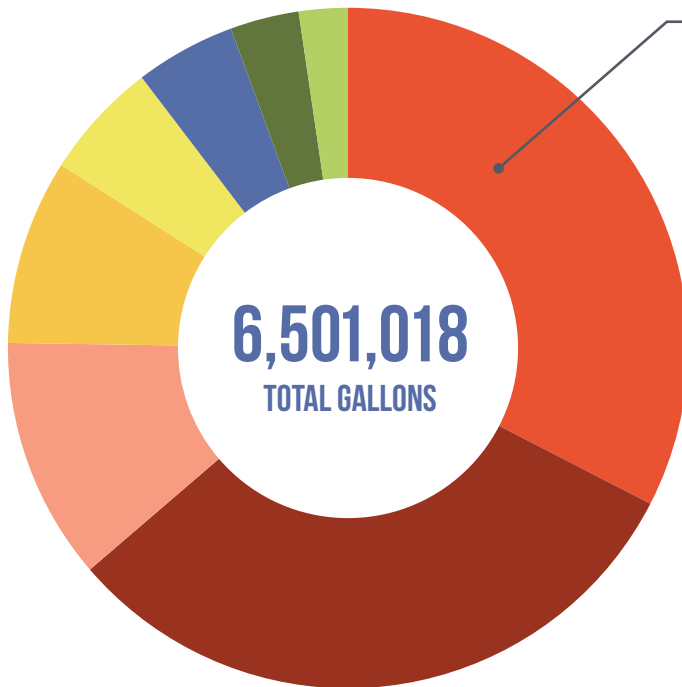
***Charity Auction Permits, Broker's Permits, and Alcohol Carrier Licenses.

****Brewer's Certificate of Compliance, Distiller's Certificate of Compliance, and Vintner's Certificate of Compliance.

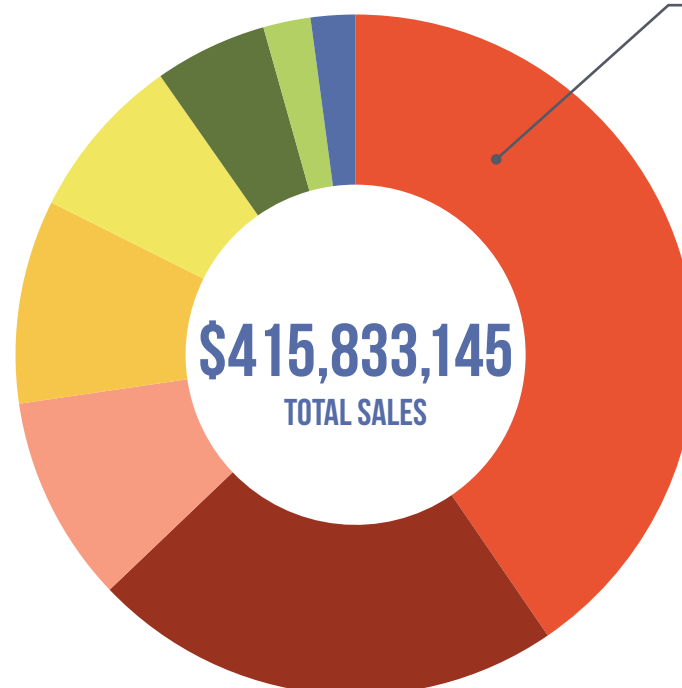
*****Total license revenue does not include the additional fees of \$29,431 associated.

LIQUOR

COMPARATIVE STATEMENT OF GALLONS SOLD



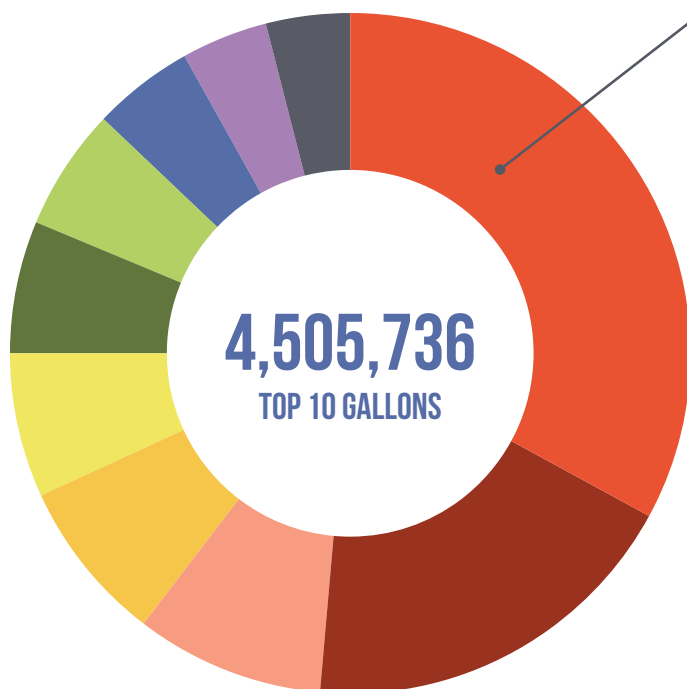
	FY21	FY20
DISTILLED SPIRITS BY GALLONS		
Whiskey	2,117,237	1,649,213
Vodka	2,024,662	1,726,136
Rum	749,294	701,716
Cordials	572,147	1,136,663
Tequila	363,556	257,796
Cocktails	310,477	280,751
Brandy/Cognac	212,564	161,932
Gin	151,081	142,937
Total Gallons	6,501,018	6,057,144



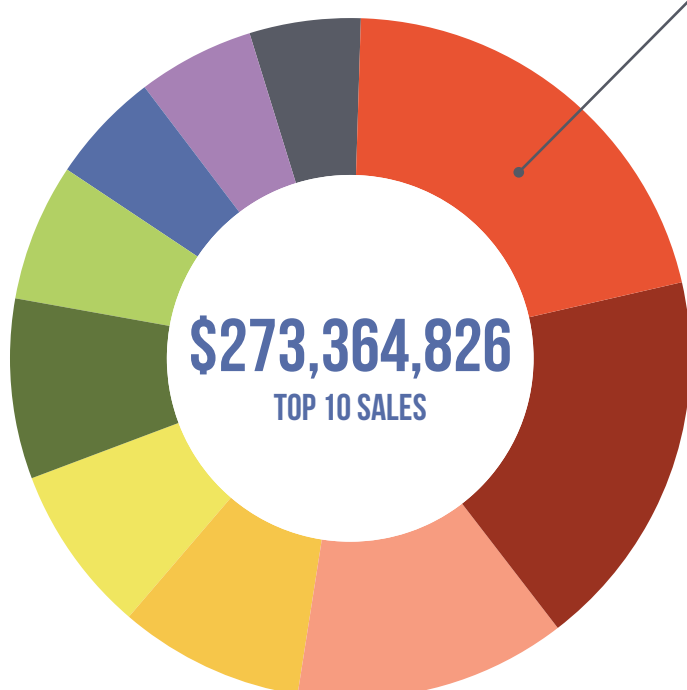
	FY21	FY20
DISTILLED SPIRITS BY SALES		
Whiskey	\$168,166,384	\$120,769,371
Vodka	\$93,249,657	\$74,299,177
Rum	\$40,893,659	\$37,834,551
Cordials	\$40,250,953	\$75,861,547
Tequila	\$32,822,597	\$24,000,542
Brandy/Cognac	\$22,272,767	\$18,649,482
Gin	\$9,355,761	\$8,343,310
Cocktails	\$8,821,367	\$7,495,659
Total Sales*	\$415,833,145	\$367,253,639

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

TOP 10 PRODUCT CATEGORIES

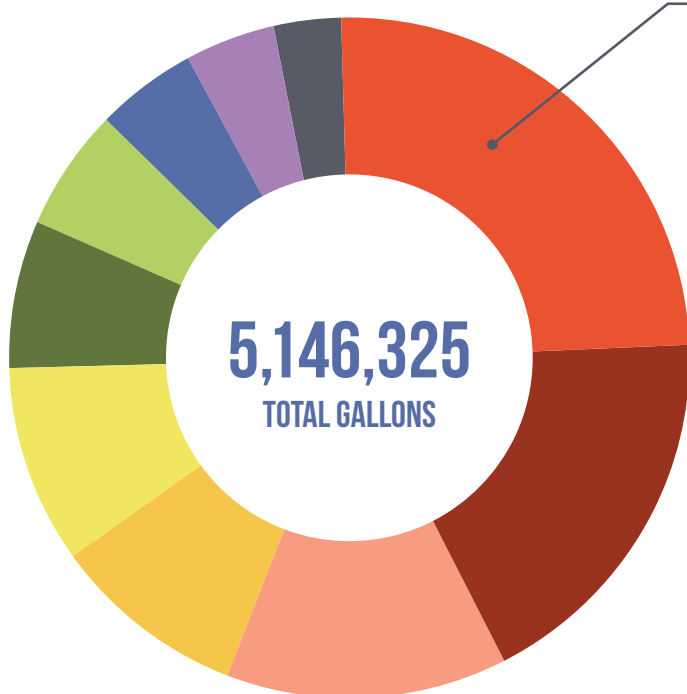


FY21		
TOP CATEGORIES BY GALLONS		
1	American Vodka	1,481,161
2	Canadian Whiskies	836,847
3	Spiced Rum	392,235
4	Straight Bourbon Whiskies	358,974
5	Cocktails / RTD	308,240
6	Whiskey Liqueur	304,198
7	Blended Whiskies	231,915
8	Imported Vodka	224,332
9	American Flavored Vodka	210,636
10	Mixto Tequila	157,198
Total Gallons		4,505,736

