



---

REPORT TO:

NORTH CAROLINA STATE LEGISLATURE

JOINT LEGISLATIVE COMMISSION ON  
GOVERNMENTAL OPERATIONS

JOINT LEGISLATIVE ECONOMIC  
DEVELOPMENT OVERSIGHT COMMITTEE

FISCAL RESEARCH DIVISION

NC DEPARTMENT OF COMMERCE

OFFICE OF STATE BUDGET AND  
MANAGEMENT

---

SUBMITTED BY:  
CHARLES A. HAYES  
PRESIDENT & CEO

FEBRUARY 15, 2012

The purpose of this memorandum and accompanying attachments is to fulfill the reporting requirements for regional economic development organizations per G.S. 158-8.5. The Research Triangle Regional Partnership (“RTRP”) is one of seven economic development regions in North Carolina. It receives funding from the state for the purpose of marketing the 13-county Research Triangle region for new investment and jobs and setting the strategic and tactical initiatives to ensure the region’s global competitiveness. The following is the RTRP’s report for fiscal year 2010-2011 ending June 30, 2011.

### **Regional Economic Development Report**

#### **(1) A summary of the preceding year's program activities, objectives, and accomplishments.**

The RTRP’s program activities and objectives are defined by its 5-year *The Shape of Things to Come* strategic plan. The 5-year plan covers the period 2009 – 2014. This plan follows our first 5-year national winning strategic plan by EDA entitled *Staying on Top: Winning the Job Wars of the Future*. ([www.researchtriangle.org](http://www.researchtriangle.org))

During FY 2010-2011, the RTRP’s activities were guided by a strategic plan that placed an emphasis on face-to-face, business-to-business communication with key clients that include site selection consultants, company representatives, consulates and embassy representatives across the globe. This plan of action was made in conjunction with the Economic Development Advisory Committee (EDAC - 13 county developers and RTP developer and our NC Department of Commerce Regional Representative), which met monthly.

## **Research Triangle Regional Partnership**

### **FY 2010- 2011 REPORT**

#### **Tradeshows & Missions**

All tradeshows or missions the Research Triangle Regional Partnership participated in from July 1, 2010– June 30, 2011.

<b>Event</b>	<b>Location of Event</b>	<b>Participants</b>
<b>Consultant Event (Friends of NC)</b>	Atlanta, GA	1 RTRP Staff
<b>Consultant Calls</b>	Charlotte, NC and Greenville, SC	1 RTRP Staff 1 Regional Representative
<b>Life Sciences Company and Consultant Calls</b>	San Francisco, CA	1 RTRP Staff 1 Regional Ally

<i>Missions Continued...</i>		
<b>International Cleantech Network and Conference</b>	Copenhagen	1 RTRP Staff
<b>AUSA Conference and Expo (Defense Tech Cluster)</b>	Washington, D.C.	2 RTRP Staff 2 Regional Representatives
<b>Canadian Mission with US Commercial Services</b>	Toronto/Montreal	1 RTRP Staff 1 Regional Representative
<b>Consultant Event (Friends of NC)</b>	New York, NY	1 RTRP Staff
<b>The Consultant Forum</b>	Savannah, GA	1 RTRP Staff
<b>Company and Organization Calls</b>	France/Netherlands	1 RTRP Staff 2 Regional Representatives
<b>International Cleantech Network and Conference</b>	Fort Collins, CO	2 RTRP Staff 1 Ally
<b>Medical Device &amp; Manufacturing Show</b>	Anaheim, CA	1 Regional Representative
<b>NAI Global Conference</b>	Las Vegas, NV	1 RTRP Staff 1 Regional Representative
<b>Consultant Forum</b>	Toronto	1 RTRP Staff
<b>Triangle North Company Calls Mission</b>	Northwest NY	1 RTRP Staff 1 Regional Representative
<b>Consultant Calls (Cleantech Cluster)</b>	Boston, MA	2 RTRP Staff
<b>Consultant Calls</b>	New York, NY	2 RTRP Staff
<b>International Cleantech Network and Conference</b>	Bilbao	1 RTRP Staff 1 Ally
<b>BIO International Convention</b>	Washington D.C.	1 RTRP Staff 3 Regional Representatives

### **Other Marketing Initiatives**

Other marketing initiatives (advertising campaigns, public relations efforts, direct mail, etc...) the Research Triangle Regional Partnership initiated from July 1, 2010 – June 30, 2011.

### **ADVERTISING**

Publication	Issue
<i>NC Economic Development Guide</i>	2011

### **Promotional Advertising Materials**

Initiative	Audience
<a href="#"><i>RTRP Partner's Report</i></a> Newsletter (Monthly)	Counties, State, Site Selection Consultants, Allies, Companies, Organizations and Clusters
<a href="#"><i>"The Research Triangle: From Tobacco Road to Global Prominence"</i></a> by William Rohe	Clients & Visitors
Research Triangle Region Map	Site Selection Consultants, Clients, Companies & Developers
<a href="#"><i>Business North Carolina</i></a> (Monthly)	Site Selection Consultants, Clients, Companies & Developers
<a href="#"><i>State of the Research Triangle Region 2011</i></a> Report	Site Selection Consultants, Allies, Companies & Organizations
<a href="#"><i>State of the Research Triangle Region 2011</i></a> Video	Site Selection Consultants, Allies, Companies & Organizations
<a href="#"><i>Shape of Things to Come</i></a> (July 2009)	Site Selection Consultants, Allies, Companies & Developers
<a href="#"><i>Staying on Top: Winning the Job Wars of the Future</i></a> (March 2004)	Site Selection Consultants, Allies, Companies & Organizations

