

**Alamance County Tourism Development Authority  
Board of Directors Meeting**

**May 26, 2026  
Alamance Arts  
213 S. Main Street, Graham  
10:30am**

**AGENDA**

- |       |                                      |                   |
|-------|--------------------------------------|-------------------|
| I.    | <u>Welcome &amp; Call to Order</u>   | Kavita Patel      |
| II.   | <u>Approval of April Minutes</u>     | Kavita Patel      |
| III.  | <u>Finance Report</u>                | Susan Evans       |
| IV.   | <u>Audit Contract Review</u>         | Susan Evans       |
| V.    | <u>Destination by Design Updates</u> | Grace VandeVisser |
| VI.   | <u>Film Incentive Uplift Support</u> | Grace VandeVisser |
| VII.  | <u>CVB/Visitor Services Updates</u>  | Grace VandeVisser |
| VIII. | <u>Adjourn</u>                       |                   |

**Next Meeting:  
June 23, 2026**

# ALAMANCE COUNTY TOURISM DEVELOPMENT AUTHORITY

## Combined Balance Sheet

As of April 30, 2026

	General	Fixed Assets	Total
<b>Assets</b>			
<i>Current assets:</i>			
Cash on deposit	\$ 1,362,846	\$ -	\$ 1,362,846
Occupancy tax receivable	95,852	-	95,852
Investments	1,194,524	-	1,194,524
<i>Noncurrent assets:</i>			
Fixed assets	-	16,149	16,149
<b>Total assets</b>	<b>\$ 2,653,223</b>	<b>\$ 16,149</b>	<b>\$ 2,669,372</b>
<b>Liabilities</b>			
<i>Liabilities:</i>			
Accounts payable and accrued liabilities	\$ (15,000)	\$ -	\$ (15,000)
<b>Total liabilities</b>	<b>(15,000)</b>	<b>-</b>	<b>(15,000)</b>
<b>Total assets and liabilities</b>	<b>\$ 2,638,223</b>	<b>\$ 16,149</b>	<b>\$ 2,654,372</b>
<b>Fund Balances</b>			
<i>Investment in general fixed assets</i>	\$ -	\$ 16,149	\$ 16,149
<i>Fund balances:</i>			
Undesignated	\$ 2,424,373	-	\$ 2,424,373
Designated	19,059	-	19,059
Estimated change in fund balance (current year)	194,791	-	194,791
<b>Total fund balances</b>	<b>\$ 2,638,223</b>	<b>\$ 16,149</b>	<b>\$ 2,654,372</b>

## ALAMANCE COUNTY TOURISM DEVELOPMENT AUTHORITY

Statement of Revenues, Expenditures and Changes in Fund Balance (Budget and Actual)

As of April 30, 2026

	Amended Budget	Actual	Over (Under) Budget	Percent Over/ (Under)
<i>Revenues:</i>				
Occupancy tax - 2/3	\$ 1,040,886	784,204	\$ ( 256,682)	75.3%
Penalties	0	0	-	#DIV/0!
Interest	0	35,463	35,463	#DIV/0!
Grants	10,000	3,973	( 6,027)	39.7%
Misc revenue	-	3,447	3,447	#DIV/0!
<b>Total revenues</b>	<b>1,050,886</b>	<b>827,087</b>	<b>( 223,799)</b>	<b>78.7%</b>
<i>Expenditures:</i>				
Salaries	128,739	108,260	( 20,479)	84.1%
FICA	9,415	11,089	1,674	117.8%
Retirement	18,527	12,536	( 5,991)	67.7%
Health Insurance	19,848	15,792	( 4,056)	79.6%
Dental Insurance	1,188	1,040	( 149)	87.5%
Life Insurance	314	221	( 93)	70.2%
401k	2,488	1,085	( 1,403)	43.6%
Workers' Compensation Projection	564	470	( 94)	83.3%
Professional services	163,160	123,494	( 39,666)	75.7%
Supplies-Automotive	1,000	797	( 203)	79.7%
Supplies-Department	2,000	387	( 1,613)	19.3%
Training Expense	14,435	5,111	( 9,324)	35.4%
Daily Travel	1,000	0	( 1,000)	0.0%
Promotions	29,172	8,323	( 20,849)	28.5%
Trade Shows	7,827	3,023	( 4,804)	38.6%
Telephone & Postage	3,000	1,564	( 1,436)	52.1%
Communications	8,000	6,314	( 1,686)	78.9%
Printing	16,200	1,878	( 14,322)	11.6%
Maint & Repair Bldg & Gro	124,617	0	( 124,617)	0.0%
Maint & Repair Vehicles	2,500	0	( 2,500)	0.0%
Advertising	357,728	277,811	( 79,917)	77.7%
Building & Equipment Rents	6,300	4,800	( 1,500)	76.2%
Copier Lease	1,200	1,073	( 127)	89.4%
Contracted Services	0	284	284	#DIV/0!
Insurance & Bonds	1,285	2,606	1,321	202.8%
Dues & Subscriptions	27,379	20,882	( 6,497)	76.3%
Miscellaneous Expenses	2,500	306	( 2,194)	12.3%
Sports Development Council	10,000	0	( 10,000)	0.0%
Sponsorships	39,500	23,150	( 16,350)	58.6%
Grants	50,000	0	( 50,000)	0.0%
Bond Arbitrage	1,000	0	( 1,000)	0.0%
<b>Total expenditures</b>	<b>1,050,886</b>	<b>632,296</b>	<b>( 418,590)</b>	<b>60.2%</b>
Revenues over (under) expenditures	-	194,791	194,791	
<i>Other financing sources (uses):</i>				
Appropriated fund balance	-	0	-	
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>0</b>	<b>-</b>	
Revenues and OFS over (under) expenditures and OFU	\$ -	194,791	\$ 194,791	
<i>Fund balance:</i>				
Beginning of year - July 1		2,443,432		
End of period		<u>2,638,223</u>		

