

May 6, 2026 Board Meeting

Virginia ABC Board of Directors



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Agenda

Minutes to Approve

Financial Performance

May 6, 2025 Board Meeting Agenda

9:00am

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- 9:00AM Call to Order
- New Business, Board approval
 - Approve Minutes from March 31, 2026 Board meeting
- New business, Board information
 - Financial update (Alfano)
 - Preliminary Budget Review FY27
- Hearings – 10:00AM
 - Tribrook
 - Hyde Social
- Comments from the Board
- Public comments
- Closed session
- Adjournment

Approve minutes

Virginia ABC Board Meeting Minutes

March 31, 2026

Call Meeting to Order

Meeting called to order at 9:02 a.m.

Attendees

Board Chair, Tim Hugo
Board Member, Lisa Jennings
Board Member, Jack Kerrigan
Board Member, Greg Holland (via Teams)
CEO, Dale Farino
Deputy Secretary, Chris Curtis
AGC, LaTonya Hucks Watkins
COO, Tom Kirby
CFO, Dave Alfano
CHR, John Singleton
Director, Tyler Moore
Office of the Attorney General, Elizabeth Peay
Senior Paralegal, Helen Gordon
Sales Audit Lead Analyst, Martha Jackson

Opening Remarks

- Board Member Holland appears via Teams from Florida
- Chair Hugo-Called the meeting to order at 9:02 a.m.

New Business - Board Approval

Approve Minutes from February 5, 2026 Board Meeting

- Board Member Jennings requested a revision of the minutes.
- The suggested language was emailed to Mr. Curtis prior to the meeting and was read to the Board.
- Chair Hugo, requested a motion to accept the revision to the February 5, 2026 Board minutes.
- Board Member Kerrigan, motioned to accept the revision of the minutes.
- Board Member Jennings, seconded the motion.
- Chair Hugo, there being no further discussion, the chair called roll. All Board Members voted aye to revise the minutes as suggested.
- Board Member Jennings, made a motion to accept the minutes as amended.
- Board Member Kerrigan, seconded the motion.
- Chair Hugo-Called roll, all Board Members voted "aye", and the minutes were approved as amended.

Financial Update

- Mr. Alfano reviewed the January and February 2026 Financial Results.
- Member Kerrigan requested that future financial updates include remaining FY forecasts.
- Chair Hugo suggested that it might be beneficial to set expectations with the Governor's staff and the Financial Committees about the impact that declining revenues will have on future profit transfer commitments.
- Member Jennings asked to consider offering discounts to debit card users to help address the effect of credit card fees.
- Member Kerrigan suggested and offered to participate in a session to develop a variable sales compensation model to incentivize store personnel for generating incremental sales.

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Marketing Update:

- Mr. Moore provided an update on ABCs last 3 promotions.
- Upcoming “Did You Know” campaign highlighting topics curated to generate attention to additional sales avenues for customer shopping, such as information on VABC canned cocktail offerings.
- The lead generation campaign started in January, and we have seen an increase to customer acquisition to the SV email channel as a result.
- For the New Year’s Eve sale, last-minute purchasing was huge on the way to New Year’s Eve parties. We kept stores open longer for this sale and we saw dramatically good results. Team recommends expanding open later hours for CY26
- Mr. Moore, in Media data, we saw a decent reach and frequency. Our current priority is to drive these two up.
- Board Member Jennings advised our click rate is great.
- For the Big Game Promotion, our reach was drastically up and even extended. We are seeing that there is no real adverse costs to extending this sales over longer day periods.
- The campaign this year saw stronger engagement numbers previous year, continuing sentiment that transition from third party campaign management to first party was a positive decision.
- Board Member Kerrigan asked where we were on third-party delivery services.
- Mr. Moore stated that discussions are still in progress with Uber Eats and we’ve also met with Door Dash.
- Board Member Kerrigan asked if other control states entered into agreements with third-party delivery services?
- CEO Farino and COO Kirby advised no that VA ABC would be the first.
- COO Kirby advised that we are getting people to sign up for text messages through social media.
- Board Member Jennings suggested giving credit to specific stores for getting the numbers.

Board Appeal Hearing(s)

- The Board conveyed in the Hearing Room at 10:25 a.m. to hear the appeals of Beer Lovers Distributors and Roseshire.
 - In the appeal of Beer Lovers Distributors, license #013429161, after careful consideration Board Member Jennings moved to remand the matter back to the Administrative Law Judge, which was seconded by Board Member Kerrigan. The motion passed on a roll call vote of 4-0.
 - In the appeal of Roseshire, license #013604287, after careful consideration, Board Member Jennings moved to modify the Administrative Law Judges’ decision, which was seconded by Chair Hugo. The motion passed on a roll call vote of 3-1.