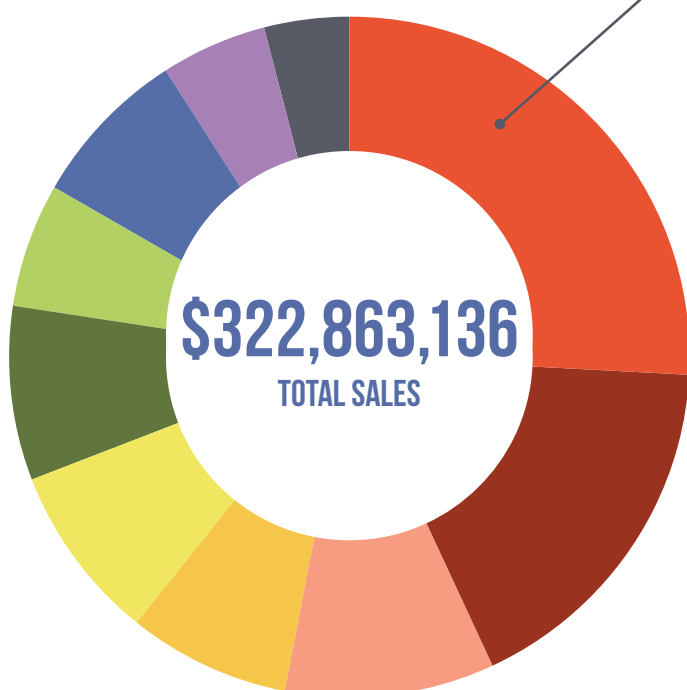


FY21		
TOP CATEGORIES BY SALES		
1	American Vodka	\$59,385,869
2	Canadian Whiskies	\$50,047,226
3	Straight Bourbon Whiskies	\$34,246,680
4	Whiskey Liqueur	\$24,345,644
5	Spiced Rum	\$23,014,973
6	100% Agave Tequila	\$20,974,396
7	Imported Brandies	\$16,956,584
8	Tennessee Whiskies	\$16,742,606
9	Imported Vodka	\$14,992,856
10	Blended Whiskies	\$12,657,992
Total Sales		\$273,364,826

TOP 10 SUPPLIERS

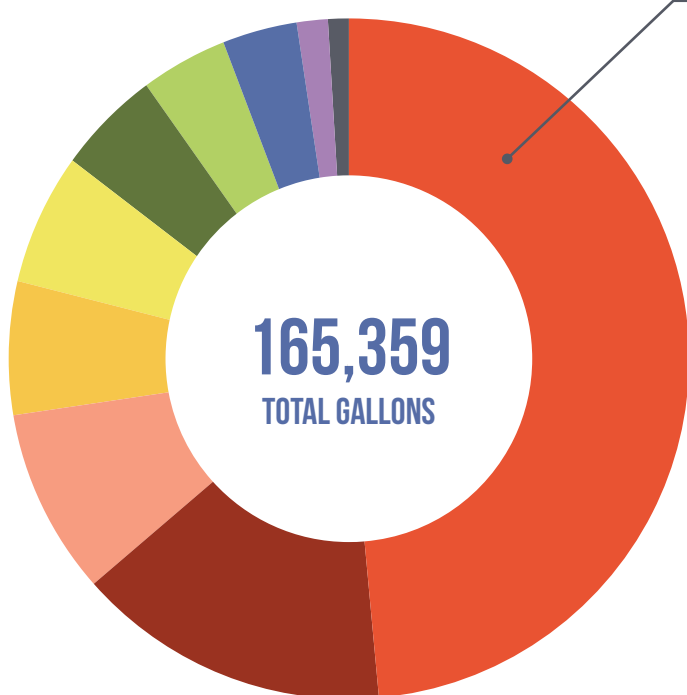


FY21		
TOP SUPPLIERS BY GALLONS		
1	Sazerac Company Inc.	1,258,963
2	Diageo Americas	935,552
3	Heaven Hill Brands	656,371
4	Luxco Inc.	534,796
5	Jim Beam Brands	446,723
6	Fifth Generation Inc.	357,078
7	Pernod Ricard USA	302,904
8	Proximo Spirits	259,957
9	Bacardi USA Inc.	224,900
10	Brown Forman Corp.	169,081
Total		5,146,325

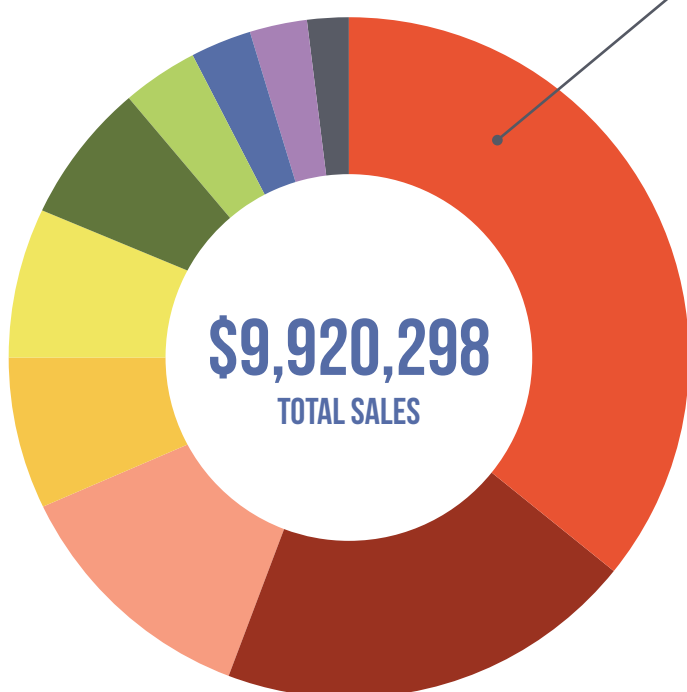


FY21		
TOP SUPPLIERS BY SALES		
1	Diageo Americas	\$81,864,528
2	Sazerac Company Inc.	\$58,048,707
3	Jim Beam Brands	\$30,687,452
4	Heaven Hill Brands	\$27,485,201
5	Pernod Ricard USA	\$26,149,241
6	Fifth Generation Inc.	\$24,816,765
7	Bacardi USA Inc.	\$22,226,221
8	Brown Forman Corp.	\$20,352,548
9	Luxco Inc.	\$16,503,032
10	Proximo Spirits	\$14,729,441
Total		\$322,863,136

TOP 10 IOWA NATIVE DISTILLERS AND MANUFACTURERS



FY21		
TOP IOWA SUPPLIERS BY GALLONS		
1	Red Boot Distillery, JDSO, Inc.	80,480
2	Cedar Ridge Vineyards	24,780
3	Dehner Distillery	14,840
4	Iowa Distilling, Dunkel Corporation	10,521
5	Mississippi River Distilling	10,264
6	Swell Liquor, LLC	7,822
7	Foundry Distilling Company, LLC	6,374
8	S&B Farms Distillery	6,354
9	Revelton Distilling Company	2,462
10	John Ernest Distillery, Inc.	1,462
Total		165,359



FY21		
TOP IOWA SUPPLIERS BY SALES		
1	Cedar Ridge Vineyards	\$3,528,788
2	Red Boot Distillery, JDSO, Inc.	\$2,008,948
3	Mississippi River Distilling	\$1,147,390
4	Iowa Distilling, Dunkel Corporation	\$793,677
5	Foundry Distilling Company, LLC	\$669,251
6	S&B Farms Distillery	\$637,046
7	Swell Liquor, LLC	\$339,139
8	Dehner Distillery	\$321,637
9	Revelton Distilling Company	\$288,003
10	Templeton Distilling, LLC	\$186,419
Total		\$9,920,298

TOP 50 BRANDS

BRAND RANKED BY GALLONS SOLD	FY21
1 Black Velvet Canadian Whiskey	380,492
2 Tito's Handmade Vodka	357,075
3 Captain Morgan Original Spiced Rum	264,920
4 Fireball Cinnamon Whiskey	259,628
5 Hawkeye Vodka	204,644
6 McCormick Vodka	117,645
7 Crown Royal Canadian Whiskey	104,683
8 Jack Daniels Black Label Whiskey	101,711
9 Smirnoff Vodka	99,940
10 Five O'Clock Vodka	88,442
11 Barton Vodka	82,037
12 Crown Royal Regal Apple Canadian Whiskey	79,172
13 Bacardi Superior Rum	74,460
14 Admiral Nelson Spiced Rum	74,389
15 Malibu Coconut Rum	72,999
16 Blue Ox Vodka	70,726
17 Jim Beam Bourbon Whiskey	70,531
18 Seagrams 7 Crown Whiskey	64,516
19 Hennessy VS Imported Brandy	62,391
20 Jameson Whiskey	56,926
21 Jose Cuervo Authentic Lime Margarita	56,280
22 Absolut Swedish Vodka	54,018
23 Jose Cuervo Especial Reposado Tequila	51,998
24 Kirkland Signature American Vodka	49,798
25 Fris Danish Vodka	48,569

BRAND RANKED BY GALLONS SOLD	FY21
26 Svedka Vodka	48,060
27 Dr. McGillicuddys Cherry Schnapps	44,865
28 Five Star American Whiskey	44,846
29 Phillips Vodka	43,846
30 Barton Naturals Vodka	41,687
31 Platinum 7x Vodka	41,309
32 Black Velvet Toasted Caramel Canadian Whiskey	40,487
33 Paramount White Rum	39,480
34 Jagermeister Liqueur	38,474
35 Nikolai Vodka	37,775
36 Canadian Ltd Whiskey	36,984
37 Tortilla Gold DSS	34,799
38 Windsor Canadian Whiskey	33,977
39 New Amsterdam Vodka	33,756
40 Southern Comfort Liqueur	33,239
41 UV Blue Raspberry Vodka	32,977
42 Patron Silver Tequila	32,055
43 Kessler Blend Whiskey	28,828
44 Chi-Chi's Margarita	28,645
45 Ten High Bourbon Whiskey	28,482
46 Dekuyper Luscious Peachtree Schnapps	28,417
47 Members Mark Vodka	27,870
48 Members Mark Bourbon Whiskey	27,282
49 Fleischmanns Vodka	26,502
50 Juarez Gold Tequila	26,067

Top 50 Gallons Sold 3,780,639

All Gallons Sold 6,501,018



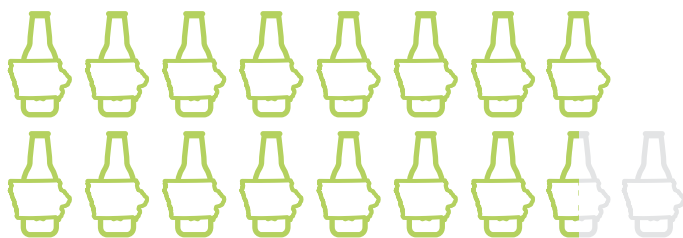
TOP 50 NATIVE IOWA BRANDS

BRAND RANKED BY GALLONS SOLD		FY21
1	Blue Ox Vodka	70,726
2	Cedar Ridge Bourbon	16,049
3	Gotcha Vodka	9,955
4	Swell Vodka	7,822
5	Prairie Fire	5,354
6	Sir Winston Peach	4,040
7	Blue Ox Silver Rum	3,899
8	Iowish Cream Liqueur	3,015
9	Saints N Sinners Apple Pie	2,784
10	Blue Ox Gin	1,946
11	Red Fox Vodka	1,631
12	Foundry Vodka	1,559
13	Slipknot Iowa Whiskey No. 9	1,546
14	Cody Road Bourbon	1,402
15	Gotcha Silver Rum	1,378
16	Cody Road Barrel Old Fashioned	1,369
17	Butchers Block Vodka	1,337
18	Cedar Ridge Quintessential American Single Malt	1,224
19	Don Agave Gold	1,211
20	Bagger Vodka	1,023
21	Rocket Fuel	909
22	Cedar Ridge Malted Rye	854
23	Private First Class	848
24	Blue Ox American Spirit Whiskey	806
25	Sir Winston Apple	803