# ALAMANCE COUNTY TOURISM DEVELOPMENT AUTHORITY

## Year-to-Date Schedule of Collections

As of April 30, 2026

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**Distribution:**

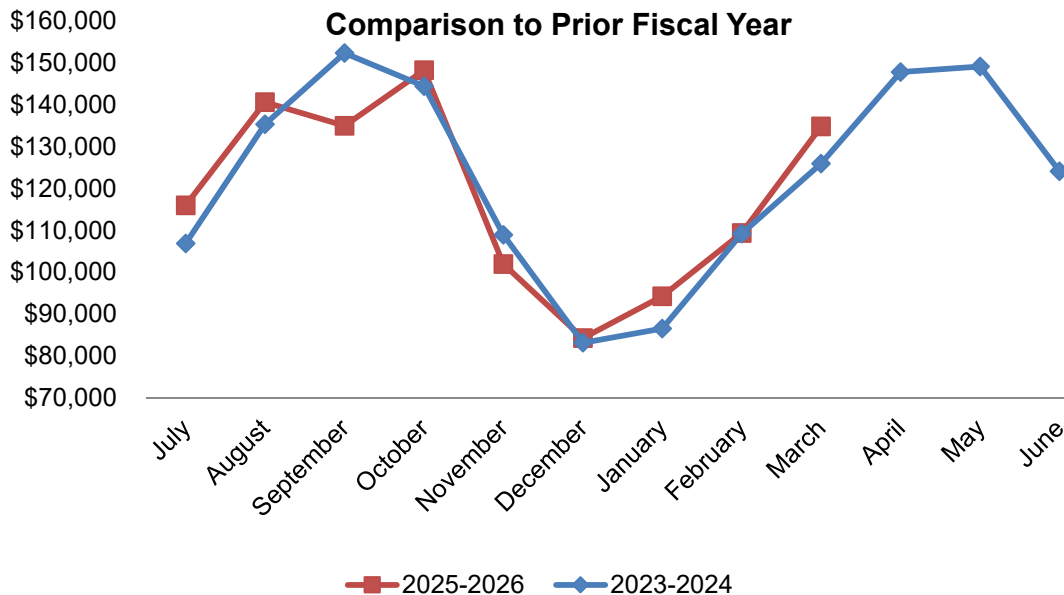
Administrative Fee (3%)	\$ 32,251
County Share (1/3)	\$ 343,805
Authority Share (2/3)	\$ 688,352
	\$ 1,064,409

**Collections by Source:**

Hotels	\$ 958,438
Owner Lodging	\$ 105,971
	\$ 1,064,409

**Monthly Collections:**

	<u>2025-2026</u>	<u>2024-2025</u>	<b>Percentage Change</b>
July	\$ 115,996	\$ 134,920	-14.03%
August	140,593	149,030	-5.66%
September	134,919	125,453	7.55%
October	148,218	141,365	4.85%
November	101,962	107,423	-5.08%
December	84,277	87,531	-3.72%
January	94,255	92,171	2.26%
February	109,368	103,979	5.18%
March	134,820	128,051	5.29%
April		152,328	-100.00%
May		153,440	-100.00%
June		123,744	-100.00%
<b>Total</b>	<b>\$ 1,064,409</b>	<b>\$ 1,499,436</b>	<b>-0.52%</b>



# ALAMANCE COUNTY TOURISM DEVELOPMENT AUTHORITY

## Investment Portfolio Report

As of April 30, 2026

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<b>Institution</b>	<b>Instrument Type</b>	<b>Maturity Date</b>	<b>Amount</b>
PNC Bank	CD	07/13/26	74,160
PNC Bank	CD	07/29/26	50,303
PNC Bank	CD	08/17/26	61,416
PNC Bank	CD	05/03/26	43,340
			<hr/>
			229,220
			<hr/>
NCCM Trust	Savings		965,304
			<hr/>
			1,194,524
			<hr/>

# ALAMANCE COUNTY TOURISM DEVELOPMENT AUTHORITY

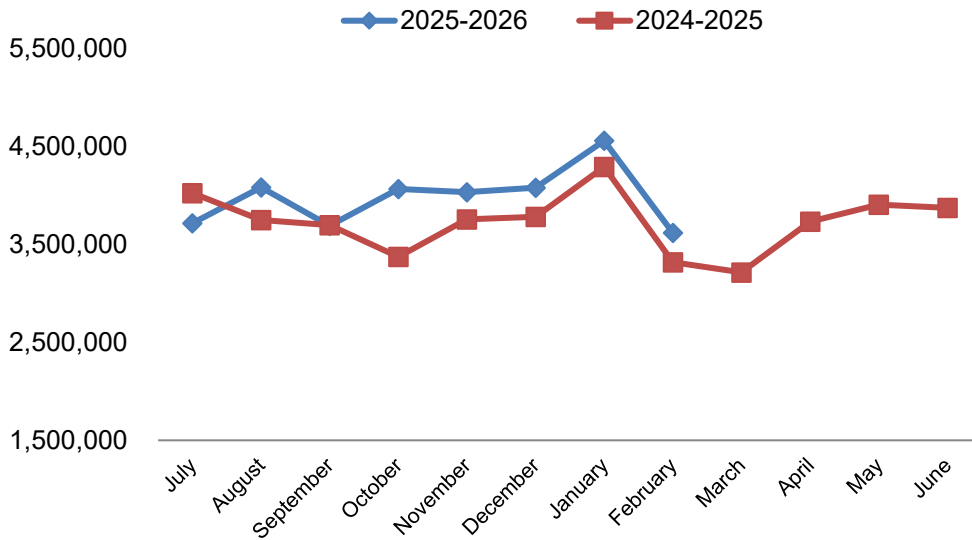
## Year-to-Date Summary of 2% County Sales Tax Collections

As of April 30, 2026

### Monthly Collections:

	<u>2025-2026</u>	<u>2024-2025</u>	<u>Percentage Change</u>
July	3,714,188	4,021,948	-7.65%
August	4,079,611	3,748,931	8.82%
September	3,689,942	3,696,232	-0.17%
October	4,064,306	3,373,106	20.49%
November	4,033,441	3,753,561	7.46%
December	4,078,400	3,781,299	7.86%
January	4,556,201	4,289,187	6.23%
February	3,616,342	3,318,329	8.98%
March		3,213,623	-100.00%
April		3,730,360	-100.00%
May		3,906,009	-100.00%
June		3,872,678	-100.00%
Total	<u>\$ 31,832,432</u>	<u>\$ 18,593,778</u>	6.17%

### Comparison to Prior Fiscal Year



The of and	Governing Board Board of Directors
	Primary Government Unit Alamance County Tourism Development Authority
	Discretely Presented Component Unit (DPCU) (if applicable) N/A

*Primary Government Unit, together with DPCU (if applicable), hereinafter referred to as Governmental Unit(s)*

and	Auditor Name Martin Starnes & Associates, CPAs. P.A.
	Auditor Address 730 13th Avenue Drive SE, Hickory NC 28602

*Hereinafter referred to as Auditor*

for	Fiscal Year Ending 06/30/26	Date Audit Will Be Submitted to LGC 12/31/26
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*Must be within six months of FYE*

hereby agree as follows:

1. The Auditor shall audit all statements and disclosures required by “U.S. Auditing Standards – AICPA (Clarified),” referred to as generally accepted auditing standards (GAAS) and additional required legal statements and disclosures of all funds and/or divisions of the Governmental Unit(s). The non-major combining, and individual fund statements and schedules shall be subjected to the auditing procedures applied in the audit of the basic financial statements and an opinion shall be rendered in relation to (as applicable) the governmental activities, the business-type activities, the aggregate DPCUs, each major governmental and enterprise fund, and the aggregate remaining fund information (non-major government and enterprise funds, the internal service fund type, and the fiduciary fund types). Budgetary comparison information shall be prepared in accordance with applicable GASB standards. Budget-to-actual comparisons at the level of the legally adopted budget ordinance shall be presented as required supplementary information and shall not be included in the basic financial statements. Any other budgetary comparison information shall be presented only as supplementary information for funds required to be budgeted under NCGS Chapter 159, Article 3.