<a href="#"><u><i>Innovations @ Emerging Intersections: A Strategy to Maintain the Research Triangle Region's Competitiveness in Life Sciences</i></u></a> (April 2006)	Counties, Site Selection Consultants, Allies, Companies & Organizations (Also used at the <i>BIO</i> tradeshows)
<a href="#"><u><i>Research Triangle Region's Life Sciences Companies Directory</i></u></a> (April 2010)	Counties, Site Selection Consultants, Allies, Companies & Organizations
<a href="#"><u><i>Focusing All Eyes on the Horizon: A Global Competitiveness Strategy for the Research Triangle Region</i></u></a> (March 2006)	Counties, Site Selection Consultants, Allies, International Companies & International Organizations
<a href="#"><u><i>Research Triangle Regional Partnership Profile</i></u></a>	Counties, Site Selection Consultants, Allies, International Companies & International Organizations
<a href="#"><u><i>Research Triangle Region Profile</i></u></a>	Counties, Site Selection Consultants, Allies, International Companies & International Organizations
<a href="#"><u><i>2011 Regional Legislative Action Agenda</i></u></a>	Legislators, Allies, Partners & Companies
<a href="#"><u><i>The Value of Vibrant Centers</i></u></a> (February 2011)	Companies, Allies, Partners, Chambers, Cities, Counties, State Officials

### **Media Relations**

Research Triangle Regional Partnership, through media placement and newsletters, produces stories about the region, companies and cutting edge technology. The following are a list of publications which printed articles on the region in July 1, 2010 – June 30, 2011 and which RTRP had a direct influence upon (initiated or coordinated).

<b>Publication</b>	<b>Article Name</b>	<b>Article Mentions</b>
<b><i>RTRP Report</i></b> (May 2011)	“Research Triangle Region Investments Top \$1.5 Billion, 6,600 Jobs in 2010”	Article mentions: RTRP, Red Hat, HTC, Coty, Cree, BD, Eaton, Siemens Energy, NCDOC, RTP, FREEDM Center
<b><i>RTRP Report</i></b> (April 2011)	“New Web Site Markets Research Triangle Region as Business Location of Choice”	Article mentions: RTRP, NCDOC
<b><i>RTRP Report</i></b> (March 2011)	“Cluster-based Economic Development: A Winning Strategy for the Research Triangle Region”	Article mentions: ABB, FREEDM Center, Duke Medical, REX Healthcare, WakeMed, GSK, SciMetrika, Cree, Talecris, Frontier Spinning, Palziv, Novartis, AW NC
<b><i>RTRP Report</i></b> (February 2011)	“The Value of Partnership”	Article mentions: RTRP, Council on Competitiveness, RTP, NCGA, Progress Energy, Franklin County EDC
<b><i>RTRP Report</i></b> (January 2011)	“Information Drives Research Triangle Business Growth”	Article mentions: RTRP, AW NC, NCDOC, RTP, RDU
<b><i>RTRP Report</i></b> (November–December 2010)	“Research Triangle Region Mobilizes to Expand Defense Technology Cluster”	Article mentions: RTRP, FORSCOM, USARC, NC Military Foundation, NC

		Defense Business Association, NC Military Business Center, BRAC RTF, SAAB Barracuda, ATG, Boon Edam, Esterline, War Sport, Wexford, BRS Defense, IEM, Carl Zeiss, LORD, N.A. Aerodynamics
<b><i>RTRP Report</i></b> (October 2010)	“RTRP Recruiting Missions Build Relationships, Attract Investment”	Article mentions: RTRP, EMC
<b><i>RTRP Report</i></b> (September 2010)	“New Research Triangle Region Manufacturing Jobs are Clean, Technology-driven, Higher-paying”	Article mentions: RTRP, Novozymes, Piedmont Biofuels, Biofuels Center of NC, HCL, Carolina Solar Energy, RTI, USEPA, FREEDM Center, Duke Energy, Progress Energy, Advanced Energy
<b><i>RTRP Report</i></b> (August 2010)	“Region’s Rural Counties Attract Investment and Opportunity”	Article mentions: RTRP, Caterpillar, Frontier Spinning, Parkdale Mills, Score Energy, Eaton, Ingersoll Rand, K2 Solutions, Temple-Inland, Glen-Raven Mills, Cast Stone Systems, ACS, CertainTeed, N.A. Aerodynamics, Dialight, Shalag, Palziv, Talecris, BD, ATG

### **Major Accomplishments**

Following is a list and description of major accomplishments of the Research Triangle Regional Partnership for the period of **July 1, 2010 – June 30, 2011**. These activities greatly enhance our ability to create jobs and investment in our region.

- ***RTRP's New Website:*** RTRP revamped its website to reflect a more cutting edge/modern look for the partnership and the region. This website is used to market the Research Triangle Region throughout the world and in coordination with our 13 counties and Research Triangle Park. The website will emphasize the region's counties, assets, clusters, news, accolades, investments and success stories. Our website also will start to show more video and social media resources. [www.researchtriangle.org](http://www.researchtriangle.org)
- ***Site Selection Consultant Database:*** RTRP continues to update a comprehensive database of site selection consultants from around the world. This database is not only used for RTRP marketing efforts, but also is available to economic development allies throughout our region.
- ▲ ***Monthly Newsletter: "RTRP Partner's Report":*** RTRP continued publishing a monthly newsletter called [RTRP Partner's Report](#) geared at providing economic development-related news to Board members, elected officials, existing companies, site selection consultants, etc.
- ***RTRP Partners:*** More than forty business people representing companies of all sizes and industries participate in the business-driven volunteer committee that is helping promote economic investment in the region. The committee's main goals are to assisting with overall positioning for the region, developing targets and messaging for the region's global marketing, serving as a resource for prospective companies and the consultants that help companies decide where to locate and expand, providing content for intra-region public relations activities and helping expand the region's connections in ways that promote investment in targeted industry clusters.