BRAND RANKED BY GALLONS SOLD		FY21
26	Revelton Whiskey and Cream Liqueur	773
27	River Pilot Vodka	765
28	Gotcha Blended Whiskey	643
29	Okoboji Vodka	598
30	Swell Zone Vodka	591
31	Revelton Mulberry Gin	578
32	Templeton Rye 6YR Special Reserve	575
33	The Real Stuff	569
34	Blue Ox Cinnamon Whiskey	561
35	Cedar Ridge Shorts Whiskey	548
36	Ingenioz	542
37	Cedar Ridge Port Cask Finished Bourbon	540
38	Revelton Honey Whiskey	519
39	Foundry Whiskey Custom	503
40	Midnight Ritual	474
41	Iowa Distilling Company Straight Bourbon Whiskey	461
42	Cody Road Honey	439
43	Slipknot Iowa Whiskey No. 9 Reserve	416
44	Century Farms Open Gate Vodka	411
45	Gotcha Gin	390
46	Iowa Legendary Rye Black Label	377
47	Cody Road Rye	366
48	Sinister Whiskey	363
49	Steeple Ridge Bourbon	349
50	Century Farms Prairie States Corn Whiskey Rapid Aged	344

Top 50 Native Iowa Gallons Sold **156,185**

All Gallons Sold **172,811**



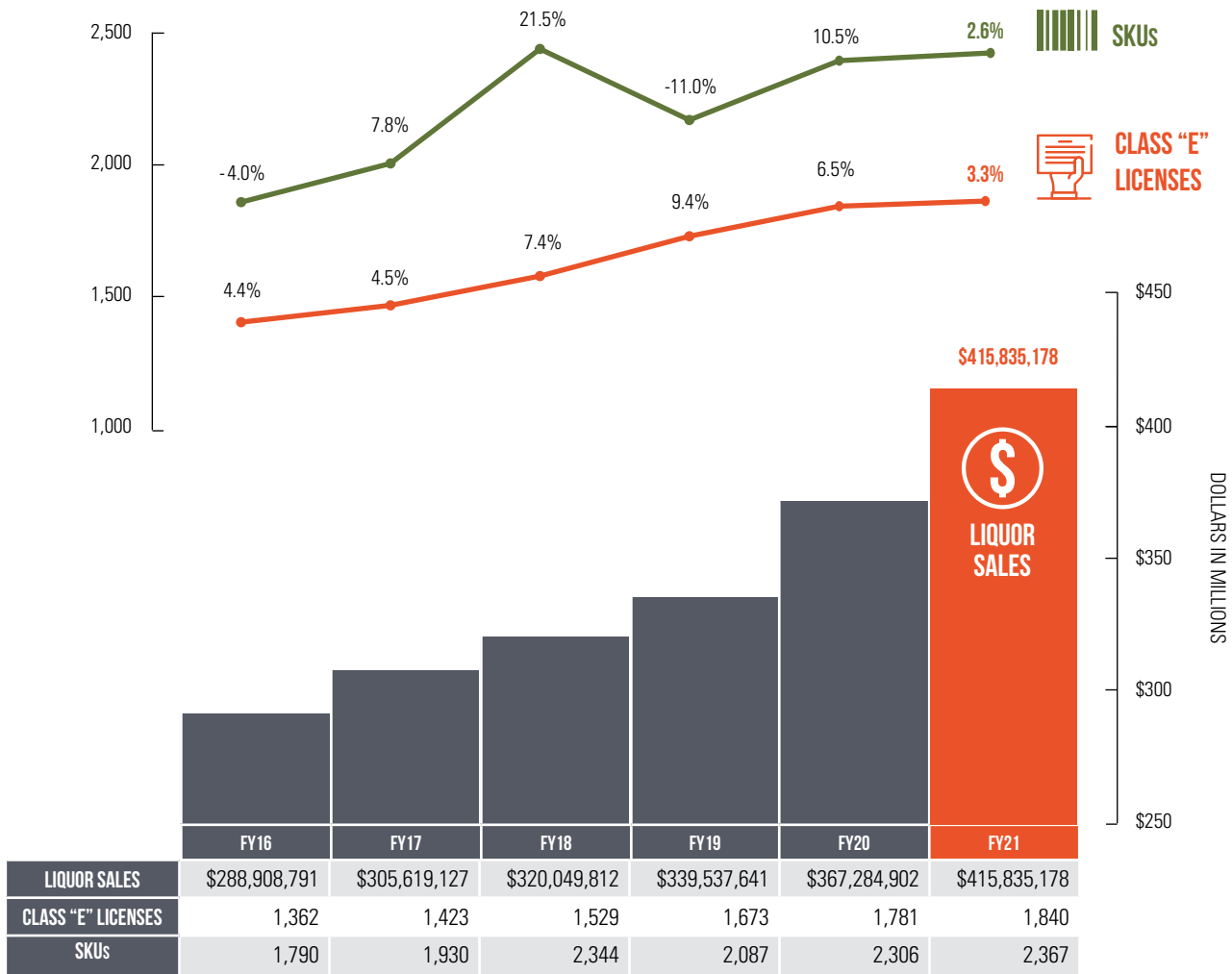
90% 

OF ALL NATIVE IOWA GALLONS
SOLD WERE TOP 50 BRANDS

CLASS “E” LICENSE AND SKU GROWTH

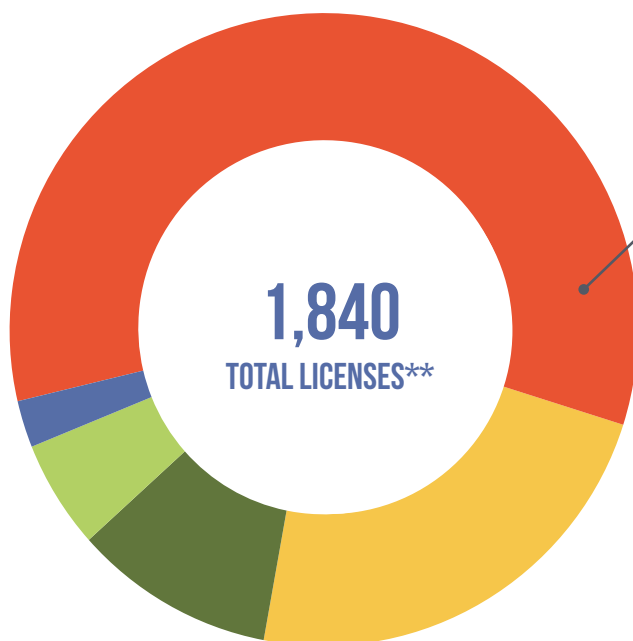
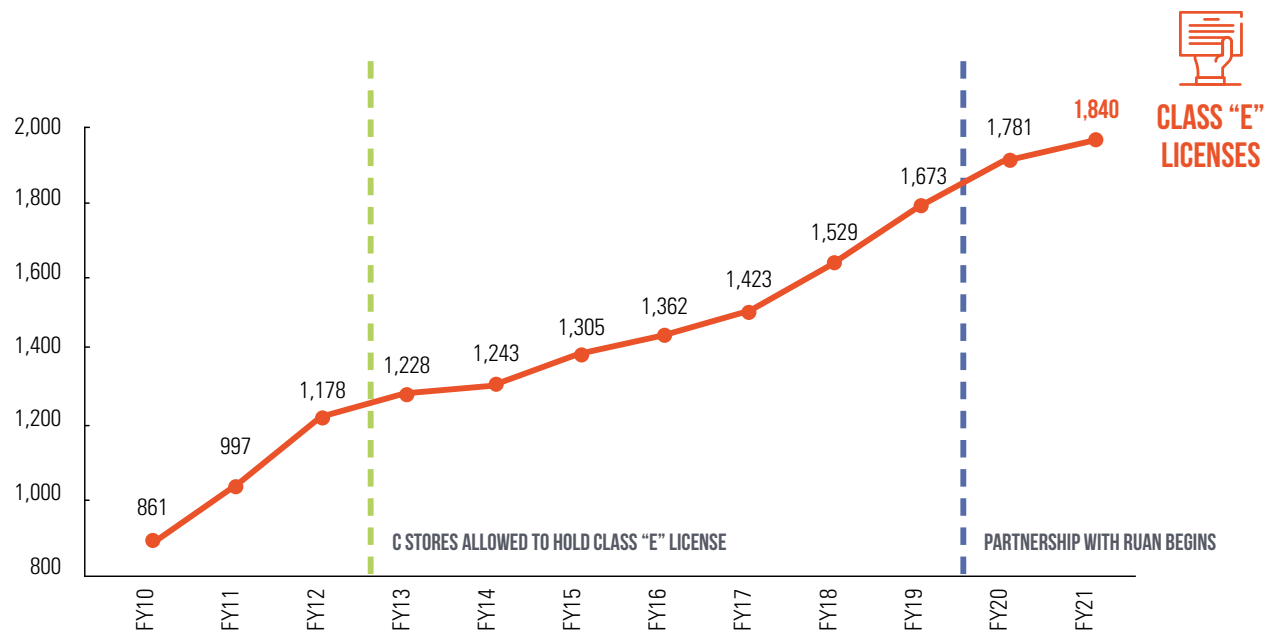
ABD continues to experience growth in many aspects of the business model including class “E” licenses and SKUs. The increase in class “E” licenses increases the number of distribution points available to be delivered to on a weekly basis. The number of SKUs refers to the diverse catalog of products offered for distribution to class “E” licenses for sale to the public and on-premises licenses 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



CLASS “E” LICENSE GROWTH

In 2012 there was an increase in the number of class “E” licenses due to a 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.