2. At a minimum, the Auditor shall conduct the audit and render the report in accordance with GAAS. If the Governmental Unit expended \$100,000 or more in combined Federal and State financial assistance during the reporting period, the Auditor shall perform the audit in accordance with *Generally Accepted Government Auditing Standards* (GAGAS). The Governmental Unit is subject to federal single audit requirements in accordance with Title 2 US Code of Federal Regulations Part 200 *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Subpart F (*Uniform Guidance*) and the State Single Audit Implementation Act. Currently the threshold is \$1,000,000 for federal and state single audits, or such other threshold as applicable for the fiscal year under audit. This audit and all associated audit documentation may be subject to review by federal and State agencies in accordance with federal and State laws, including the staff of the Office of State Auditor (OSA) and the Local Government Commission (LGC). If the audit requires a federal single audit in accordance with the Uniform Guidance (§200.501) the Auditor and Governmental Unit(s) should discuss, in advance of the execution of this contract, the responsibility for submission of the audit and the accompanying data collection form (form SF-FAC) to the Federal Audit Clearinghouse as required under the Uniform Guidance (§200.512) to ensure proper submission.

If the audit and Auditor communication are found in this review to be substandard, the results of the review may be forwarded to the North Carolina State Board of CPA Examiners (NC State Board).

3. If an entity is determined to be a component of another government as defined by the group audit standards, the entity's auditor shall make a good faith effort to comply in a timely manner with the requests of the group auditor in accordance with AU-6 §600.41 - §600.42.
4. This contract contemplates an unmodified opinion being rendered. If during the process of conducting the audit, the Auditor determines that it will not be possible to render an unmodified opinion on the financial statements of the unit, the Auditor shall contact the LGC Staff to discuss the circumstances leading to that conclusion as soon as is practical and before the final report is issued. The audit shall include such tests of the accounting records and such other auditing procedures as are considered by the Auditor to be necessary in the circumstances. Any limitations or restrictions in scope which would lead to a qualification should be fully explained in an attachment to this contract.
5. If this audit engagement is subject to the standards for audit as defined in *Government Auditing Standards* (2018 revision or subsequent revisions, as applicable) issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he or she has met the requirements for a peer review and continuing education as specified in *Government Auditing Standards*. The Auditor agrees to provide a copy of the most recent peer review report to the Governmental Unit(s) and to the Secretary of the LGC prior to the execution of an audit contract. Subsequent submissions of the report are required only upon report expiration or upon the Auditor's receipt of an updated peer review report. If the audit firm receives a peer review rating other than pass, the Auditor shall not contract with the Governmental Unit(s) without first contacting the Secretary of the LGC for a peer review analysis that may result in additional contractual requirements.

If the audit engagement is not subject to *Government Auditing Standards* or if financial statements are not prepared in accordance with U.S. generally accepted accounting principles (GAAP) and fail to include all disclosures required by GAAP, the Auditor shall provide an explanation as to why in an attachment to this contract or in an amendment.

6. It is agreed that time is of the essence in this contract. All audits are to be performed, and the report of audit submitted to LGC Staff, within six months of fiscal year end. At the time of the execution of this contract, if the parties know that the anticipated submission date of the audit exceeds six months after fiscal year end, a written explanation shall be provided to the Secretary of the LGC on this contract form (see the space provided on Page 7). If it becomes necessary to amend the audit fee or the date that the audit report will be submitted to the LGC, an amended contract along with a written explanation of the change shall be submitted to the Secretary of the LGC for approval.
7. It is agreed that GAAS include a review of the Governmental Unit's (Units') systems of internal control and accounting as they relate to accountability of funds and adherence to budget and law requirements applicable thereto; that the Auditor shall make a written report, which may or may not be a part of the written report of audit, to the Governing Board setting forth the Auditor's findings, together with his or her recommendations for improvement. That written report shall include all matters determined to be "significant deficiencies and material weaknesses" in accordance with AU-C §265 "Communicating Internal Control Related Matters Identified in an Audit" of GAAS. The Auditor shall file a copy of that report with the Secretary of the LGC.

For GAAS or *Government Auditing Standards* audits, if an Auditor issues an AU-C §260 report, "Auditor's Communication With Those Charged With Governance," commonly referred to as a "Governance Letter," LGC staff does not require the report to be submitted unless the Auditor cites significant findings or issues from the audit, as defined in AU-C §260 paragraphs 12 - 14. This would include issues such as difficulties encountered during the audit, significant or unusual transactions, uncorrected misstatements, matters that are difficult or contentious for which the Auditor consulted outside the engagement team and, in the Auditor's judgment, are significant and relevant to those charged with governance, and other findings or issues that the Auditor believes are significant and relevant. If matters identified during the audit were required to be reported as described in AU-C §260 paragraphs 12 - 14 and were communicated in a method other than an AU-C §260 letter, the written documentation must be submitted.

8. All local government and public authority contracts for audit or audit-related work require the approval of the Secretary of the LGC. This includes annual or special audits, agreed upon procedures related to internal controls, bookkeeping or other assistance necessary to prepare the Governmental Unit's records for audit, financial statement preparation, any finance-related investigations, or any other audit-related work in the State of North Carolina. Approval is also required for the Alternative Compliance Examination Engagement for auditing the Coronavirus State and Local Fiscal Recovery Funds expenditures as allowed by US Treasury. Approval is not required on audit contracts and invoices for system improvements and similar services of a non-auditing nature.
9. Invoices for services rendered under these contracts shall not be paid by the Governmental Unit(s) until the invoice has been approved by the Secretary of the LGC. This also includes any progress billings [G.S. 159-34 and 115C-447]. All invoices for audit work shall be submitted in PDF format to the Secretary of the LGC for approval. The invoice marked 'approved' with approval date shall be returned to the Auditor to present to the Governmental Unit(s) for payment. This paragraph is not applicable to contracts for audits of hospitals.
10. In consideration of the satisfactory performance of the provisions of this contract, the Governmental Unit(s) shall pay to the Auditor, upon approval by the Secretary of the LGC if required, the fee, which includes any costs the Auditor may incur from work paper or peer reviews or any other quality assurance program required by third parties (federal and state grantor and oversight agencies or other organizations) as required under the Federal Single Audit Act and the State Single Audit Act. This does not include fees for any pre-issuance reviews that may be required by the North Carolina Association of Certified Public Accountants (NCACPA) Peer Review Committee or North Carolina State Board of CPA Examiners (see Paragraph 13).
11. If the Governmental Unit(s) has/have outstanding revenue bonds, the Auditor shall submit to LGC Staff, either in the notes to the audited financial statements or as a separate report, a calculation demonstrating compliance with the revenue bond rate covenant. Additionally, the Auditor shall submit to LGC Staff simultaneously with the Governmental Unit's (Units') audited financial statements any other bond compliance statements or additional reports required by the authorizing bond documents, unless otherwise specified in the bond documents.
12. After completing the audit, the Auditor shall submit to the Governing Board a written report of audit. This report shall include, but not be limited to, the following information: (a) Management's Discussion and Analysis, (b) the financial statements and notes of the Governmental Unit(s) and all of its component units prepared in accordance with GAAP, (c) supplementary information requested by the Governmental Unit(s) or required for full disclosure under the law, and (d) the Auditor's opinion on the material presented. The Auditor shall furnish the required number of copies of the report of audit to the Governing Board upon completion.
13. If the audit firm is required by the Secretary of the Local Government Commission to obtain a pre-issuance review or take corrective action as a result of peer review findings or quality control deficiencies, such corrective action shall be consistent with the authority and requirements of the North Carolina State Board of Certified Public Accountant Examiners, the AICPA Peer Review Program, and established Local Government Commission practice, including the use of report addenda or other remedial measures, as appropriate.