- **Strategic Initiative:** Coordinated by Research Triangle Regional Partnership and in cooperation with local chambers, county economic development offices and state economic development organizations, the strategic plan entitled [\*Shape of Things to Come\*](#). *The Shape of Things to Come* is the Research Triangle Region's strategic plan for economic growth and competitiveness during the five-year period of 2009-2014. The plan builds on the previous five-year plan, called [\*Staying on Top: Winning the Jobs Wars of the Future\*](#), which sparked creation of 100,000 jobs by promoting specific priorities, including life sciences, global competitiveness, and rural job creation.
- ⬆ RTRP completed a **regional marketing plan** for the region to include targeted cluster-company recruitment, web site upgrades, site selection and company call programs, international delegations and speaking opportunities and other marketing initiatives. The regional marketing plan has helped attract new companies in FY '11 that include new (Medicago, BD, HTC, TyraTech, Research in Motion and others) and support expanding ones (Bayer CropScience, Novartis, ABB, Novo Nordisk, Red Hat, Syngenta and others) that have created thousands of high-paying jobs and strengthened key regional cluster.
- ⬆ RTRP began funding [cluster networks](#) in the fall of 2004 for three of the region's 10 targeted industry clusters (Advanced Medical Care, Biological Agents and Infectious Diseases, and Informatics). The cluster networks encourage interaction among companies and the university community in targeted clusters to promote innovation that will lead to new companies, businesses and jobs. The cluster networks were managed under contract by RTI International. In 2007, N.C. State University's Industrial Extension Service took over management of the region's cluster networks. In 2009, RTRP resumed its role in helping to facilitate cluster meetings that include classroom topics for the 13-county economic developers and allies as well as convening meetings of the clusters particularly in defense. In FY '11, RTRP is setting up the formation of cluster networks around [Cleantech](#), [Defense Technologies](#) and [Sustainability](#). In FY '11 based on the clusters that have been identified for this region, it has resulted in 57% of our announcements, 88% of our investments and 66% of our jobs.
- ⬆ Aggressive recruitment of **new air service** led by RDU International Airport Authority is helping meet the priority travel needs of regional business people. Air service expanded in recent months between Raleigh-Durham International Airport and key destinations desired by regional businesses.

Results Include:

- ❖ [Delta Airlines](#) announcement of five new cities (Hartford, Columbus, Orlando, St. Louis and Tampa) and additional service (Boston, JFK, Minneapolis/St. Paul).
  - ❖ [Delta Airlines](#) announcement of new flights to Providence and Albany..
  - ❖ [Continental Airlines](#) announcement new weekly service to Cancun.
  - ❖ [Delta Airlines](#) announcement of new non-stop service to Baltimore.
- ▲ ***The region's life sciences strategy: [Innovations @ Emerging Intersections: A Strategy to Maintain the Research Triangle Region's Competitiveness in Life Sciences](#)*** is supporting the long-term competitiveness of the more than 500 life sciences companies in the region and working to maintain the region's global leadership in this highly competitive industry. A [directory](#) of Life Sciences companies has been produced.
- ▲ ***Triangle North:*** The Research Triangle Regional Partnership managed the marketing and business recruitment for [Triangle North](#) under a new contract signed with the Kerr-Tar Regional Economic Development Corp. (KTREDC), the nonprofit organization that owns the multi-county network of tax-advantaged business and industrial parks created by local governments in Franklin, Granville, Vance and Warren counties. Current successes include US Growers Direct and Semprius.
- ▲ ***University integration with economic development*** efforts is a key component of the region's economic development strategy with the UNC System. The UNC's 16 campuses continue to play in helping transform North Carolina's economy. RTRP's Hayes, who serves on the UNC Board of Governors,
- ▲ ***Program Alignment Activities:*** RTRP works in collaboration with our 13-county developers and Research Triangle Park. RTRP assisted the following counties in their program's work: Henderson-Vance County EDC's Annual Meeting, Triangle North Board Meeting, Garner Chamber/EDC Conference, Fuquay-Varina Economic Development Retreat, Moore County Reality Check Alumni, Lee County Marketing Retreat, Holly Springs Planning Retreat, Sanford Leadership Group, Siler City NC Step Program, State of Lee County, Wendell Rotary Club, Moore County Forum, Durham State of the Economy, Wake County Economic Development Practitioners, State of Durham event, and the Chatham County Board of Directors.

- ▲ ***Coordination of state-supported job creation efforts:*** The North Carolina Department of Commerce has joined the state's seven regional economic development partnerships as a full member of the [North Carolina Partnership for Economic Development](#) (NCPED). The board of directors of NCPED, a private non-profit organization, promotes best-practice sharing and collaboration among economic development organizations.
- ▲ ***BRAC Economic Development:*** RTRP works in collaboration and coordination with the BRAC Regional Task Force. RTRP has three counties in the BRAC “region” in which we assist with alignment of marketing efforts and project generation for the region. RTRP also recognizes the connection of the BRAC initiative with our region in regards to university assets, military technology and cluster development.
- ▲ ***Legislative Activity:*** RTRP and members of the counties visited Washington, D.C. to educate embassies of other countries about our region, the higher probability of success for their companies to move to the region and cutting edge technology and cluster companies in the region. RTRP met with the following embassies: Dutch (Netherlands), French, Australian, Singapore, United Kingdom
- ▲ RTRP is working with the North Carolina Department of Public Instruction’s **Career and Technical Education Program (CTE)**. The mission of NC’s CTE is to empower all students to be successful citizens, workers and leaders in a global economy. RTRP presented to the K-12 CDC Annual Conference on the importance of aligning curriculum in the classroom with industry in the field.
- ▲ ***International Collaborations:*** RTRP continues its relationship with [Alsace International](#) through a signed collaboration partnership to market the region and its assets to French companies looking at the U.S. market.
- ▲ ***International Affairs Council (IAC):*** RTRP works with IAC to provide regional information to international visitors that visit the region looking for lasting linkages between Research Triangle Region and the world.
- ▲ ***International Delegations:*** RTRP hosts numerous international delegations from throughout the world. RTRP markets and brands this region globally for business and industry as well as around initiatives of our strategic plan. The following is a select list of delegations that visited the region in FY ’11:

Norway, China (6), Singapore (4), Euroasia Delegation (SABIT), NATO, Moldova, The Netherlands, Hong Kong, Germany, Morocco, Korea and Belgium. RTRP also presented at the Diplomacy Matters Dinner/Presentation as well as the World View Conference. In FY '11, RTRP presented to over 27 international delegations about the Research Triangle Region.