Board Meeting Resumed

- Board Member Jennings made a motion to approve the Board’s closed session discussion and move back into open session; Board Member Kerrigan seconded the motion. Chair Hugo-Called roll and all voted aye.

2026 Legislative Session

- Ms. Hucks-Watkin indicated that we were monitoring eleven bills that are ABC-related that are now with the Governor’s office
- Chair Hugo asked if ABC would take enforcement of cannabis
- CEO Farino advised no, just for items turned into the tip line that we need to create
- CEO Farino stated licensing was remaining with the Cannabis Control Authority
- CEO Farino advised that details of enforcement were being discussed within the Governor’s Office

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- Chair Hugo asked if ABC is responsible for tobacco enforcement
- Board Member Jennings asked if the licensing of tobacco doesn't come here but the cost does, do we get cost recovery?
- CEO Farino stated ABC was picking up the licensing and enforcement of tobacco
- Chair Hugo in regard to MBAR change is that a year-round thing only for certain months.
- CEO Farino, the high-volume establishments will be fine, but the lower volume folks get an exemption for the number of seats they have.
- Chair Hugo stated there are some bills that have passed that will have an impact on our infrastructure. Costs that goes to the employer such as minimum wage and prevailing wage will all impact our cost structure.
- Board Member Jennings suggested meeting once a month as we digest the changes.

Comments from the Board

- Board Member Jennings, I want to compliment Tyler Moore on another top shelf presentation.

Public Comments

- Chair Hugo asked if there were any comments from the public. There being none, the board moved to closed session.

Closed Session

- Chair Hugo asked for a motion to move into closed session, Board Member Kerrigan made a motion to move into closed session to consult with legal counsel regarding litigation, Board Member Jennings seconded the motion. Chair Hugo called roll, all Board members voted "aye".
- The Board moved into closed session at 1:30 p.m. with the following non-Board members in attendance: Elizabeth Peay, John Singleton, Tom Kirby, Dave Alfano, Dale Farino, Chris Curtis and LaTonya Hucks-Watkins.

Meeting Adjournment

Meeting adjourned at: 2:00 p.m.














Next meeting: May 6, 2026

March 2026 Financial Performance

Virginia ABC



VIRGINIA ALCOHOLIC BEVERAGE CONTROL AUTHORITY
Contribution Margin - Income Statement (In Millions)
Fiscal Year 2026 - Month of March

	FY 2026		FY 2026		FY 2026		FY 2026		FY 2025	
	Actual	Budget	Fav(Unfav)	Percentage			Actual	Fav(Unfav)	Percentage	
Revenue Sources:										
Alcoholic Beverages (Store Sales)	\$ 109.7	\$ 114.8	\$ (5.1)	-4.4%			\$ 114.4	\$ (4.7)	-4.1%	
Online Sales	0.9	0.9	(0.0)	-3.2%			1.0	(0.1)	-10.0%	
Other	2.0	2.2	(0.2)	-9.1%			2.1	(0.1)	-4.8%	
Gross Revenue	112.6	117.9	(5.3)	-4.5%			117.5	(4.9)	-4.2%	
Less: Spirits Excise Tax	18.3	19.2	0.9	4.8%			19.1	0.8	4.2%	
Net Revenue	94.3	98.7	(4.4)	-4.5%			98.4	(4.1)	-4.2%	
Total Cost of Goods Sold	52.6	55.3	2.7	4.9%			55.4	2.8	5.1%	
	47.6%	47.8%					48.0%			
Gross Profit	41.7	43.4	(1.7)	-3.8%			43.0	(1.3)	-3.0%	
Gross Profit as a % of Store Sales	37.7%	37.5%					37.3%			
Operating Costs:										
Retail & Distribution Center Costs	17.4	18.2	0.8	4.4%			17.4	-	0.0%	
Administrative Costs (All Other Departments)	5.3	4.6	(0.7)	-15.2%			5.2	(0.1)	-1.9%	
Regulatory Costs (Enforcement & Hearings)	2.2	2.7	0.5	17.4%			2.4	0.2	7.1%	
Total Operating Costs	24.9	25.5	0.6	2.2%			25.0	0.1	0.3%	
	26.4%	25.8%					25.4%			
ABC Net Profit	\$ 16.8	\$ 17.9	\$ (1.1)	-6.1%			\$ 18.0	\$ (1.2)	-6.7%	
Net Profit as a % of Store Sales	15.2%	15.5%					15.6%			
Net Profit as a % of Net Sales	17.8%	18.1%					18.3%			