14. In accordance with G.S. 159-34, the Finance Officer of the Unit is responsible for filing the audited financial statements with the Secretary of the Local Government Commission.

The Auditor may upload the audit report and related documents through the LGC's electronic submission system; however, submission shall not be deemed complete until the Finance Officer has reviewed and certified the submission.

The Auditor, Finance Officer, other Unit staff member designated by the Finance Officer, or a third party approved by the Unit may enter all Data Input Report information except the information on the "transmittal doc info" tab. The "transmittal doc info" tab must be completed by the Auditor.

The Finance Officer shall review, approve, and certify the accuracy and completeness of the Data Input Report (DIR) in the LGC's LOGOS system prior to LGC review, regardless of whether the DIR is prepared by the Auditor or the Unit.

Finance Officer certification is required for any corrected or revised submissions.

Finance Officer certification of the DIR shall be completed in a timely manner following notification that the DIR is ready for review and within time frames prescribed by the LGC. Failure to complete certification in a timely manner may result in the audit being considered late due to unit action rather than auditor performance.

The Auditor shall conduct the audit in accordance with generally accepted auditing standards and shall ensure that the financial statements are prepared in accordance with generally accepted accounting principles as of the fiscal year end. Budget-to-actual comparisons at the level of the legally adopted budget ordinance shall be presented in required supplementary information, separate from the basic financial statements, and shall not be included in the audit opinion. The Auditor shall confirm that such information reconciles to the financial statements and is consistent with applicable accounting guidance and any LGC reporting requirements.

The Finance Officer shall certify in a timely manner that all data inputted in LOGOS used for preparation of the financial statements and required supplementary information is complete and accurate.

For audits of units other than hospitals, the audit report should be submitted when (or prior to) submitting the final invoice for services rendered. The report of audit, as filed with the Secretary of the LGC, becomes a matter of public record for inspection, review and copy in the offices of the LGC by any interested parties. Any subsequent revisions to these reports shall be sent to the Secretary of the LGC. These audited financial statements, excluding the Auditors' opinion, may be used in the preparation of official statements for debt offerings by municipal bond rating services to fulfill secondary market disclosure requirements of the Securities and Exchange Commission and for other lawful purposes of the Governmental Unit(s) without requiring consent of the Auditor. If the LGC Staff determines that corrections need to be made to the Governmental Unit's (Units') financial statements and/or the compliance section, those corrections shall be provided within three business days of notification unless another deadline is agreed to by LGC Staff.

15. Should circumstances disclosed by the audit call for a more detailed investigation by the Auditor than necessary under ordinary circumstances, the Auditor shall inform the Governing Board in writing of the need for such additional investigation and the additional compensation required therefore. Upon approval by the Secretary of the LGC, this contract may be modified or amended to include the increased time, compensation, or both as may be agreed upon by the Governing Board and the Auditor.
16. If an approved contract needs to be modified or amended for any reason, the change shall be made in writing and preaudited if the change includes a change in audit fee (preaudit requirement does not apply to hospitals). This amended contract shall be completed in full, including a written explanation of the change, signed and dated by all original parties to the contract. It shall then be submitted to the Secretary of the LGC for approval. No change to the audit contract shall be effective unless approved by the Secretary of the LGC.
17. A copy of the engagement letter, issued by the Auditor and signed by both the Auditor and the Governmental Unit(s), shall be attached to this contract, and except for fees, work, and terms not related to audit services, shall be incorporated by reference as if fully set forth herein as part of this contract. In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract shall take precedence. Engagement letter terms that conflict with the contract are deemed to be void unless the conflicting terms of this contract are specifically deleted in Paragraph 30 of this contract. Engagement letters containing indemnification clauses shall not be accepted by LGC Staff.
18. Special provisions should be limited. Please list any special provisions in an attachment.
19. A separate contract should not be made for each division to be audited or report to be submitted. If a DPCU is subject to the audit requirements detailed in The Local Government Budget and Fiscal Control Act and a separate audit report is issued, a separate audit contract is required. If a separate report is not to be issued and the DPCU is included in the primary government audit, the DPCU shall be named along with the primary government on this audit contract. DPCU Board approval date, signatures from the DPCU Board chairman and Finance Officer also shall be included on this contract.
20. The contract shall be executed, preaudited (preaudit requirement does not apply to hospitals) and physically signed by all parties including Governmental Unit(s) and the Auditor, then submitted in PDF format to the Secretary of the LGC.
21. The contract is not valid until it is approved by the Secretary of the LGC. The staff of the LGC shall notify the Governmental Unit and Auditor of contract approval by email. The audit should not be started before the contract is approved.
22. Retention of Client Records: Auditors are subject to the NC State Board of CPA Examiners' Retention of Client Records Rule 21 NCAC 08N .0305 as it relates to the provision of audit and other attest services, as well as non-attest services. Clients and former clients should be familiar with the requirements of this rule prior to requesting the return of records.