- ▲ ***U.S. Department of Commerce:*** RTRP has formed a working relationship with the U.S. Department of Commerce's trade office in the region. RTRP works in coordination with the US DOC on projects and delegations looking at the region to locate.
- ▲ ***2011 Regional Legislative Action Agenda:*** RTRP's [2011 Legislative Action Agenda](#) was developed and endorsed by a coalition of chambers and economic development organizations located in the 13 counties of the region. These organizations represent the voice of the region's private sector, from small business to Fortune 500.
- ▲ ***International Cleantech Network (ICN):*** [RTRP](#) officially joined the [International Cleantech Network](#) (ICN) in March 2011. ICN comprises of global emerging Cleantech clusters, which is focused on developing clean technologies using the triple helix economic development model for regional economies. The triple helix refers to strategies that coordinate and leverage academic, industry and government partners and resources. ICN will create direct value for Cleantech companies through a strong global Cleantech network. The ICN is made up of Cleantech clusters from the following locations: United States (Research Triangle Region and Fort Collins), Denmark, Norway, Spain, Germany, Austria, Singapore, France and Italy.
- ▲ ***State of the Research Triangle Region Event:*** The eighth ["State of the Research Triangle Region"](#) event provided a national and regional assessment to over 850 business, government and community leaders. This event was hosted by RTRP and IBM at the Sheraton Imperial Hotel. Speakers included Bob Greenberg, IBM's Senior State Executive for North Carolina; Jeff Stocks, Manpower, President & CEO and RTRP Chairman; and Charles Hayes, President & CEO of RTRP. Please see ["State of the Research Triangle Region"](#) website.
- ▲ ***Site Selection, Consulate & Company Calls:*** RTRP conducted over 18 trips to talk with site selection consultants, consulates and companies to market the region for inward investment. Results from these missions generate the majority of the region's projects.

- ▲ ***The Carolina China Council:*** RTRP's Senior Vice President Lee Anne Nance served on [The Carolina China Council](#) (CCC). The CCC is a non-profit organization in N.C. that promotes business, culture and educational exchanges between the Carolinas and China.
- ▲ ***North Carolina Commerce Trade & Development Fund:*** RTRP's Vice President of Client Services Debbie Lilly served on the [North Carolina Commerce Trade & Development Fund's](#) Board of Directors. This Fund helps market North Carolina's dynamic business environment globally and nationally. This active group coordinates private sector involvement in economic development and trade endeavors that help tell North Carolina's business story to the nation and world.
- ▲ ***RTI International – Member of the Corporation:*** RTRP's President & CEO Charles Hayes served on the RTI International Governance Board. This board meets to help formulate policy consistent with the mission of RTI to improve the human condition by turning knowledge into practice.
- ▲ ***Biotechnology International Convention:*** RTRP's Debbie Lilly, vice president of business development, has been named to the 2011 Community Relations Committee for the BIO International Convention. BIO is the premier global event for the life sciences industry. The community relations committee's role is to develop and coordinate strategies and activities that ensure the host region is informed and supportive of the convention and raise awareness about the number of national and international delegates traveling to the event as well as both the short- and long-term benefits of hosting it.
- ▲ Research Triangle Regional Partnership (RTRP) has been named one of *Expansion Solutions* magazine's [Top 5 Picks for biotechnology](#) for 2010. The magazine awards organizations that have demonstrated exceptional progress and potential in the development of their areas by successfully recruiting, retaining and growing businesses related to the biotechnology industry.
- ▲ ***Triangle Film Commission:*** Efforts to promote the Research Triangle Region of North Carolina as a movie shoot location picked up steam in recent months as members of the Triangle Regional Film Commission (TRFC) expanded its contacts across the region and in Hollywood. RTRP is assisting the organization in this manner.
- ▲ ***Product Development:*** RTRP's quality-of-life program works closely with business and community leaders to improve the quality of life and economic competitiveness of the 13-county Research Triangle Region. The program

focuses on issues of air quality, education leadership, land use, vibrant centers, open space and quality of life benchmarking.

Projects, programs and initiatives focus on the follow four areas:

- ❖ **Air Quality** - managing the Triangle Region Air Quality Coalition and Triangle Air Awareness Program to earn and sustain compliance with federal clean air standards. RTRP also has a service contract with the N.C. Division of Air Quality to promote clean air and pollution reduction in the region.
- ❖ **Education Leadership**- researching and developing leadership models for public education
- ❖ **Land Use** - promoting growth and development that are environmentally, socially and economically responsible.
- ❖ **Quality of Life Benchmarking** - measuring and reporting on non-economic factors that affect the region's quality of life and competitiveness, such as health, housing, schools and child safety.

▲ **Reality Check:** *Reality Check* completed its second year of implementation which engages leaders from around the region in discuss growth and how to compete in a global economy. To assist RTRP with this project, GlaxoSmithKline has assigned a fulltime 'loaned executive' within their PULSE program to work on this initiative.

### 3 Guiding Principles:

- ❖ **Transit:** Improve regional transit, matching land use decisions with transit investments.
- ❖ **Vibrant Centers:** Reinvest in city and town centers, promote compact development, density and mixed use, including a balance of jobs and housing.
- ❖ **Green Space:** Define appropriate growth & preservation areas to protect open space, agricultural land and natural resources, especially water supply and quality.