		FY21	FY20	FY19
Class "E" Premises Types				
1	Convenience Store	1,075	1,008	899
2	Grocery Store	425	440	439
3	Liquor Store	200	193	192
4	Pharmacy	98	98	98
5	Other*	42	42	45
Total**		1,840	1,781	1,673

*Other Category represents Discount Store, Casino, Hotel, Redemption Center, and Specialty Shop.

** Total licenses is the total number of active class “E” licenses at the end of the fiscal year.

CLASS “E” LICENSES & 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 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.

1,840
IOWA RETAILERS



At the end of FY21, ABD distributed to 1,840 retailers in the state of Iowa through one central warehouse in Ankeny.

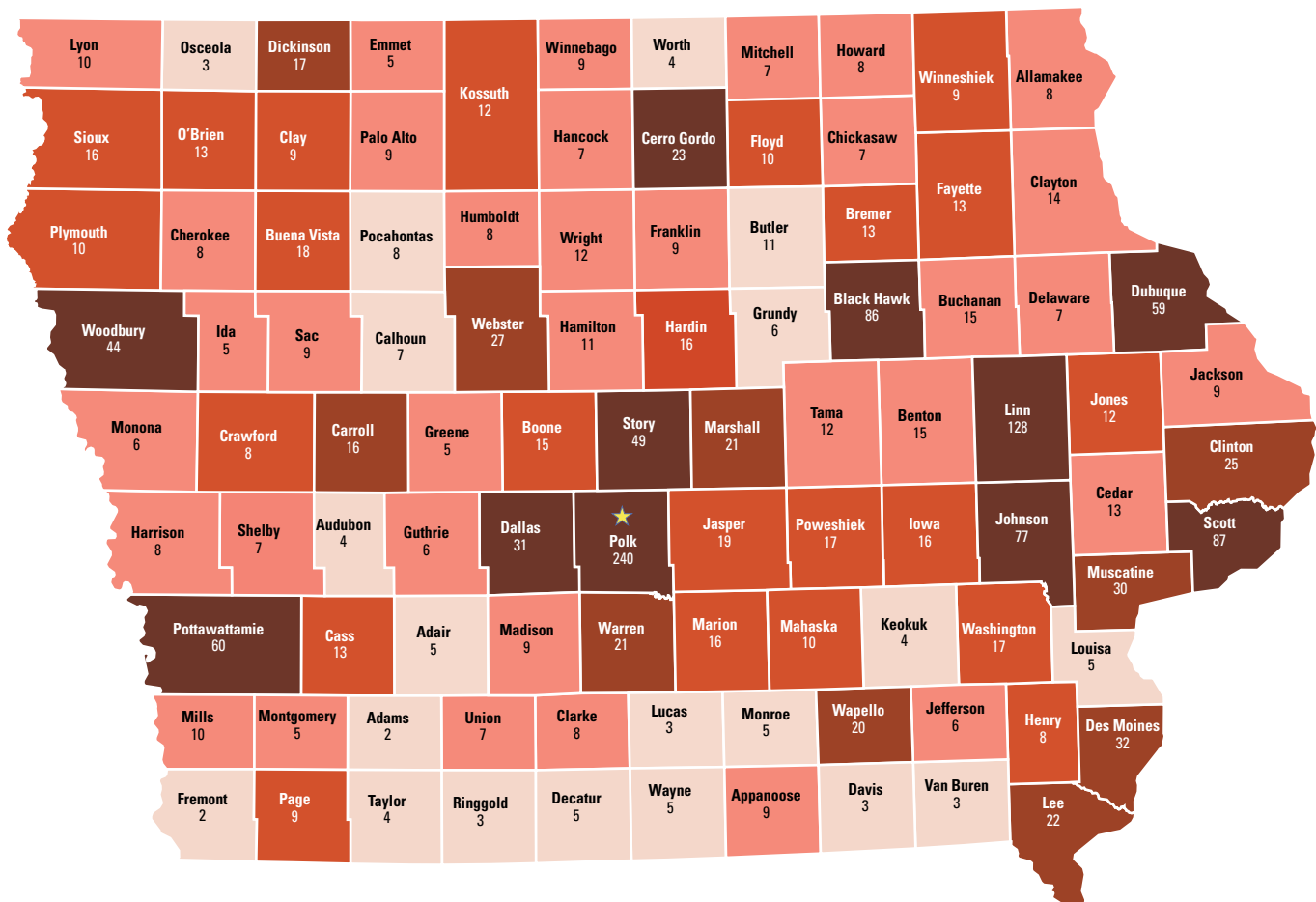
6,501,018
TOTAL GALLONS SOLD



County
Number of
Licenses

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

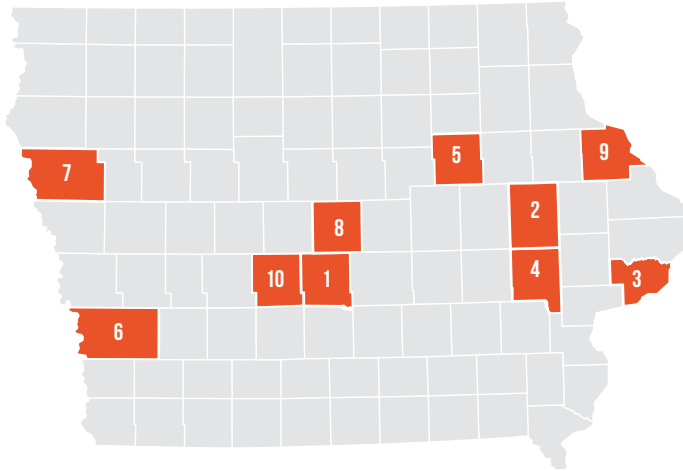
★ Distribution Center



TOP 10 COUNTIES BY SALES

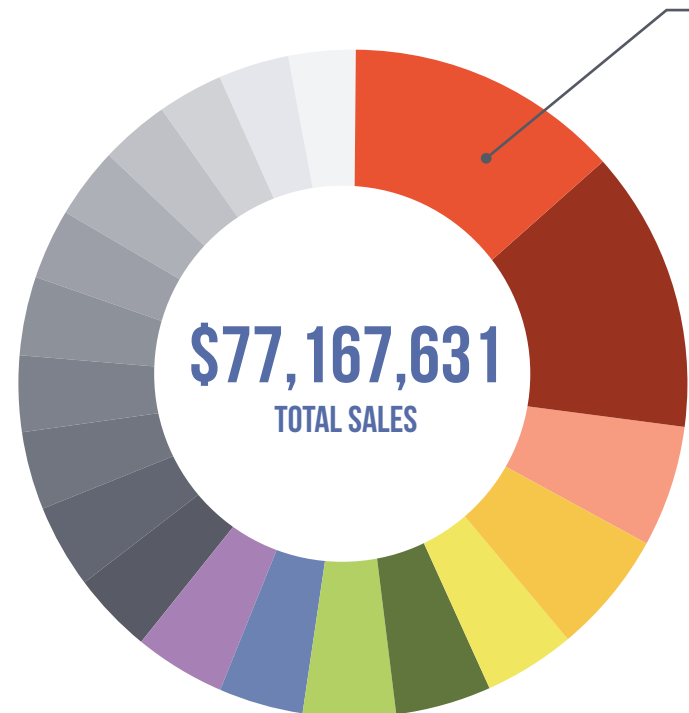
\$272,112,376

TOTAL CLASS "E" LIQUOR SALES



Linn	\$35,443,565
Johnson	\$24,223,459
Pottawattamie	\$15,043,688
Story	\$12,972,107
Dallas	\$10,478,273
Total	\$272,112,376

TOP 20 CUSTOMERS BY SALES



		FY21
TOP CUSTOMERS BY CLASS "E" LIQUOR SALES*		
1	Central City 2, Des Moines	\$10,325,536
2	Hy-Vee #3, BDI, Des Moines	\$10,240,438
3	Costco Wholesale #788, West Des Moines	\$4,651,941
4	Hy-Vee Wine and Spirits, Iowa City	\$4,517,373
5	Hy-Vee Food Store, Urbandale	\$3,566,105
6	Wilkie Liquors, Mount Vernon	\$3,492,459
7	Benz Distributing, Cedar Rapids	\$3,464,976
8	Sam's Club 8162, Cedar Rapids	\$3,410,616
9	Lot-A-Spirits, Bettendorf	\$3,211,248
10	Sam's Club 6979, Ankeny	\$3,148,451
11	Sam's Club 6344, Windsor Heights	\$3,105,618
12	I-80 Liquor, Council Bluffs	\$2,967,543
13	Hy-Vee, Waukee	\$2,886,455
14	Central City Liquor, Inc., Des Moines	\$2,726,937
15	Hy-Vee Wine and Spirits, West Des Moines	\$2,697,821
16	Hy-Vee Food Store, Coralville	\$2,647,962
17	Costco Wholesale #1111, Coralville	\$2,623,959
18	Sam's Club 8238, Davenport	\$2,525,965
19	Sam's Club 6432, Sioux City	\$2,491,163
20	Hy-Vee #4, West Des Moines	\$2,465,065
Total		\$77,167,631

*FY20 report calculated total sales per customer groups. FY21 report is calculated to show total sales by individual class "E" licensees.