23. This contract may be terminated at any time by mutual consent and agreement of the Governmental Unit(s) and the Auditor, provided that (a) the consent to terminate is in writing and signed by both parties, (b) the parties have agreed on the fee amount which shall be paid to the Auditor (if applicable), and (c) no termination shall be effective until approved in writing by the Secretary of the LGC.
24. The Governmental Unit's (Units') failure or forbearance to enforce, or waiver of, any right or an event of breach or default on one occasion or instance shall not constitute the waiver of such right, breach or default on any subsequent occasion or instance.
25. There are no other agreements between the parties hereto and no other agreements relative hereto that shall be enforceable unless entered into in accordance with the procedure set out herein and approved by the Secretary of the LGC.
26. E-Verify. The Auditor shall comply with the requirements of NCGS Chapter 64 Article 2. Further, if the Auditor utilizes any subcontractor(s), Auditor shall require such subcontractor(s) to comply with the requirements of NCGS Chapter 64, Article 2.
27. For all non-attest services, the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct and *Government Auditing Standards, 2018 or 2024 Revision* (as applicable). Preparing financial statements in their entirety shall be deemed a "significant threat" requiring the Auditor to apply safeguards sufficient to reduce the threat to an acceptable level. If the Auditor cannot reduce the threats to an acceptable level, the Auditor cannot complete the audit. If the Auditor is able to reduce the threats to an acceptable level, the documentation of this determination, including the safeguards applied, must be included in the audit workpapers.
- All non-attest service(s) being performed by the Auditor that are necessary to perform the audit must be identified and included in this contract. The Governmental Unit shall designate an individual with the suitable skills, knowledge, and/or experience (SKE) necessary to oversee the services and accept responsibility for the results of the services performed. If the Auditor is able to identify an individual with the appropriate SKE, the Auditor must document and include in the audit workpapers how the Auditor reached that conclusion. If the Auditor determines that an individual with the appropriate SKE cannot be identified, the Auditor cannot perform both the non-attest service(s) and the audit. See "Fees for Audit Services" page of this contract to disclose the person identified as having the appropriate SKE for the Governmental Unit.
28. **Applicable to audits with fiscal year ends of June 30, 2021 and later.** The Auditor shall present the audited financial statements including any compliance reports to the Government Unit's Governing Board or audit committee in an official meeting in open session as soon as the audited financial statements are available but not later than 45 days after the submission of the audit report to the Secretary of the LGC. The Auditor's presentation to the Governing Board or audit committee shall include:
- a) the description of each finding, including all material weaknesses and significant deficiencies, as found by the Auditor, and any other issues related to the internal controls or fiscal health of the Government Unit as disclosed in the management letter, the Single Audit or Yellow Book reports, or any other communications from the Auditor regarding internal controls as required by current auditing standards;
  - b) the status of the prior year audit findings;
  - c) the values of Financial Performance Indicators based on information presented in the audited financial statements; and
  - d) notification to the Governing Board that the Governing Board shall develop a "Response to the Auditor's Findings, Recommendations, and Fiscal Matters," if required under Rule 20 NCAC 03 .0508.

29. Information based on the audited financial statements shall be submitted to the Secretary of the LGC through the LGC's LOGOS system, including completion of the Data Input Report (DIR). Submission is not complete and shall not be accepted by the LGC until the Finance Officer has reviewed and certified the DIR in accordance with Paragraph 14 of this contract.

30. All of the above paragraphs are understood and shall apply to this contract, except the following numbered paragraphs shall be deleted (See Paragraph 17 for clarification).

31. The process for submitting contracts, audit reports and invoices is subject to change. Auditors and Units should use the submission process and instructions in effect at the time of submission. Refer to the N.C. Department of State Treasurer website at <https://www.nctreasurer.com/state-and-local-government-finance-division/local-government-commission/submitting-your-audit>.

32. All communications regarding audit contract requests for modification or official approvals will be sent to the email addresses provided on the signature pages that follow.

33. **Applicable to audits with fiscal year ends of June 30, 2025, and later.** The Unit authorizes the LGC to grant access to the LGC's LOGOS system, including the Data Input Report (DIR), to employees of the contracted audit firm who are associated with and acting on behalf of the firm for purposes of performing audit and reporting services under this contract. Such access shall be limited to the scope necessary to perform contracted services and shall not relieve the Auditor or the Unit of their respective responsibilities under this contract.

34. Changes or edits to the text of this contract form are not permitted, except for the Secretary's authority to revise or update this contract form pursuant to LGC Rule 20 NCAC 03. 0502.

**For contracts with an anticipated audit submission date exceeding six months after fiscal year end, please use this space to explain the reason for the late submission, as required by Paragraph 6 of this contract form:**

**FEEES FOR AUDIT SERVICES**

1. For all non-attest services, the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct (as applicable) and *Government Auditing Standards, 2018 Revision*. Refer to Paragraph 27 of this contract for specific requirements. The following information must be provided by the Auditor; contracts presented to the LGC without this information will be not be approved.

Financial statements were prepared by:  Auditor  Governmental Unit  Third Party

If applicable: The individual at the Governmental Unit designated to have the suitable skills, knowledge, and/or experience (SKE) necessary to oversee the non-attest services and accept responsibility for the results of these services:

<b>Name:</b>	<b>Title and Unit / Company:</b>	<b>Email Address:</b>
<input type="text"/>	<input type="text"/>	<input type="text"/>

**OR Not Applicable**  (Identification of SKE Individual on the LGC-205 Contract is not applicable for GAAS-only audits or audits with FYEs prior to June 30, 2020.)

2. Fees may not be included in this contract for work performed on Annual Financial Information Reports (AFIRs), Form 990s, or other services not associated with audit fees and costs. Such fees may be included in the engagement letter but may not be included in this contract or in any invoices requiring approval of the LGC. See Paragraphs 8 and 13 for details on other allowable and excluded fees.

3. The audit fee information included in the table below for both the Primary Government Fees and the DPCU Fees (if applicable) should be reported as a specific dollar amount of audit fees for the year under this contract. If any language other than an amount is included here, the contract will be returned to the audit firm for correction.

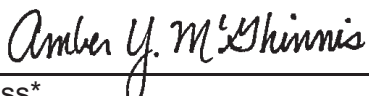
4. Prior to the submission of the completed audited financial report and applicable compliance reports subject to this contract, or to an amendment to this contract (if required) the Auditor may submit interim invoices for approval for services rendered under this contract to the Secretary of the LGC, not to exceed 75% of the billings for the Unit's last annual audit that was submitted to the Secretary of the LGC. All invoices for services rendered in an audit engagement as defined in Rule 20 NCAC .0503 shall be submitted to the Secretary of the LGC for approval before any payment is made. Payment before approval is a violation of law. (This paragraph not applicable to contracts and invoices associated with audits of hospitals).