▲ **Regional Open Space Summit:** RTRP held a summit with business, government and nonprofit leaders and other who work in planning open spaces and promoting economic development called A Green Future for Economic Development: The Dollars and Sense of Open Space. The summit featured Chuck Flink, founder and president of Greenways Inc., a leading authority on planning, design and implementation of greenway and trail systems and facilities; and Edward T. McMahon, senior resident fellow and Charles E. Fraser Chair for Sustainable Development and

Environmental Policy at the Urban Land Institute, an expert in open space planning to promote economic growth.

- ▲ ***Accredited Economic Development Organization:*** The International Economic Development Council (IEDC) has recognized the Research Triangle Regional Partnership (RTRP) among only 24 economic development organizations accredited by IEDC as an Accredited Economic Development Organization (AEDO). The accrediting review team that evaluated RTRP and conducted its on-site visit praised the organization and President and CEO Charles A. Hayes for its strategic plan, its operations and the unique culture of regional collaboration it has created.
- ▲ ***Launched NC Defense Council for Economic Development:*** Research Triangle Region economic developers and companies are teaming with colleagues across the state to position North Carolina as the destination for defense-related investment. Partners across the [region](#) and state are taking their collaboration to a new strategic level through the newly formed N.C. Defense Council for Economic Development. This council formed a new alliance to accelerate that effort. The council is believed to be the first statewide alliance in the country formed to promote the growth of a defense cluster.
- ▲ ***Launching the Research Triangle Cleantech Cluster:*** The Research Triangle Regional Partnership is in the process of launching the Research Triangle Cleantech Cluster (RTCC) to better market and capitalize on opportunities around one of the fastest emerging industries in the world. Our region has been identified as a world leader in this technology that includes smart grid, advanced transportation and clean energy. RTRP is working to officially launch the cluster with industry board members to better market and respond to a growing need in our nation's future.

## **Regional Economic Development Report**

(2) The preceding fiscal year's itemized expenditures and fund sources. Itemized expenditures shall be reported separately for each fund source.

### **Research Triangle Regional Partnership**

#### **The preceding fiscal year's itemized expenditures and fund sources.**

The Research Triangle Regional Partnership (RTRP) had its fiscal year 2010-2011 financial report audited by Todd Rivenbark & Puryear, PLLC. RTRP's audit committee reviewed the materials and presented a copy to the RTRP Board of Director on January 25, 2012. The RTRP Board of Directors approved the audit for FY '11.



## **Regional Economic Development Report**

(3) A demonstration of how the commissions or partnership's regional economic development and marketing strategy align with the State's overall economic development and marketing strategies.

### **North Carolina Partnership for Economic Development (NCPED)**

The Research Triangle Regional Partnership (RTRP) believes regional economic development programs function most effectively when aligned with strategies set by neighboring regions and the State of North Carolina. RTRP leaders and staff work diligently to communicate, coordinate and build synergies with the state's other six regional economic development partnerships, as well as the North Carolina Department of Commerce (NCDOC).

A seamless economic development process is continuously achieved and ensured through the programs and activities of the North Carolina Partnership for Economic Development (NCPED). Established in 1997, NCPED is a nonprofit 501(c)(3) consortium consisting equally of all seven regional economic development partnerships and the North Carolina Department of Commerce. North Carolina's Eastern Region's Chairman Calvin Anderson served as chair of NCPED for the 2010/2011 fiscal year. Operationally, NCPED functions as an information-sharing and best practices clearinghouse for economic development professionals and private sector volunteers throughout the state to project the clearest path toward victory in the global competition for Knowledge Age jobs, growth-oriented companies and sustainable investment.

To boost coordination of state-supported job creation efforts, the North Carolina Department of Commerce has rejoined the state's seven regional economic development partnerships as a full member of the North Carolina Partnership for Economic Development (NCPED). The board of directors of NCPED, a private non-profit organization that promotes best-practice sharing and collaboration among economic development organizations, approved the Department's request for membership.

NCPED consists of public-private partnerships that direct business development and industrial marketing efforts in North Carolina's seven economic regions. Fueled by private investors and local and state governments, the partnerships forge cooperation and communication among county and municipal economic development programs and draw expertise, technical support and financial assistance from colleges and universities, foundations, federal agencies, banks, utilities, railroads and other allies. This move institutionalizes our ongoing partnership with Commerce at the highest strategic level.

NCPED's newly formed Presidents Council will consist of the seven partnership presidents and the Deputy Secretary of Commerce/Chief Operating Officer. It will

convene monthly. In recent years, NCPED also has managed a state Marketing Council, which unites the marketing and business development managers of the seven partnerships and DOC, and a Research Council, which fosters information-sharing among state and regional developers engaged in market intelligence and data-gathering.

Between partnership staff and Commerce developers, the State of North Carolina enjoys visible representation in the world's major business capitals, making the case somewhere everyday about why North Carolina is the ideal destination for job growth, business creation, tourism, film and industrial investment.

NCPED's guiding principle is "statewide consistency; regional flexibility," an approach that permits each region to market and promote its own local and unique business assets and advantages, but also ensures that North Carolina's powerful, consistent, and compelling economic development message is communicated and reinforced throughout the United States and around the world. While the primary and legislatively-mandated function and responsibility of each regional partnership is to develop and execute a regional marketing plan and program of work that fits that particular region's needs, when it comes to marketing the State of North Carolina itself, the seven regions without hesitation look to and depend upon NCDOC for leadership and direction.

NCPED has, over time, developed operational systems and procedures that are intended to achieve a high level of strategic alignment with NCDOC's statewide marketing initiatives, while simultaneously informing NCDOC of the various marketing and promotional programs underway in the seven regions. For example:

- Presidents meet monthly at the offices of RTRP with NCDOC representatives.
- NCDOC attends NCPED in as a full board member.
- Regional partnership Chairs meet quarterly at various locations around the state, with NCDOC Secretary and senior staff invited.
- Marketing Council meets quarterly and submits travel agenda to avoid confusion.
- RTRP marketing staff meets with NCDOC marketing staff to coordinate marketing activities and consultant calls to avoid duplication.
- Research Council meets occasionally to provide information on new software and research data to better help in responses and strategic planning.
- RTRP research staff and NCDOC policy and research staff work together on projects for the region and state.