 Favorable Variance
 Unfavorable Variance
















March Actual Variance Analysis vs Budget

March (month):

- **Net Revenues** are (\$4.4M) or 4.5% below budget principally due to lower net store sales of (\$4.2M) and lower licensing revenue of (\$0.2M).
- **Cost of Goods Sold** was favorable by \$2.7M due to the lower net store sales and the ratio to store sales is consistent at 47.6%
- **Operating Costs:**
- **Retail & Distribution Center Costs** are \$0.8M favorable to budget:
 - \$0.7M Favorable telecom services costs due to a year-to-date adjustment with offset in Administrative costs
 - \$0.1M Lower outbound freight services costs
- **Administrative Costs** are (\$0.7M) unfavorable to budget mainly due to the following:
 - (\$0.7M) Unfavorable telecom services costs due to a year-to-date adjustment with offset in Retail & Distribution Center costs
 - (\$0.3M) Budgeted attrition
 - \$0.2M Lower personal services costs due to unfilled positions and capitalized labor
 - \$0.1M Lower other costs
- **Regulatory Costs** are \$0.5M favorable to budget principally due to lower salary and benefit costs
- **March Net Profits** of \$16.8M is (\$1.1M) or 6.1% unfavorable to budget

Contribution Margin - Income Statement (In Millions)

Fiscal Year 2026 - YTD as of 03/31/2026

	FY 2026		FY 2026		FY 2026	FY 2026		FY 2025			
	Actual		Budget		Fav(Unfav)	Percentage		Actual		Fav(Unfav)	Percentage
Revenue Sources:											
Alcoholic Beverages (Store Sales)	\$ 1,066.8		\$ 1,077.4		\$ (10.6)	-1.0%		\$ 1,090.5		\$ (23.7)	-2.2%
Online Sales	6.9		6.9		0.0	0.0%		7.1		(0.2)	-2.8%
Other	19.5		19.0		0.5	2.8%		19.8		(0.3)	-1.4%
Gross Revenue	1,093.2		1,103.3		(10.1)	-0.9%		1,117.4		(24.2)	-2.2%
Less: Spirits Excise Tax	177.2		179.9		2.7	1.5%		181.3		4.1	2.3%
Net Revenue	916.0		923.4		(7.4)	-0.8%		936.1		(20.1)	-2.1%
Total Cost of Goods Sold	514.4	47.9%	520.4	48.0%	6.0	1.2%		528.1	48.1%	13.7	2.6%
Gross Profit	401.6		403.0		(1.3)	-0.3%		408.0		(6.4)	-1.6%
Gross Profit % of Store Sales	37.4%		37.2%					37.2%			
Operating Costs:											
Retail & Distribution Center Costs	160.4		164.0		3.6	2.2%		159.5		(0.9)	-0.6%
Administrative Costs (All Other Departments)	43.7		43.3		(0.4)	-1.0%		43.7		-	0.0%
Regulatory Costs (Enforcement & Hearings)	21.1		23.6		2.5	10.6%		21.2		0.1	0.5%
Total Operating Costs	225.2	24.6%	230.9	25.0%	5.7	2.5%		224.4	24.0%	(0.8)	-0.4%
ABC Net Profit	\$ 176.4		\$ 172.1		\$ 4.3	2.5%		\$ 183.6		\$ (7.2)	-3.9%
Net Profit as a % of Store Sales	16.4%		15.9%					16.7%			
Net Profit as a % of Net Sales	19.3%		18.6%					19.6%			
 Favorable Variance											
 Unfavorable Variance											

March YTD Actual Variance Analysis vs Budget

March (YTD):