<b>Primary Government Unit</b>	Alamance County Tourism Development Authority
Audit Fee (financial and compliance if applicable)	\$ 7,285
Fee per Major Program (if not included above)	\$
<b>Additional Fees Not Included Above (if applicable):</b>	
Financial Statement Preparation (incl. notes and RSI)	\$ 1,100
All Other Non-Attest Services	\$
<b>TOTAL AMOUNT NOT TO EXCEED</b>	<b>\$ 8,385</b>

<b>Discretely Presented Component Unit</b>	N/A
Audit Fee (financial and compliance if applicable)	\$
Fee per Major Program (if not included above)	\$
<b>Additional Fees Not Included Above (if applicable):</b>	
Financial Statement Preparation (incl. notes and RSI)	\$
All Other Non-Attest Services	\$
<b>TOTAL AMOUNT NOT TO EXCEED</b>	<b>\$</b>

**SIGNATURE PAGE**

**AUDIT FIRM**

Audit Firm* Martin Starnes & Associates, CPAs. P.A.	
Authorized Firm Representative (typed or printed)* Amber Y. McGhinnis	Signature* 
Date* 04/17/26	Email Address* amcghinnis@msa.cpa

**GOVERNMENTAL UNIT**

Governmental Unit* Alamance County Tourism Development Authority	
Date Governing Board Approved Audit Contract* <b>(Enter date in box to right)</b>	
Mayor/Chairperson (typed or printed)* Kavita Patel, Chair	Signature*
Date	Email Address* kavita.patel@marriott.com

Chair of Audit Committee (typed or printed, or "NA") N/A	Signature
Date	Email Address

**GOVERNMENTAL UNIT – PREAUDIT CERTIFICATE**

Required by G.S. 159-28(a1) or G.S. 115C-441(a1). Not applicable to hospital contracts.

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

Sum Obligated by This Transaction:	\$ 8,385
Primary Governmental Unit Finance Officer* (typed or printed) Susan Evans, Finance Officer	Signature*
Date of Preaudit Certificate*	Email Address* susan.evans@alamancecountync.gov

**SIGNATURE PAGE – DPCU  
(complete only if applicable)**

**DISCRETELY PRESENTED COMPONENT UNIT**

DPCU*	
N/A	
Date DPCU Governing Board Approved Audit Contract* (Enter date in box to right)	
DPCU Chairperson (typed or printed)*	Signature*
Date*	Email Address*

Chair of Audit Committee (typed or printed, or "NA")	Signature
N/A	
Date	Email Address

**DPCU – PREAUDIT CERTIFICATE**

Required by G.S. 159-28(a1) or G.S. 115C-441(a1). Not applicable to hospital contracts.

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

Sum Obligated by this Transaction:	\$
DPCU Finance Officer (typed or printed)*	Signature*
N/A	
Date of Preaudit Certificate*	Email Address*

Remember to print this form, and obtain all required signatures prior to submission.

PRINT



## Report on the Firm's System of Quality Control

To the Shareholders of Martin Starnes & Associates, CPAs, P.A. and the Peer Review Committee, Coastal Peer Review, Inc.

We have reviewed the system of quality control for the accounting and auditing practice of Martin Starnes & Associates, CPAs, P.A. (the firm) in effect for the year ended December 31, 2023. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

### Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

### Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

### Required Selections and Considerations

Engagements selected for review included engagements performed under Government Auditing Standards, including compliance audits under the Single Audit Act and an audit of an employee benefit plan.

As part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

### Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Martin Starnes & Associates, CPAs, P.A. in effect for the year ended December 31, 2023, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Martin Starnes & Associates, CPAs, P.A. has received a peer review rating of *pass*.

*Dean Dorton Allen Ford, PLLC*

Dean Dorton Allen Ford, PLLC

May 10, 2024

**From:** [Rebecca Clark](#)  
**To:** [Piedmont Triad Film Commission](#)  
**Subject:** Immediate Support Needed for Film Incentive Uplift for Tier 1 and Tier 2  
**Date:** Thursday, May 21, 2026 11:33:34 AM

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Good morning,

As you know, since changes to North Carolina's film incentive program in 2015, I have continued advocating for improvements that would give the Piedmont Triad counties a realistic opportunity to compete for larger productions and the significant economic impact they bring.

I've recently been working with Piedmont Triad legislators and industry stakeholders — including Rep. Ted Davis' office in Wilmington — on proposed language that would provide an incentive uplift (additional 5%) for productions filming and spending in Tier 1 and Tier 2 counties.

I believe we now have an important opportunity, but time is extremely limited. I've been in communication with Representative Donny Lambeth and Representative Amanda Cook regarding this effort and wanted to share the message below that I recently sent to all of our legislators.

**If you support creating greater opportunities for Tier 1 and Tier 2 counties to benefit from film production jobs, local spending, and economic impact, I encourage you to immediately contact your legislative partners and express support for this language.**

This may be one of our best opportunities in years to create a more level playing field for communities like ours. And the two bills are Rep. Davis' bill which has an uplift - but the language needs tweaking ([H 1116](#)) And Senator Michael Lee's bill ([S 1002](#)) which has NO uplift and will keep our area at a disadvantage:

Thank you for your support in bringing back bigger economic impact projects to the Piedmont Triad! -  
Rebecca Clark

*Good afternoon, and thank you for your service to North Carolina.*

**As film incentive discussions continue, I wanted to emphasize what I believe is the single most important provision needed for the Piedmont Triad counties, and many underserved regions across North Carolina: a Tier 1 and Tier 2 county uplift.**

*Quite frankly, while many pieces of language are being discussed, **this is the one provision I believe has the greatest potential to truly move the needle for regions like ours and should be added and prioritized in either bill.***

*Suggested language to strengthen opportunities for Tier 1 and Tier 2 counties:*

**"An amount equal to thirty percent (30%) of qualifying expenses for a feature film, television movie, commercial, or television series that conducts at least seventy-five percent (75%) of principal photography days and houses at least fifty percent (50%) of out-of-town cast and crew in one or more Tier 1 or Tier 2 counties."**

*We have a very real opportunity right now to create meaningful and lasting change for underserved regions, including the Piedmont Triad. Opportunities of this magnitude do not come along often. **If we fail to address this issue now, communities like ours could***

**continue facing the same barriers for years to come. I am working diligently to help change that, but I truly need your support.**

*Why this matters:*

- *After more than 20 years of proudly recruiting productions to the Piedmont Triad, I have witnessed firsthand how significantly the 2015 incentive changes altered where larger projects locate and which regions benefit.*
- *Since the 2015 incentive changes, Piedmont Triad counties have had virtually no incentive-qualifying productions for nearly a decade.*
- *Prior to 2015, the Piedmont Triad regularly attracted productions including Nicholas Sparks *The Longest Ride*, *Leatherheads*, and Hallmark projects such as *The Confession* and *The Shunning*, among many others. We had filmmaking in every one of the 12 Piedmont Triad counties.*
- *We recently secured two qualifying feature films, but both largely came through local relationships and a producer with deep ties to this region.*
- *Even that producer acknowledged the additional housing, travel, per diem, and crew costs associated with filming here versus established production hubs.*
- *I greatly appreciate efforts already being made to address this issue, including uplift concepts included in the **House bill**. My concern is that certain thresholds may unintentionally make participation unrealistic for larger productions. **The Senate bill currently contains no Tier 1 or Tier 2 uplift language, yet I believe this type of provision is critically important if underserved regions are to have a realistic opportunity to attract larger economic impact projects.***
- *This proposal is not intended to compete with Charlotte or Wilmington; it is intended to spread the economic benefits of this industry more broadly across North Carolina.*
- **While I believe housing out-of-town cast and crew creates a more substantial and meaningful local impact, my primary goal is ensuring the Tier 1 and Tier 2 uplift is added. If one provision requires adjustment to make the language more workable, preserving an uplift for filming 75% or more principal shooting days in Tier 1 and/or Tier 2 counties and housing at least 50% of out of town CREW (not cast) in Tier 1 and/or Tier 2 counties should remain the priority.**