NCPED quarterly and monthly meetings are ideal venues for sharing information and perspective on current opportunities and challenges. The organization acts as a clearinghouse for "best practices" in regional economic development, which redounds to the benefit of RTRP, its member counties, private allies, academic partners and investors.

Additionally, through quarterly meetings of the state Marketing Council, a group comprised of the seven regional marketing officers and NCDOC marketing executives, additional opportunities for operational collaboration are identified and executed. Their meetings yield valuable results in maximizing the state's presence at leading national and international trade shows, major industry events such as Friends of NC Consulting Forums, AUSA, BIO2011, and domestic and international outreach missions. The group also shares information, ideas and feedback on the quality of state and regional marketing and research tools, such as printed and electronic promotional materials, event planning and data management applications.

Such systems and formal procedures enable RTRP staff and leaders to interact with counterparts (from the chairmen to the functional management level) from the other six regional partnerships and commissions, as well as the North Carolina Secretary of Commerce, Deputy Secretary of Commerce, Director of Business & Industry, Director of State Marketing, Director of Research & Policy and other NCDOC personnel.

There are also myriad opportunities for both formal and informal interaction between RTRP staff and their regional and state counterparts. Professional development programs, membership meetings and special events sponsored by the N.C. Economic Developers Association (NCEDA), the North Carolina Chamber, the International Economic Development Council (IEDC), Council for Entrepreneurial Development (CED), North Carolina Biotechnology Center and the North Carolina Technology Association (NCTA) each serve as viable venues for achieving synergies between RTRP programs and those operated by state and regional economic development officials.

With these systems and procedures in place, it is easy for the seven regional partnerships to align their marketing and economic development strategies to NCDOC's Economic Development Marketing Plan. The Research Triangle Regional Partnership is an active participant in the collaboration, planning, and execution of the following activities that coincide with the NCDOC's Marketing Plan:

#### **I. Work-Product Development**

- a. Reciprocation between input from and to the State Economic Development Board as each organization attempts to learn more about each other in efforts to find ways to align and reduce replication in services, studies, work-product, etc.
- b. Client/Project Handing: (Examples of our recruitment efforts – please note that RTRP's main function is not project handling. Our organization markets this region for business and industry. Once a company is ready to visit, the project is handed over to the NC Department of Commerce's Research Triangle Regional Office.)
  - [Medicago USA Inc.](#) - RTRP assisted the NC Biotechnology Center with providing information and presentations on the region to the client.

RTRP provided a regional overview as well as key data points requested by the client to help support the recruitment of Medicago to Research Triangle Park. The project was a joint effort between RTRP, NC Biotechnology Center, and NCDOC. Located in RTP. (Investment: \$21 million, 85 jobs)

- [TyraTech](#) – RTRP provided a regional overview to the client for this project. RTRP provided support and information to assist Wake County in this company's recruitment. The project was a joint effort between RTRP, NCDOC, and Wake County EDC. Located in Morrisville. (Investment: 105 jobs)
- [Red Hat](#) – RTRP provided information and research to support Red Hat's headquarter expansion in Raleigh. Red Hat decided to stay and expand in Downtown Raleigh as they continue to provide excellent services through their open source software platform. This project was a joint effort between RTRP, NCDOC, and Wake County EDC. Located in Raleigh. (Investment: \$109 million, 540 jobs)

These are examples within the Research Triangle Region due to a collaborative effort between all parties involved. RTRP also assisted with other projects with NCDOC regional representative and NCDOC state staff.

#### **Events:**

- c. ***BIO International Convention 2011:*** RTRP participated with the North Carolina Biotechnology Center in coordination with the North Carolina Department of Commerce in the Bio 2011 International Conference in Washington, DC on June 27-30, 2011. The North Carolina Pavilion was a major focus of the conference, and all 100 counties were represented by panels in the pavilion, printed material distributed to attendees, and by representatives from each partnership. Research Triangle Regional Partnership promoted the region and conversed with interested companies looking to expand their operations in the United States. RTRP was able to leverage the region's attendance with key allies that include the Greater Durham Chamber of Commerce, The Research Triangle Park and Wake County Economic Development.
- d. ***AUSA 2010:*** RTRP participated with the North Carolina Department of Commerce as well as the North Carolina Defense Council in the AUSA 2010 Annual Meeting and Exposition in Washington, DC on October 25-27, 2010. The North Carolina Pavilion was a major focus of the conference in which our state was one of the only ones in attendance marketing our assets to defense/military companies and contractors. The booth was also made possible through our key allies including Wake County Economic Development to help

better promote our region and our defense technologies cluster to companies looking to expand.

- e. Consultant/Company Missions: NCDOC and the seven regional partnerships coordinate consultant and company missions in domestic cities and abroad. It is important that no two regions or the N.C. Department of Commerce overlap or try to recruit in the same city at the same time. While it is infrequent that the regions in North Carolina compete with each other, it would send a confusing message to consultants and companies if they received multiple visits from multiple regions back-to-back.
- f. Friends of North Carolina events, NCDOC and USDOC foreign missions and investment trips; assistance with the programs associated with these trips and events
  - i. Atlanta, GA Consultant Event with site selection consultants
  - ii. AUSA Reception and booth
  - iii. New York, NY Consultant Event with site selection consultants
  - iv. Canadian Mission with US Commercial Service
  - v. BIO Reception and booth

## **II. Website:**

- a. Continued implementation and training with county/state developers with NC EDIS/Access NC website.
- b. In FY 10-11, the RTRP continued providing new content for the regional website. The website has been upgraded with a new appearance that reflects the region's key assets, cluster and livability. RTRP continues to receive feedback from internal and external representatives that have helped increase the visibility of the Research Triangle Region. Work has begun on moving RTRP's website to be more interactive with social media and mobile devices.