- **Net Revenues** are (\$7.4M) or 0.8% below budget principally due to lower net store sales of (\$7.9M); partially offset by higher licensing revenue of \$0.5M.
- **Cost of Goods Sold** was favorable by \$6.0M and remains consistent at 47.9% of store sales.
- **Operating Costs:**
- **Retail & Distribution Center Costs** are \$3.6M favorable to budget:
 - \$1.0M Lower personal services costs due to unfilled salaried positions \$2.7M; partially offset by unfavorable retail wages (\$1.7M)
 - \$0.7M Favorable telecom services costs due to a year-to-date adjustment with offset in Administrative costs
 - \$0.6M Lower than planned repairs and maintenance services costs due to timing
 - \$0.5M Lower store fixture costs due to timing
 - \$0.3M Lower than planned computer operating supplies
 - \$0.3M Lower credit card fees due to favorable rate changes and lower sales
 - \$0.2M Lower outbound freight costs
 - \$0.3M Lower other costs
 - (\$0.3M) Unfavorable manual labor services at the Distribution Center
- **Administrative Costs** are (\$0.4M) unfavorable to budget mainly due to the following:
 - (\$2.6M) Budgeted attrition
 - (\$0.6M) Unfavorable telecom services costs due to a year-to-date adjustment with offset in Retail & Distribution Center costs
 - (\$0.4M) Unfavorable one-time payroll benefit true-up adjustment relating to prior year
 - \$2.0M Lower salaries & benefits principally due to unfilled positions, a favorable leave liability adjustment and capitalized labor benefit
 - \$0.7M Lower than planned computer software development costs
 - \$0.3M Lower computer software and hardware maintenance services
 - \$0.2M Lower than planned media services due to timing
- **Regulatory Costs** are \$2.5M favorable to budget due to lower salary and benefit costs
- **YTD Net Profits** of \$176.4M is \$4.3M or 2.5% favorable to budget

VIRGINIA ALCOHOLIC BEVERAGE CONTROL AUTHORITY
Contribution Margin - Income Statement (In Millions)
Fiscal Year 2026 - Forecasted Full Year- Likely Outcome
As of April 15, 2026

	FY2026 Est.	April - June Adjustments	Revised FY 2026 Forecast	FY2026 Budget & GACRE	Variance Forecast vs Budget
Revenue Sources:					
Alcoholic Beverages (Store Sales)	\$ 1,419.1	\$ (9.2) (a)	\$ 1,409.9	\$ 1,429.7	\$ (19.8)
Online Sales	8.9		8.9	9.1	(0.2)
Other	28.1		28.1	27.6	0.5
Gross Revenue	1,456.1	(9.2)	1,446.9	1,466.4	(19.5)
Less: Spirits Excise Tax	236.0	(1.5)	234.5	238.8	(4.3)
Net Revenue	1,220.1	(7.7)	1,212.4	1,227.6	(15.2)
Total Cost of Goods Sold					
	684.5	47.9%	(4.4) 47.8%	680.1	47.9%
				690.6	48.0%
					(10.5)
Gross Profit	535.6	(3.3)	532.3	537.0	(4.7)
Gross Profit % of Store Sales	37.5%	35.9%	37.5%	37.3%	23.5%
Operating Costs:					
Retail & Distribution Center Costs	219.0	(1.5) (b)	217.5	222.7	(5.2)
Administrative Costs (All Other Departments)	57.5	2.0 (c)	59.5	57.1	2.4
Regulatory Costs (Enforcement & Hearings)	29.3		29.3	31.7	(2.4)
Total Operating Costs	305.8	25.1%	0.5	306.3	25.3%
				311.5	25.4%
					(5.2)
VABC Net Profit	\$ 229.8	\$ (3.8)	\$ 226.0	\$ 225.5	\$ 0.5
Profit Carryover from Prior Year	4.8	-	4.8	4.8	0.0
Final Profit Transfer/Requirement	\$ 234.6	\$ (3.8)	\$ 230.8	\$ 230.3	\$ 0.5
Net Profit as a % of Store Sales	16.1%		15.9%	15.7%	
Net Profit as a % of Net Sales	18.8%		18.6%	18.4%	

Highlights

- ABC is projecting to achieve the full-year profit transfer commitment of \$230.3M despite lower than anticipated store and on-line sales of \$20.0M, and the impact of a \$2.0M unbudgeted state-wide bonus.
- To achieve this objective, ABC aggressively managed operating expenses resulting in \$5.2M cost underruns (after funding the \$2.0M bonus).

April – June Adjustments

(a) Revenue reduced by \$9.2M to reflect a full year 2.3% decline versus FY 2025.

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(b) Operating costs reduced by \$1.5M to reflect YTD run rate trend.

(c) Administrative costs increased by \$2.0M to reflect an unbudgeted \$1,500 bonus for all full-time employees of the Commonwealth. This item is reflected in the State Budget (Chapter7) adopted on February 20, 2026.

Public Comment