**We have a very real opportunity to create immediate and lasting positive economic impact in the Piedmont Triad and beyond, but again, we need your help.**

*Please feel free to call me if I can provide additional information demonstrating this crucial need for an uplift. My cellphone number is 336-210-8641. Truly, call day or night. I would love the opportunity to discuss this further.*

*Thank you for your time, consideration, and all you do to help build economic development across North Carolina.*

*All the best,*

*Rebecca Clark  
Executive Director  
Piedmont Triad Film Commission*

**Piedmont Triad Film Commission**

717 S. Marshall St., Suite 105-F  
Winston-Salem, NC 27101

**Rebecca Clark**

Executive Director

p- 336.393.0001

e- [rebecca@piedmontfilm.com](mailto:rebecca@piedmontfilm.com)

w- [www.piedmontfilm.com](http://www.piedmontfilm.com)

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GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2025

H.B. 1116  
Apr 29, 2026  
HOUSE PRINCIPAL CLERK

H

D

HOUSE BILL DRH10598-NI-132

Short Title: Film Grant Modifications.

(Public)

Sponsors: Representative Davis.

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO EXPAND THE FILM AND ENTERTAINMENT GRANT FUND.  
3 The General Assembly of North Carolina enacts:

4 SECTION 1. G.S. 143B-437.02A reads as rewritten:  
5 "§ 143B-437.02A. The Film and Entertainment Grant Fund.

6 (a) Creation and Purpose of Fund. – There is created in the Department of Commerce a  
7 special, nonreverting account to be known as the Film and Entertainment Grant Fund to provide  
8 funds to encourage the production of motion pictures, television shows, movies for television,  
9 productions intended for on-line distribution, and commercials and to develop the filmmaking  
10 industry within the State. The Department of Commerce shall adopt guidelines providing for the  
11 administration of the program. Those guidelines may provide for the Secretary to award the grant  
12 proceeds over a period of time, not to exceed three years. Those guidelines shall include the  
13 following provisions, which shall apply to each grant from the account:

14 (1) The funds are reserved for a production on which the production company has  
15 qualifying expenses of at least the following:

- 16 a. For a feature-length ~~film~~ film, one million dollars (\$1,000,000).  
17 ~~1. One million five hundred thousand dollars (\$1,500,000), if for~~  
18 ~~theatrical viewing.~~  
19 ~~2. Five hundred thousand dollars (\$500,000), if a movie for~~  
20 ~~television.~~

21 ...

22 (2) The funds are not used to provide a grant in excess of any of the following:

- 23 a. An amount more than ~~twenty-five percent (25%)~~ thirty percent (30%)  
24 of the qualifying expenses for the production if at least seventy-five  
25 percent (75%) of (i) filming of the production and (ii) the qualified  
26 expenses incurred by the production both occur in tier one and tier two  
27 areas, as defined in G.S. 143B-437.08.  
28 b. An amount more than ~~seven million dollars (\$7,000,000)~~ twenty  
29 million dollars (\$20,000,000) for a feature-length film, more than  
30 fifteen million dollars (\$15,000,000) ~~twenty-five million dollars~~  
31 (\$25,000,000) for a single season of a television series, or two hundred  
32 fifty thousand dollars (\$250,000) for a commercial for theatrical or  
33 television viewing or on-line distribution.

34 ...

35 (b) Definitions. – The following definitions apply in this section:

36 ...



\* D R H 1 0 5 9 8 - N I - 1 3 2 \*

1           (3)    Highly compensated individual. – An individual who directly or indirectly  
2           receives compensation in excess of ~~one-four~~ million dollars ~~(\$1,000,000)~~  
3           ~~(\$4,000,000)~~ for personal services with respect to a single production. An  
4           individual receives compensation indirectly when a production company pays  
5           a personal service company or an employee leasing company that pays the  
6           individual.

7           ...  
8           (7)    Qualifying expenses. – The sum of the amounts listed in this subdivision,  
9           substantiated pursuant to subsection (d) of this section, and spent in this State  
10          by a production company in connection with a production, less the amount  
11          paid in excess of ~~one-four~~ million dollars ~~(\$1,000,000)~~ ~~(\$4,000,000)~~ to a  
12          highly compensated individual:

13          ...."  
14          **SECTION 2.** This act is effective when it becomes law and applies to grant proceeds  
15          provided from the Film and Entertainment Grant Fund on or after that date.

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2025

FILED SENATE  
Apr 30, 2026  
S.B. 1002  
PRINCIPAL CLERK

S

D

SENATE BILL DRS35440-MCa-324

Short Title: Micro-Budget Productions & Film Grant Changes.

(Public)

Sponsors: Senator Lee (Primary Sponsor).

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO MODIFY THE FILM AND ENTERTAINMENT GRANT FUND.

3 The General Assembly of North Carolina enacts:

4 SECTION 1. G.S. 143B-437.02A reads as rewritten:

5 "§ 143B-437.02A. The Film and Entertainment Grant Fund.

6 (a) Creation and Purpose of Fund. – There is created in the Department of Commerce a  
7 special, nonreverting account to be known as the Film and Entertainment Grant Fund to provide  
8 funds to encourage the production of motion pictures, television shows, movies for television,  
9 productions intended for on-line distribution, and commercials and to develop the filmmaking  
10 industry within the State. The Department of Commerce shall adopt guidelines providing for the  
11 administration of the program. Those guidelines may provide for the Secretary to award the grant  
12 proceeds over a period of time, not to exceed three years. Those guidelines shall include the  
13 following provisions, which shall apply to each grant from the account:

14 (1) The funds are reserved for a production on which the production company has  
15 qualifying expenses of at least the following:

16 ...

17 b. For a production consisting of a series of episodes intended for on-line  
18 distribution or a television series, five hundred thousand dollars  
19 (\$500,000) per episode.

20 ...

21 (2) The funds are not used to provide a grant in excess of any of the following:

22 a. An amount more than twenty-five percent (25%) of the qualifying  
23 expenses for the production.