## **III. Collaterals:**

- a. Combined research and information about cluster sectors to be used for development of brochures, mailers and general collateral pieces.
- b. RTRP produced one pages about our organization as well as services offered. A note card was also produced highlighting our strategic plan.
- c. RTRP in coordination with our partners have put out marketing pieces around our clusters of innovation.
- d. State of the Research Triangle Region 2011 report has been distributed to key allies and companies. This piece of information helps market the Research Triangle Region to business and industry.

#### **IV. Advertising:**

- a. Participation in the *North Carolina Economic Development Guide* (joint advertising of the region between RTRP and the 13 county development offices).

#### **V. Regional Cohabitation:**

- a. Research Triangle Regional Partnership and the NCDOC Research Triangle Region office collaborate extensively with one another on projects. NCDOC Regional Representative depends upon RTRP's assistance with projects visiting the region as well as providing research for consultants/clients.
- b. RTRP and NCDOC meet monthly in staff meetings to discuss marketing and strategy as we go forth implementing our strategic plan. Ideas and information are shared to better enable our two organizations to market this region to the world.
- c. RTRP and our 13 local economic developers along with the NCDOC Research Triangle two representatives and RTP meet monthly to discuss marketing opportunities, strategy development and synergies to better enhance our marketing message for business and industry.

**(4) To the extent they are involved in promotion activities such as tradeshow, visits to prospects and consultants, advertising and media placement, the regional economic development organizations shall demonstrate how they have generated qualified leads.**

Research Triangle Regional Partnership (RTRP) through the direction of its marketing plan uses a variety of marketing activities to generate qualified leads for the 13-county Research Triangle Region of North Carolina. This marketing plan encompasses the cluster of innovation study called [\*The Shape of Things to Come\*](#).

Because the RTRP provides research, data, and marketing materials to clients that wish to remain anonymous, it is sometimes impossible to know the full extent to which the RTRP's involvement affected the generation of a lead or the location of a business or expansion.

RTRP has several activities that it conducts through marketing the region. Please find on the following pages some of these and how they have generated qualified leads for the whole region. Through our missions, events, marketing, strategic partnerships and calls program, the RTRP has promoted the Research Triangle region both nationally and internationally. As of June 30, 2011, RTRP has 64 active projects with potential investment of over \$3.9 Billion and over 16,278 potential jobs to start fiscal year 2011-2012.

### **Expected Results**

The evolution of a successful project for RTRP begins with the generation of interest through initial contact with various marketing techniques. Those initial contacts with RTRP where there is a request for some information are classified as inquiries.

When that interest becomes a specific request to RTRP that suggests there is a possibility of the company relocating or expanding to our area it becomes a project and is tracked as such. Projects either decide to locate in the region, decide on another location, or over time or some situations cease to be a project. RTRP staff has to evaluate each project and provide those services and follow-up warranted. Determining when an inquiry becomes a project is not an exact science and therefore RTRP will only project results for inquiries and projects.

When that project schedules a visit to the area the project is handed over to NCDOC regional representative. RTRP staff continues to monitor the project until it locates or ceases to be a project.

The Research Triangle Region of North Carolina through its joint marketing efforts with the North Carolina Department of Commerce, the 13-county economic development offices, Research Triangle Foundation and allies has resulted in 120 announcements totaling 7,060 jobs with an investment of over \$1.56 Billion in FY '11.



(5) The most recent audited annual financial statement regarding State funds.

The Research Triangle Regional Partnership (RTRP) had its fiscal year 2010-2011 financial report audited by Todd Rivenbark & Puryear, PLLC. RTRP's audit committee reviewed the materials and presented a copy to the RTRP Board of Director on January 25, 2012. The RTRP Board of Directors approved the audit for FY '11.

(6) A demonstration of the regional economic organization's efforts to obtain funds from local, private, and federal sources.

The Greater Raleigh Chamber of Commerce, The Greater Durham Chamber of Commerce, and the Research Triangle Regional Partnership teamed to raise private-sector funds to implement [\*The Shape of Things to Come\*](#) plan through the EDGE4 and Vision 3D campaign.

One of the Greater Raleigh Chamber of Commerce's main initiatives is in collaboration with the Research Triangle Regional Partnership's strategic plan.

[The EDGE4](#) – Growing Great plan has five initiatives, with goals and supporting programs designed to keep our economy strong... regional competitiveness and cooperation; new business attraction and career creation; existing industry retention and support; talent recruitment; and talent retention and community quality.

The EDGE4 campaign builds on the success of the region's strategic plan in regards to its marketing efforts, goals and programs.

One to the Greater Durham Chamber of Commerce's main initiatives is aligning the region as a single region with a major focus.

[The Vision 3D campaign](#) builds on attracting quality companies to our region and by supporting initiatives for developing tomorrow's workforce, which help drive our community's economic growth.