TOTAL GALLONS SOLD PER COUNTY

RANK	COUNTY	FISCAL YEAR GALLONS				CLASS "E" LICENSEES SELLING SPIRITS			
		FY 2021	FY 2020	+ / -	% + / -	FY 2021	FY 2020	+ / -	% + / -
1	Polk	1,345,882	1,268,688	77,194	6%	272	240	32	13%
2	Linn	558,993	533,727	25,267	5%	136	128	8	6%
3	Scott	460,460	418,997	41,463	10%	92	87	5	6%
4	Johnson	354,771	327,649	27,123	8%	88	77	11	14%
5	Black Hawk	342,844	320,738	22,106	7%	100	86	14	16%
6	Pottawattamie	228,732	207,096	21,637	10%	62	60	2	3%
7	Woodbury	213,971	202,364	11,607	6%	48	44	4	9%
8	Story	206,961	181,333	25,628	14%	54	49	5	10%
9	Dubuque	199,889	177,456	22,433	13%	64	59	5	8%
10	Dallas	169,332	154,538	14,794	10%	40	31	9	29%
11	Cerro Gordo	143,914	131,899	12,016	9%	29	23	6	26%
12	Clinton	101,858	85,201	16,657	20%	26	25	1	4%
13	Dickinson	95,220	83,771	11,449	14%	20	17	3	18%
14	Webster	74,339	69,518	4,820	7%	32	27	5	19%
15	Lee	72,717	67,387	5,331	8%	24	22	2	9%
16	Muscatine	72,205	72,519	(314)	0%	31	30	1	3%
17	Des Moines	71,278	70,212	1,067	2%	33	32	1	3%
18	Warren	67,667	60,031	7,636	13%	28	21	7	33%
19	Marshall	64,930	63,625	1,305	2%	25	21	4	19%
20	Wapello	61,388	55,666	5,722	10%	22	20	2	10%
21	Carroll	51,789	51,684	105	0%	17	16	1	6%
22	Marion	51,756	47,372	4,384	9%	18	16	2	13%
23	Jasper	45,516	41,157	4,360	11%	21	19	2	11%
24	Bremer	44,776	45,632	(856)	-2%	13	13	-	0%
25	Hardin	41,572	41,802	(230)	-1%	18	16	2	13%
26	Washington	41,448	34,786	6,662	19%	18	17	1	6%
27	Sioux	40,360	40,692	(333)	-1%	19	16	3	19%
28	Boone	39,619	38,087	1,532	4%	17	15	2	13%
29	Kossuth	39,515	35,496	4,019	11%	15	12	3	25%
30	Plymouth	38,941	37,191	1,750	5%	11	10	1	10%
31	Clay	38,705	37,850	855	2%	12	9	3	33%
32	Buena Vista	35,403	36,041	(638)	-2%	20	18	2	11%
33	Poweshiek	32,871	31,340	1,530	5%	21	17	4	24%
34	Jones	32,406	30,292	2,115	7%	12	12	-	0%
35	Fayette	30,825	25,971	4,854	19%	16	13	3	23%
36	Mahaska	30,192	27,217	2,975	11%	16	10	6	60%
37	Winnebago	30,164	27,277	2,887	11%	10	9	1	11%
38	Crawford	30,035	28,207	1,828	6%	8	8	-	0%
39	O'Brien	29,846	29,418	428	1%	17	13	4	31%
40	Cass	28,408	27,887	521	2%	13	13	-	0%
41	Page	27,996	27,047	949	4%	12	9	3	33%
42	Benton	27,198	23,898	3,300	14%	16	15	1	7%
43	Henry	27,038	25,868	1,169	5%	11	8	3	38%
44	Floyd	26,815	25,740	1,075	4%	10	10	-	0%
45	Buchanan	25,532	24,656	876	4%	17	15	2	13%
46	Iowa	25,385	27,659	(2,274)	-8%	19	16	3	19%
47	Union	25,178	22,834	2,344	10%	8	7	1	14%
48	Jackson	24,902	23,586	1,316	6%	12	9	3	33%
49	Delaware	23,795	22,696	1,099	5%	10	7	3	43%

RANK	COUNTY	FISCAL YEAR GALLONS				CLASS "E" LICENSEES SELLING SPIRITS			
		FY 2021	FY 2020	+ / -	% + / -	FY 2021	FY 2020	+ / -	% + / -
50	Jefferson	22,774	21,713	1,060	5%	8	6	2	33%
51	Howard	21,827	19,483	2,344	12%	9	8	1	13%
52	Allamakee	21,577	18,052	3,525	20%	10	8	2	25%
53	Madison	21,099	20,561	538	3%	9	9	-	0%
54	Winnebago	20,256	17,265	2,991	17%	10	9	1	11%
55	Humboldt	20,018	17,641	2,378	13%	8	8	-	0%
56	Palo Alto	19,598	18,464	1,134	6%	10	9	1	11%
57	Hamilton	19,208	18,839	369	2%	12	11	1	9%
58	Appanoose	18,695	18,775	(80)	0%	9	9	-	0%
59	Shelby	18,350	18,179	171	1%	7	7	-	0%
60	Lyon	18,140	15,824	2,316	15%	13	10	3	30%
61	Clarke	17,096	14,366	2,730	19%	10	8	2	25%
62	Cedar	16,835	15,652	1,182	8%	14	13	1	8%
63	Tama	16,662	19,214	(2,552)	-13%	14	12	2	17%
64	Wright	16,629	16,507	122	1%	12	12	-	0%
65	Cherokee	16,303	15,915	387	2%	9	8	1	13%
66	Montgomery	16,198	15,168	1,030	7%	7	5	2	40%
67	Sac	15,992	14,057	1,936	14%	11	9	2	22%
68	Emmet	14,915	14,687	228	2%	6	5	1	20%
69	Clayton	14,262	12,784	1,477	12%	16	14	2	14%
70	Greene	14,169	13,010	1,159	9%	5	5	-	0%
71	Harrison	13,764	13,215	549	4%	9	8	1	13%
72	Mills	13,756	11,576	2,180	19%	11	10	1	10%
73	Franklin	12,563	11,448	1,115	10%	12	9	3	33%
74	Hancock	12,044	10,466	1,578	15%	7	7	-	0%
75	Guthrie	11,975	11,189	786	7%	7	6	1	17%
76	Ida	11,929	11,928	1	0%	6	5	1	20%
77	Chickasaw	11,758	11,897	(139)	-1%	7	7	-	0%
78	Lucas	11,230	9,480	1,750	18%	6	3	3	100%
79	Monona	11,117	10,542	574	5%	6	6	-	0%
80	Mitchell	10,765	10,558	207	2%	7	7	-	0%
81	Monroe	9,551	8,149	1,402	17%	5	5	-	0%
82	Butler	8,948	8,549	399	5%	9	11	(2)	-18%
83	Pocahontas	8,217	8,373	(156)	-2%	8	8	-	0%
84	Calhoun	7,939	8,006	(67)	-1%	8	7	1	14%
85	Adair	7,879	6,680	1,199	18%	7	5	2	40%
86	Worth	7,790	7,085	705	10%	4	4	-	0%
87	Grundy	6,697	7,081	(384)	-5%	8	6	2	33%
88	Keokuk	6,002	5,237	766	15%	5	4	1	25%
89	Osceola	5,798	5,466	332	6%	4	3	1	33%
90	Audubon	5,293	4,475	818	18%	4	4	-	0%
91	Louisa	4,335	4,596	(261)	-6%	5	5	-	0%
92	Van Buren	4,223	3,687	536	15%	3	3	-	0%
93	Ringgold	3,964	3,070	894	29%	3	3	-	0%
94	Adams	3,737	3,679	59	2%	2	2	-	0%
95	Wayne	3,631	3,082	549	18%	6	5	1	20%
96	Decatur	3,571	3,423	148	4%	5	5	-	0%
97	Taylor	2,916	2,627	289	11%	4	4	-	0%
98	Davis	2,732	2,908	(176)	-6%	3	3	-	0%
99	Fremont	955	993	(37)	-4%	3	2	1	50%
TOTALS		6,501,018	6,057,419	443,598	7%	2,036	1,809	227	13%

FINANCIAL MANAGEMENT



AS LIQUOR SALES STEADILY INCREASE, FINANCIAL MANAGEMENT AND OPERATIONAL OVERSIGHT WILL CONTINUE TO BE A PRIORITY FOR ABD.”

— LEISA BERTRAM, CHIEF FINANCIAL OFFICER

FINANCIAL HIGHLIGHTS

OPERATIONAL INCREASES IN REVENUES AND EXPENDITURES

There were both financial accomplishments and operational challenges in FY21 stemming from the continued impact of the COVID-19 pandemic. Revenues on liquor sales increased to an annual record high of \$415 million. This surge in liquor sales required the warehouse and distribution operations to successfully adapt and change quickly to meet demand. ABD worked closely with our operational partner, Ruan Transportation, to manage challenges ranging from out-of-stock products to high delivery volumes.

In addition to the impact on liquor sales and liquor operations, FY21 also saw the expiration of the Emergency Proclamation for Disaster Relief. Per the proclamation from FY20, payments were deferred for beer and wine tax, as well as certain license types. With the proclamation expiring, much of the collection of these deferred taxes and license fees occurred during FY21.

This late collection inflated revenues in key areas. Beer and wine taxes increased significantly by 92.8% or \$14.3 million, and license fees increased 8.1% or \$1.4 million. The full collection of deferred license fees still remains as the deferment did not expire until the end of the fiscal year and ABD continues to process these revenues.

IT AND ANALYTICS FOCUS

Expense increases in the Information Technology (IT) budget line were attributed to major upgrades in the areas of forecasting, case management, data analytics, and licensing. ABD implemented several key systems and went live with a new licensing platform based in Salesforce. IT remains a top priority with a need to provide metrics and key performance indicators on a regular basis. 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.

REMOTE WORK AND FUTURE FOR ABD

Prior to the global shift in remote work, ABD was prepared from a technological standpoint for a variable work model and quickly implemented both on-site and off-site work for all employees. The shift to this hybrid model allowed all areas within the ABD business model to continue to operate effectively and efficiently. ABD personnel actively learned new tools and engaged in ways to communicate to achieve success. The Financial Management Unit evolved and embraced new ways of working collaboratively to ensure customer service needs were met through availability while maintaining continuance of operations. ABD continues to adjust to changes in the marketplace and remains focused on fiscal accountability, adaptive and agile IT systems, and operational resilience. 📌

FY21 HIGHLIGHTS



\$415M

RECORD-HIGH LIQUOR SALES



8.1%

INCREASE IN TOTAL LICENSE REVENUE
COLLECTED (DUE TO DEFERMENT)



92.8%

INCREASE IN TAX REVENUE
(DUE TO DEFERMENT)