24 b. An amount more than ~~seven million dollars (\$7,000,000)~~ twenty  
25 million dollars (\$20,000,000) for a feature-length ~~film, film or a single~~  
26 season of a production consisting of a series of episodes intended for  
27 on-line distribution, more than ~~fifteen million dollars (\$15,000,000)~~  
28 twenty-five million dollars (\$25,000,000) for a single season of a  
29 television series, or two hundred fifty thousand dollars (\$250,000) for  
30 a commercial for theatrical or television viewing or on-line  
31 distribution. The amount of a grant for the first season of a series, when  
32 added to any grant awarded for the pilot episode of that series, may not  
33 exceed twenty-five million dollars (\$25,000,000).

34 (3) The funds are not used to provide a grant to more than one production  
35 company for a single production.



\* D R S 3 5 4 4 0 - M C A - 3 2 4 \*

- 1 (4) The funds are not used to provide a grant for a production that meets one or  
 2 more of the following:  
 3 ...  
 4 f. It is a ~~talk, game, talk show, recorded concert or other live performance~~  
 5 event for theatrical or other release, or awards show or other gala  
 6 event. For purposes of this exception, an awards show is television  
 7 programming involving the filming of a ceremony in which  
 8 individuals, groups, or organizations are given an award.  
 9 ...  
 10 (b) Definitions. – The following definitions apply in this section:  
 11 ...  
 12 (3) Highly compensated individual. – An individual who directly or indirectly  
 13 receives compensation in excess of ~~one million dollars (\$1,000,000)~~ four  
 14 million dollars (\$4,000,000) for personal services with respect to a single  
 15 production. An individual receives compensation indirectly when a  
 16 production company pays a personal service company or an employee leasing  
 17 company that pays the individual.  
 18 ...  
 19 (5) Production. – Any of the following:  
 20 a. A motion picture intended for commercial distribution to a motion  
 21 picture theater or directly to the consumer viewing market that has a  
 22 running time of at least 75 minutes.  
 23 b. A television series or a commercial for theatrical or television viewing,  
 24 made-for-television movie, or production intended for on-line  
 25 distribution. For ~~video and a~~ television series, a production is all ~~of~~ the  
 26 episodes of the series produced for a single season. For a production  
 27 intended for on-line distribution, the production is all the episodes  
 28 produced for a single calendar year, provided there are at least six  
 29 episodes with an average running time of at least 20 minutes.  
 30 (6) Production company. – ~~Defined in G.S. 105-164.3.~~ A person engaged in the  
 31 business of making original motion pictures or video content for theatrical,  
 32 commercial, advertising, or educational purposes.  
 33 (7) Qualifying expenses. – The sum of the amounts listed in this subdivision,  
 34 substantiated pursuant to subsection (d) of this section, and spent in this State  
 35 by a production company in connection with a production, less the amount  
 36 paid in excess of ~~one million dollars (\$1,000,000)~~ four million dollars  
 37 (\$4,000,000) to a highly compensated individual:  
 38 a. Goods and services leased or purchased. For goods with a purchase  
 39 price of twenty-five thousand dollars (\$25,000) or more, the amount  
 40 included in qualifying expenses is the purchase price less the fair  
 41 market value of the good at the time the production is completed.  
 42 Goods and services includes the costs of tangible and intangible  
 43 property used for, and services performed primarily and customarily  
 44 in, production, including preproduction and postproduction and other  
 45 direct costs of producing the project in accordance with generally  
 46 accepted entertainment industry practices. Goods and services exclude  
 47 ~~costs~~ the following:  
 48 1. Costs for development, marketing, and ~~distribution;~~ costs  
 49 distribution.

- 2. Costs of financing for the production, of bonding related to the production, of production-related insurance coverage obtained on the production; and expenses production.
- 3. Expenses for insurance coverage purchased from a related member.
- 4. For game shows and productions that document purportedly unscripted real-life situations primarily using unfamiliar people in lieu of professional actors, (i) costs for and value of prizes awarded and (ii) the fair market value of any item in the show intentionally or negligently used or destroyed for entertainment purposes immediately prior to its destruction or use.

...

(h) Micro-Budget Productions Account. – There is created in the Film and Entertainment Grant Fund a special, nonreverting account to be known as the Micro-Budget Productions Account to provide funds to encourage smaller productions to develop the filmmaking industry within the State. The Department of Commerce shall adopt guidelines providing for the administration of the program. Those guidelines shall apply to each grant from the account and shall adhere to the provisions in this section, with the following modifications:

- (1) The funds are reserved for a production on which the production company has qualifying expenses of at least fifty thousand dollars (\$50,000) in the State but not more than one million four hundred ninety-nine thousand dollars (\$1,499,000) for the production.
- (2) The funds are not used to provide a grant in excess of (i) a base amount equal to the lesser of twenty percent (20%) of the qualifying expenses for the production or one hundred thousand dollars (\$100,000) plus (ii) any of the following:
  - a. A bonus amount equal to five percent (5%) of the base amount if the production company provides qualified accounting showing at least seventy-five percent (75%) of the compensation and wages paid for the production was paid to North Carolina residents. For purposes of this sub-subdivision, "qualified accounting" by the production company includes both (i) withholding payments remitted to the Department of Revenue under Article 4A of Chapter 105 of the General Statutes and (ii) payments for compensation to independent contractors reported using a Form 1099. In calculating whether the required percentage has been met, the following shall be included in compensation and wages: employee fringe contributions, including health, pension, and welfare contributions; per diems, stipends, and living allowances paid for work being performed in this State; and payments made to a loan-out company for services provided in the State.
  - b. A bonus amount equal to (i) three percent (3%) if at least seventy-five percent (75%) of the filming occurred in development tier two and one areas or (ii) five percent (5%) if at least seventy-five percent (75%) of the filming occurred in a development tier one area. For purposes of this sub-subdivision, a "development tier area" is as defined in G.S. 143B-437.08.
- (3) The funds are reserved for a production for which at least seventy-five percent (75%) of the filming occurred in the State by or with a production company with company headquarters, as defined in G.S. 143B-437.01, in this State.

- 1           (4)   The funds are not contingent on the existence, proof, or guarantee of a  
2                   distribution agreement.
- 3           (5)   A production is not limited to feature-length films, television series, or  
4                   commercials but can consist of short films, documentaries, or other similar  
5                   audiovisual works intended for distribution that meet the requirements of this  
6                   subsection.
- 7           (6)   No grant may be awarded that, when considered together with other grants  
8                   awarded during a single calendar year, could cause the State's potential total  
9                   annual liability for grants awarded in a single calendar year to exceed the  
10                  amount available in the Account."

11           **SECTION 2.** There is appropriated from the General Fund to the Department of  
12 Commerce the sum of one million five hundred thousand dollars (\$1,500,000) in nonrecurring  
13 funds beginning in the 2026-2027 fiscal year to the Micro-Budget Productions Account  
14 established in Section 1 of this act for purposes consistent with that Account.

15           **SECTION 3.** This act becomes effective July 1, 2026, and applies to grants made on  
16 or after that date.