\$149.8M

IN REVENUE TRANSFERRED TO
STATE OF IOWA GENERAL FUND



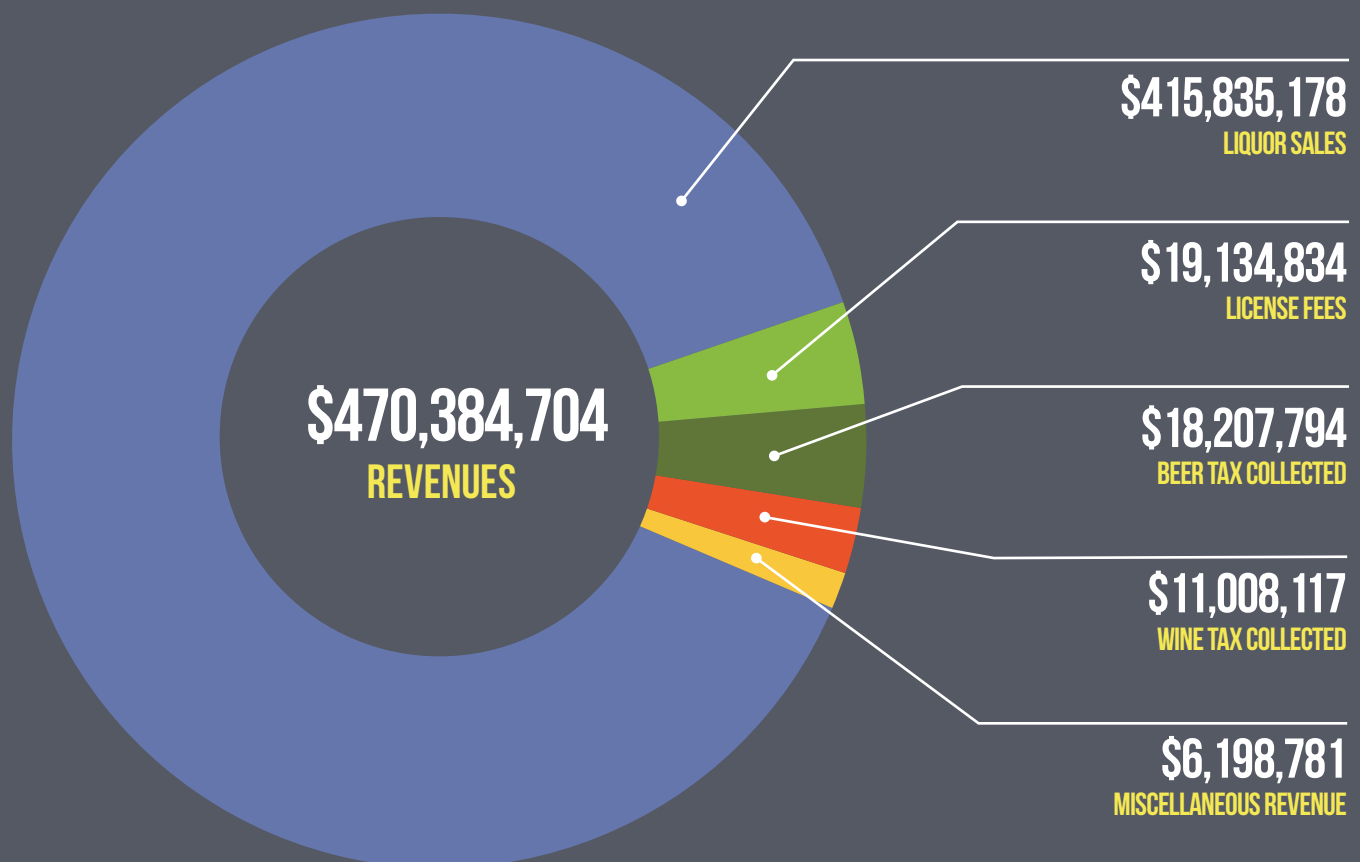
\$120.6M

IN LIQUOR SALES REVENUE REVERTED TO STATE OF
IOWA GENERAL FUND



\$29.2M

REVERTED FOR SUBSTANCE ABUSE



FINANCIAL STATEMENTS

INTRODUCTION

The following summary of ABD's financial performance provides an overview of the financial and operational activities for FY21. 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 section 123.16. Except as noted, all financial information reflects transactions for the reported fiscal period of July 1, 2020, through June 30, 2021. The state of Iowa hold-open period is July 1, 2021, through September 30, 2021.

OVERVIEW OF FINANCIAL STATEMENTS

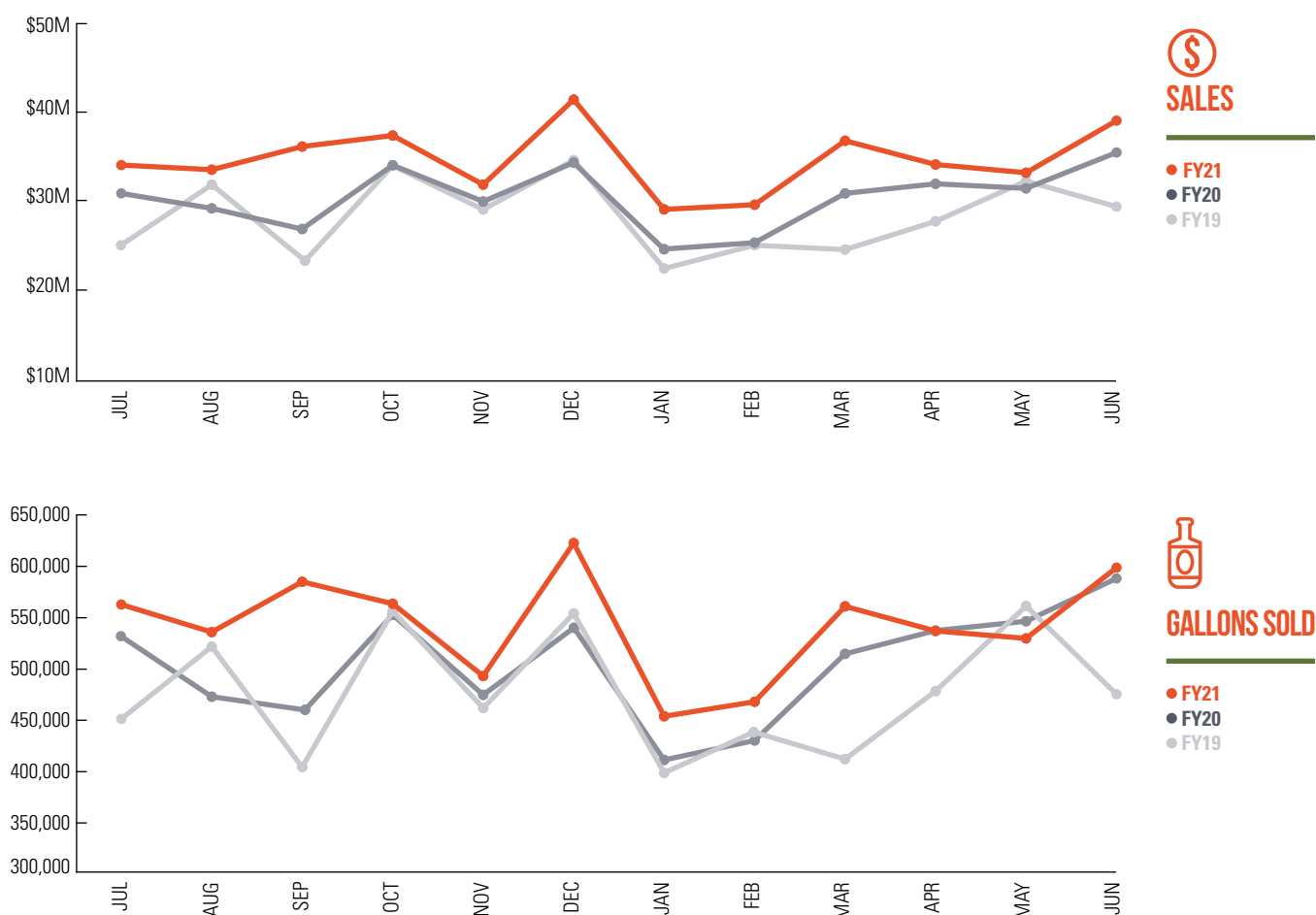
The Profit and Loss Statement reflects ABD's performance with respect to the wholesale operations with revenues and expenses directly related to the Liquor Control Trust Fund. The Net Income Statement encompasses the Liquor Control Trust Fund as well as other operating funds within ABD. Both the Profit and Loss and the Net Income Statement provide a year over year analysis, comparing FY21 to FY20. 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 FY21 compared with FY20 within the Liquor Control Trust Fund for the operating period of the fiscal year July 1 through June 30. The Balance Sheet shows revenues and expenses in the fiscal year hold-open period, July 1 through September 30. Also presented in this report are Notes to Financial Statements 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 the COVID-19 pandemic and the Disaster Relief Proclamation. The proclamation deferred tax and license revenues starting in FY20 and expired during the hold open period of FY21. This resulted in key revenues being collected in FY21 that were truly related to FY20 activity. In addition to deferred payments being collected, there was growth in liquor sales which increased ABD's overall revenue. This, in turn, escalated the volume of product needing to be processed through the warehouse, impacting operational expenses. The Financial Management Unit closely tracked and reported on changes within the operating budgets. These changes are reflective in the following financial statements and are referenced throughout the report. ■

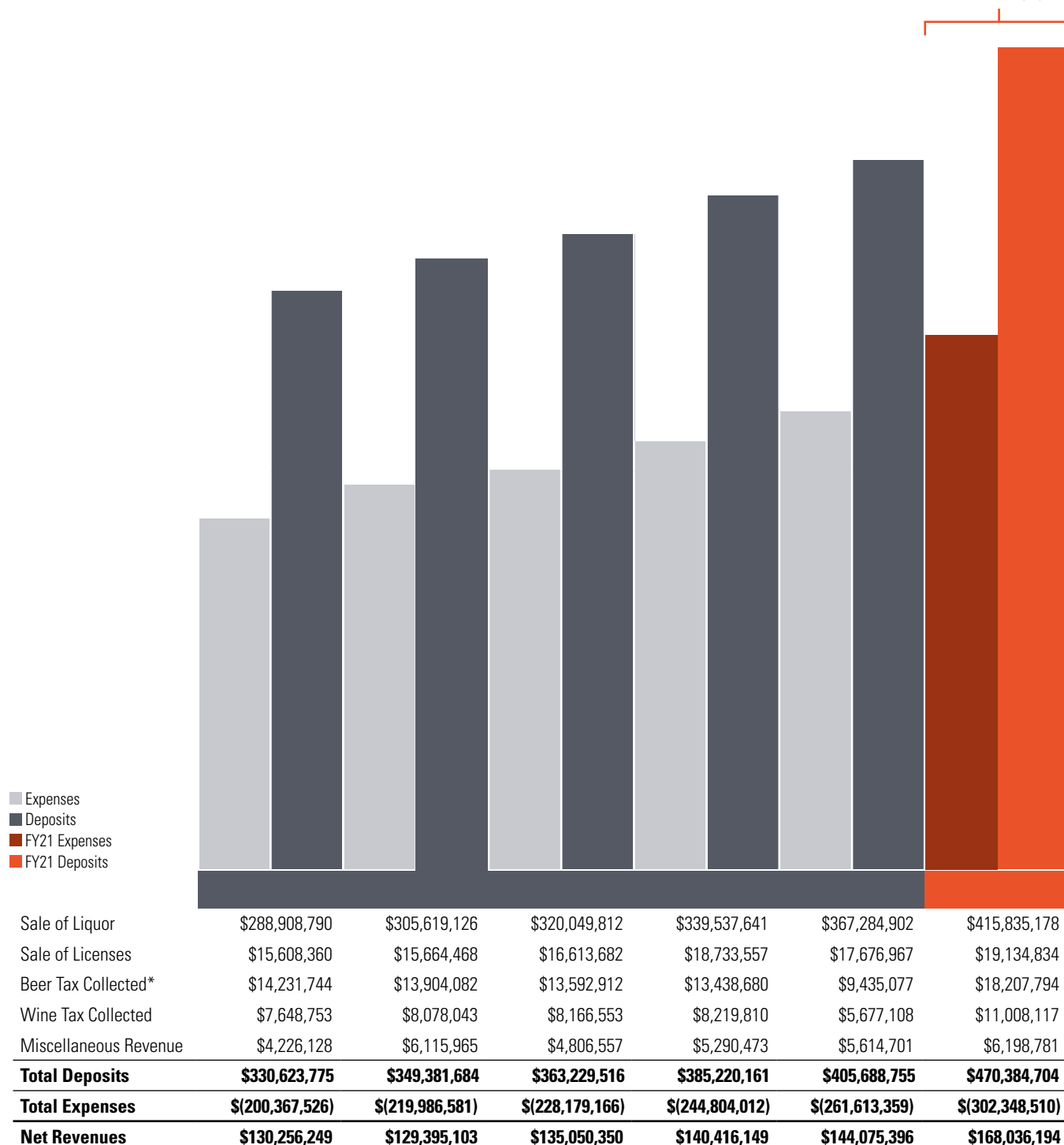
LIQUOR SALES BY MONTH

For the period ending June 30, 2021



	SALES			GALLONS SOLD		
	FY21	FY20	FY19	FY21	FY20	FY19
JUL	\$34,185,439	\$30,899,877	\$25,933,948	560,545	531,565	451,349
AUG	\$33,497,816	\$28,332,668	\$30,389,783	535,184	477,071	521,041
SEP	\$36,694,030	\$27,912,044	\$23,665,779	582,684	460,102	405,198
OCT	\$37,316,758	\$34,376,892	\$34,445,943	561,849	552,009	553,886
NOV	\$31,719,813	\$30,013,513	\$28,602,525	491,454	473,840	461,867
DEC	\$40,727,558	\$34,476,824	\$34,763,260	622,749	538,204	553,042
JAN	\$28,455,925	\$24,837,627	\$22,751,016	453,430	412,934	399,458
FEB	\$29,576,583	\$25,661,232	\$25,101,242	467,532	430,148	434,529
MAR	\$36,586,219	\$30,829,383	\$24,909,176	560,816	513,394	413,363
APR	\$34,650,682	\$31,970,378	\$27,685,470	536,815	536,117	477,160
MAY	\$33,595,847	\$32,043,936	\$32,640,720	530,090	545,666	559,323
JUN	\$38,828,509	\$35,930,527	\$28,648,780	597,870	586,314	476,291
Total	\$415,835,179	\$367,284,901	\$339,537,642	6,501,018	6,057,364	5,706,507

LIQUOR CONTROL TRUST FUND SUMMARY

\$168 MILLION
NET REVENUES

*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 ABD transfers a monthly reversion amount of a portion of the revenues from liquor sales, license fees, and other sources back to the State General Fund. 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.

\$120.6M

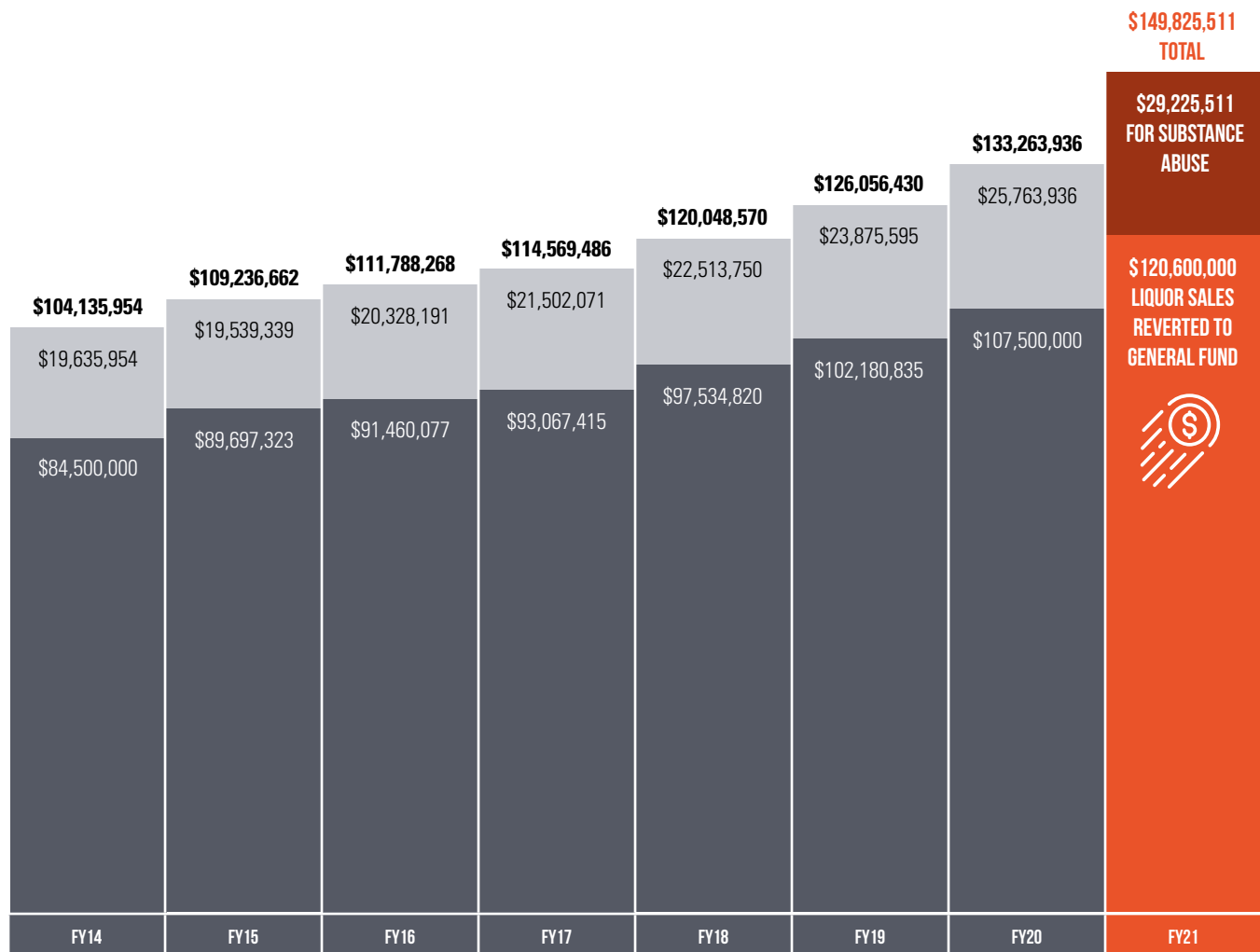
REVERTED TO STATE OF
IOWA GENERAL FUND

\$29.2M

REVERTED FOR SUBSTANCE ABUSE

\$149.8M

TOTAL FUNDS REVERTED



- Substance Abuse
- Liquor Sales Reverted
- FY21 Liquor Sales Reverted to State General Fund
- FY21 for Substance Abuse

PROFIT & LOSS STATEMENT

For the period ending June 30, 2021, including the hold open period through September 30, 2021

COST OF SALES				
Bailment ¹	277,289,204	244,999,105	32,290,099	13.18%
Less: Bailment Fees	(2,869,546)	(2,612,766)	(256,780)	9.83%
Less: Special Handling Fees ²	(117,808)	(166,743)	48,935	-29.35%
Less: Defective Products	(30,949)	(38,222)	7,273	-19.03%
Total Cost of Sales	274,270,901	242,181,374	32,089,527	13.25%
Gross Profit	141,564,277	125,103,528	16,460,749	13.16%
Gross Profit %	34.04%	34.06%	-0.02%	-0.06%
OPERATING EXPENSES				
ABD Operating Expenses	494,839	456,070	38,769	8.50%
Ruan Fleet Expenses ³	3,690,301	3,213,985	476,316	14.82%
Ruan Warehouse Expenses ³	3,442,634	2,883,207	559,427	19.40%
Other Expenses Related To Distribution ⁴	49,021	(70,758)	119,779	-169.28%
Total Operating Expenses	7,676,795	6,482,504	1,194,291	18.42%
GENERAL AND ADMINISTRATIVE EXPENSES				
Warehouse Administration ⁵	781,139	595,408	185,731	31.19%
Product Administration ⁵	503,607	345,957	157,650	45.57%
License Administration ⁵	415,242	245,928	169,314	68.85%
Accounting	916,598	801,452	115,146	14.37%
Information Technology ⁶	9,446,926	3,826,339	5,620,587	146.89%
Buildings and Grounds	508,303	509,391	(1,088)	-0.21%
General and Administrative Expenses Total	12,571,815	6,324,475	6,247,340	98.78%
INCOME FROM OPERATIONS	121,315,667	112,296,549	9,019,118	8.03%
OTHER REVENUES				
Split Case Fee	1,672,118	1,627,316	44,802	2.75%
Bottle Deposit/Surcharge	4,360,547	3,728,008	632,539	16.97%
Recycling	47,609	61,930	(14,321)	-23.12%
Fuel and Lease Reimbursement	89,975	89,975	-	0.00%
Other Revenue & Reimbursements	28,532	107,473	(78,941)	-73.45%
Wine Tax and License Fees ⁷	30,142,951	23,354,075	6,788,876	29.07%
Total Other Revenues	36,341,732	28,968,777	7,372,955	25.45%
OTHER EXPENSES				
Bottle Deposit Fee	707,877	671,411	36,466	5.43%
Recycle Surcharge Fee	1,826,632	1,705,350	121,282	7.11%
Bank Charges and Credit Card Fees ⁸	39,096	-	39,096	N/A
License & Liquor Refunds ⁹	485,487	162,374	323,113	198.99%
Intra-Agency Transfer	1,187,142	784,654	402,488	51.29%
Substance Abuse Transfer	29,225,511	25,763,936	3,461,575	13.44%
Sunday Sales Transfer	944,896	931,125	13,771	1.48%
City and County Payments ¹⁰	2,638,105	3,301,218	(663,113)	-20.09%
Total Other Expenses	37,054,746	33,320,068	3,734,678	11.21%
Net Profit	120,602,653	107,945,258	12,657,395	11.73%
Return on Sales	29.00%	29.39%	-0.39%	-1.33%

NET INCOME STATEMENT

For the period ending June 30, 2021, including the hold open period through September 30, 2021

OPERATING REVENUES				
Liquor Sales ¹	415,835,178	367,284,902	48,550,276	13.22%
Split Case Revenue	1,672,118	1,627,316	44,802	2.75%
Total Operating Revenues	421,867,843	372,640,226	49,227,617	13.21%
NON-OPERATING REVENUES				
Lease Revenue	89,975	90,284	(309)	-0.34%
License Fees ²	19,134,834	17,676,967	1,457,867	8.25%
Wine Tax ²	11,008,117	5,677,108	5,331,009	93.90%
Fines/Penalties ³	-	4,940	(4,940)	N/A
Recycling Revenues	47,870	62,106	(14,236)	-22.92%
Misc. Funding Sources	90,090	175,311	(85,221)	-48.61%
State Appropriations	1,075,454	1,075,454	-	0.00%
Inter-Department Transfers ⁴	1,187,142	784,654	402,488	51.29%
Total Non-Operating Revenues	32,633,482	25,546,824	7,086,658	27.74%
Total Revenues	454,501,325	398,187,050	56,314,275	14.14%
EXPENSES				
OPERATING EXPENSES				
Purchase of Liquor ⁵	274,270,901	242,181,374	32,089,527	13.25%
ABD Operations Expense	494,840	456,070	38,770	8.50%
Ruan Fleet Expenses	3,690,301	3,213,985	476,316	14.82%
Ruan Warehouse Expenses	3,442,634	2,883,207	559,427	19.40%
Other Expenses Related to Distribution	49,021	(70,758)	119,779	-169.28%
Warehouse Administration	493,234	328,389	164,845	50.20%
Product Administration	503,607	345,957	157,650	45.57%
Licensing Administration	415,242	245,928	169,314	68.85%
Accounting	916,611	801,531	115,080	14.36%
Information Technology	9,446,926	3,826,339	5,620,587	146.89%
Buildings and Grounds	527,401	530,944	(3,543)	-0.67%
Safety and Security	375,562	357,151	18,411	5.15%
Bottle Deposit Fee	707,877	671,411	36,466	5.43%
Recycle Surcharge Fee	1,826,632	1,705,350	121,282	7.11%
Liquor & License Refunds	485,487	162,374	323,113	198.99%
Substance Abuse Transfer	29,225,511	25,763,936	3,461,575	13.44%
Liquor Profits Transfer	120,600,000	107,500,000	13,100,000	12.19%
Total Operating Expenses	447,471,787	390,903,188	56,568,599	14.47%
NON-OPERATING EXPENSES ⁶				
Sunday Sales Transfer ⁷	944,896	931,125	13,771	1.48%
Payments to Cities and Counties	2,638,105	3,301,218	(663,113)	-20.09%
Non-Operating Expenditures	2,256,742	1,821,607	435,135	23.89%
Inter-Department Transfers ⁸	1,187,142	784,654	402,488	51.29%
Non-Operating Expenses Total	7,026,885	6,838,604	188,281	2.75%
Total Expenses	454,498,672	397,741,792	56,756,880	14.27%
Net Income	2,653	445,258	(442,605)	-99.40%

STATEMENT OF CASH FLOW

For the fiscal year ending June 30, 2021

	FY 2021	FY 2020
CASH IN		
Liquor Sales	410,624,426	361,958,421
Wine Tax	10,145,783	5,881,764
License Fees	18,633,464	16,554,448
Split Case Fee	1,648,900	1,600,980
Bottle Deposit Fee	4,288,794	3,669,115
Other - Misc. Income	712,657	39,081
Other - Fees, NSF	-	4,900
Lottery Lease	67,481	65,959
Other Sales/Service-Recycling	40,890	47,867
TOTAL CASH IN	446,162,395	389,822,535
CASH OUT		
Cities-Liquor Sales Dist	758,469	2,985,050
Counties-Liquor Sales Dist	48,943	207,701
Transfer to Liq Gen Fund (0001)	1,150,000	1,000,000
Sunday Sales	944,896	931,125
Substance Abuse	25,996,787	22,847,235
General Fund Transfer	107,000,000	97,000,000
Personal Expenses	2,198,066	1,672,229
Liquor Purchases	262,947,294	229,711,813
Bottle Deposit/Surcharge	2,426,443	2,216,745
Capitals	648,596	140,515
ABD Operations Expenses	454,209	442,865
Ruan Fleet Expenses	3,233,015	2,934,417
Ruan Warehouse Expenses	3,455,168	2,607,681
Misc. Trust Fund Expenses	8,783,726	4,683,780
TOTAL CASH OUT	420,045,612	369,381,156
TOTAL CHANGE IN CASH	26,116,783	20,441,379

BALANCE SHEET

Hold open only, July 1 - September 30, 2021

ASSETS	FY 2021	FY 2020	% CHANGE
CURRENT ASSETS			
Cash			
Cash	27,075,784	20,947,230	29.3%
Accounts Receivable			
Liquor	5,210,752	5,326,482	-2.2%
Split Case Fees	23,218	26,336	-11.8%
Recycle Fee/Surcharge	71,753	58,892	21.8%
Wine Tax	862,334	668,750	28.9%
Licenses	501,370	249,249	101.2%
Fines and Penalties	0	20	N/A
Refunds and Reimbursements	16,659	79,057	-78.9%
Other Agency Billings	22,494	22,494	0.0%
Def License & Tax Fees Outstanding (estimate less allowance for uncollectible)	1,258,014	8,082,778	-84.4%
Prepaid			
Licenses & Contract Agreements	238,303	123,826	92.4%
Inventory			
Liquor	67,947	130,945	-48.1%
Gasoline/Fuel	22,089	9,123	142.1%
Total Current Assets	35,370,717	35,725,182	-1.0%
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	(5,579,283)	(5,212,644)	7.0%
Construction In Progress	28,912	0	N/A
Land	210,000	210,000	0.0%
Total Assets	44,386,335	45,078,527	-1.5%
LIABILITIES	FY 2021	FY 2020	% CHANGE
CURRENT LIABILITIES			
Wages and Benefits	31,330	20,744	51.0%
Liquor Purchases	12,076,904	12,469,561	-3.1%
Bottle Deposit Refund	30,480	45,202	-32.6%
Recycle Surcharge Fee	78,237	114,814	-31.9%
Substance Abuse Obligation	3,228,724	2,916,702	10.7%
General Fund Obligation	13,600,000	10,500,000	29.5%
License Fees to Cities/Counties	1,830,693	108,467	1587.8%
License Refunds	73,432	2,715	2604.7%
Transfer to Liq Gen Fund (0001)	37,142	(215,346)	-117.2%
Misc. Obligations	1,835,767	464,406	295.3%
Total Liabilities	32,822,709	26,427,265	24.2%
Total Net Assets	11,563,626	18,651,262	-38.0%
Total Liabilities and Net Assets	44,386,335	45,078,527	-1.5%

NOTES TO FINANCIAL STATEMENTS

PROFIT AND LOSS NOTES ON TOTALS

Refer to page 48

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 for warehousing. The bailment fee is deducted from payments to vendors. Bailment fees and special handling fees are not actual revenues received; rather they are a reduction in the purchase cost of liquor.

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 FY21, ABD greatly reduced the total amount of fees charged to suppliers.

³ Major expenditures in the Ruan Fleet and Ruan Warehouse Expenses categories include wages and benefits of delivery drivers, fleet vehicles, rate on unit picks, warehouse labor, and warehouse equipment. Increases in these line items are directly correlated to the increase in the liquor sale.

⁴ In FY20, ABD received expenses back from an expansion project that was completed in FY19. This attributed to the large increase in FY21 as expenses in this category were compared to a refund from the prior year.

⁵ Positions were added to the Warehouse Administration, Product Administration, and Licensing Administration. These key positions grew the business in the areas of education, supplier and customer relationships, and licensing processing and oversight.

⁶ Information Technology increases are due to the implementation of major IT systems. During FY21 there were several projects including replacement of the legacy licensing system with a new Salesforce system, continued updates on the Vendor Scorecard, and the implementation of a new inventory forecasting and case management system. ABD continues to grow the business in the areas of IT and data analytics.

⁷ Wine Tax and License Fees were both impacted for collection by proclamation language set forth by the Governor in response to the COVID-19 pandemic in FY20. The expiration of tax deferment took place in early FY21 which allowed ABD to collect all the deferred tax revenue related to the previous year. The license revenue maintained a deferred status until the end of the fiscal year. This resulted in a significant portion of these deferred revenues from FY20 to be collected during FY21 as well.

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.

⁹ License and liquor refunds were impacted by the replacement of the legacy licensing system and the go live of the Salesforce system. Upon the activation of the new platform, there were instances of incorrect license types being applied for and refunds needed to be generated. 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.

¹⁰ The decrease on the collection of license revenues during FY21 led to a decrease in the payments made by ABD to the local authorities known as the City and County payments. As deferred revenues were collected, the portions of these fees were paid back to the local authorities.

NET INCOME STATEMENT NOTES ON TOTALS

Refer to page 49

¹ Liquor sales revenues continued to increase in FY21. This trend started in FY20 and continued to remain strong through the fiscal year. This increase in revenue also increased the operational costs of ABD due to the volume of liquor distributed.

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. Increases to tax revenue and license fees are directly related to this deferred collection.

³ Fines and penalties were greatly reduced in FY21 as a result of the Disaster Proclamation for financial relief. ABD made the decision to not charge banking fees to licensees associated with returned payments due to account errors.

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 increased year over year due to the addition of more key personnel in the areas of administrative actions, compliance, and education.

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 the suppliers on the bailment system.

⁶ 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, compliance, as well as the portion of building maintenance not allocated to the operational segment supporting spirits distribution.

⁷ The Sunday Sales transfer is the total of all Sunday Sales privilege fees collected by ABD in regards to licensing. Certain license types allow the sale of alcoholic beverages on Sundays. For those that do not have the inherent privilege, the licensee may choose to add this privilege for a specific fee. This fee is then transferred by ABD to the Iowa Department of Public Health.

⁸ 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.



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