Report Conducted by:



Research Triangle Regional Partnership  
(919) 840-7372  
[www.researchtriangle.org](http://www.researchtriangle.org)



Todd Rivenbark & Puryear, PLLC  
trusted respected professionals

**RESEARCH TRIANGLE REGIONAL PARTNERSHIP AND RTRP FOUNDATION**

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES

JUNE 30, 2011 AND 2010

**RESEARCH TRIANGLE REGIONAL PARTNERSHIP AND RTRP FOUNDATION**

TABLE OF CONTENTS  
JUNE 30, 2011 AND 2010

---

Independent Auditors' Report.....	1
Financial Statements:	
Consolidated Statements of Financial Position .....	2
Consolidated Statements of Activities.....	3-4
Consolidated Statements of Cash Flows .....	5
Notes to the Consolidated Financial Statements .....	6-13
Supplemental Schedules:	
Consolidated Schedules of Functional Expenses.....	14-15
Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards .....	16-17
Schedules of Receipts and Expenditures of State Awards .....	18-19

---



TRP CPAs, PLLC  
certified public accountants

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Research Triangle Regional Partnership and RTRP Foundation  
RDU International Airport, North Carolina

We have audited the accompanying consolidated statements of financial position of Research Triangle Regional Partnership and RTRP Foundation (not-for-profit organizations) as of June 30, 2011 and 2010, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Organizations' management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Research Triangle Regional Partnership and RTRP Foundation as of June 30, 2011 and 2010, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2011, on our consideration of Research Triangle Regional Partnership's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audits were conducted for the purpose of forming opinions on the consolidated financial statements as a whole. The accompanying consolidated schedules of functional expenses on pages 14 and 15 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The schedules of receipts and expenditures of state awards on pages 18 and 19 are required by North Carolina General Statute 143-6.1, *Nonprofits State Funds Accountability Act*, and are presented for purposes of additional analysis. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**TRP CPAs, PLLC**

November 2, 2011  
FAYETTEVILLE

DUNN

SANFORD

Post Office Box 1720 Fayetteville, NC 28302  
Phone: 910.323.3600 Fax: 910.323.3640

Post Office Box 758 Dunn, NC 28335  
Phone: 910.891.1100 Fax: 910.892.4418

Post Office Box 2100 Sanford, NC 27331  
Phone: 919.718.5007 Fax: 919.718.5008

[www.trpcpa.com](http://www.trpcpa.com)

**RESEARCH TRIANGLE REGIONAL PARTNERSHIP AND RTRP FOUNDATION****CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS OF JUNE 30, 2011 AND 2010**

	<b>2011</b>	<b>2010</b>
ASSETS:		
CURRENT ASSETS:		
Cash	<b>\$ 449,884</b>	\$ 427,731
Accounts receivable	<b>64,886</b>	138,165
Employee advances	<b>4,743</b>	-
Promises to give	-	30,000
Prepaid expenses	<b>15,502</b>	22,913
Total current assets	<b>535,015</b>	618,809
PROPERTY AND EQUIPMENT - NET	<b>62,766</b>	79,766
OTHER ASSETS:		
Grants receivable	-	37,045
Trademarks - net of accumulated amortization	<b>447</b>	600
Total other assets	<b>447</b>	37,645
TOTAL ASSETS	<b>\$ 598,228</b>	\$ 736,220
LIABILITIES AND NET ASSETS:		
CURRENT LIABILITIES:		
Accounts payable	<b>\$ 54,843</b>	\$ 43,629
Accrued salaries	<b>19,211</b>	58,165
Current portion of long-term debt	<b>12,497</b>	11,776
Deferred rent	<b>11,211</b>	14,948
Total current liabilities	<b>97,762</b>	128,518
LONG-TERM DEBT	<b>11,432</b>	23,984
NET ASSETS:		
Unrestricted	<b>476,017</b>	421,837
Temporarily restricted	<b>13,017</b>	161,881
Total net assets	<b>489,034</b>	583,718
TOTAL LIABILITIES AND NET ASSETS	<b>\$ 598,228</b>	\$ 736,220

See Independent Auditors' Report and  
Accompanying Notes to the Consolidated Financial Statements

**RESEARCH TRIANGLE REGIONAL PARTNERSHIP AND RTRP FOUNDATION****CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES:			
North Carolina Department of Commerce	\$ 519,585	\$ -	\$ 519,585
Greater Raleigh Chamber of Commerce	351,588	-	351,588
State of the region	144,797	-	144,797
Corporate contributions	61,415	62,920	124,335
Economic development agencies	100,147	-	100,147
Air Quality program	45,717	31,158	76,875
Durham Chamber of Commerce	57,450	-	57,450
Service contracts	40,832	-	40,832
Research Triangle Park	25,000	-	25,000
Greenspace Conference	17,927	-	17,927
RTRP - in kind	-	17,667	17,667
Miscellaneous	273	-	273
Interest income	165	-	165
	<u>1,364,896</u>	<u>111,745</u>	<u>1,476,641</u>
TOTAL REVENUE	1,364,896	111,745	1,476,641
NET ASSETS RELEASED FROM RESTRICTION	260,609	(260,609)	-
EXPENSES:			
Program	1,349,331	-	1,349,331
General and administrative	221,994	-	221,994
	<u>1,571,325</u>	<u>-</u>	<u>1,571,325</u>
TOTAL EXPENSES	1,571,325	-	1,571,325
DECREASE IN NET ASSETS	54,180	(148,864)	(94,684)
NET ASSETS - BEGINNING OF YEAR	<u>421,837</u>	<u>161,881</u>	<u>583,718</u>
NET ASSETS - END OF YEAR	<u>\$ 476,017</u>	<u>\$ 13,017</u>	<u>\$ 489,034</u>

See Independent Auditors' Report and  
Accompanying Notes to the Consolidated Financial Statements



**RESEARCH TRIANGLE REGIONAL PARTNERSHIP AND RTRP FOUNDATION****CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010**

	Unrestricted	Temporarily Restricted	Total
REVENUES:			
North Carolina Department of Commerce	\$ 500,289	\$ -	\$ 500,289
Greater Raleigh Chamber of Commerce	336,000	-	336,000
State of the region	120,016	-	120,016
Corporate contributions	100,485	129,600	230,085
Economic development agencies	76,733	-	76,733
Air Quality program	-	59,093	59,093
Durham Chamber of Commerce	57,500	-	57,500
Service contracts	23,341	-	23,341
Research Triangle Park	50,000	5,000	55,000
RTRP - in kind	-	106,000	106,000
Miscellaneous	3,501	-	3,501
Interest income	447	369	816
NC Rural Center Reimbursement Grant	-	134,712	134,712
Reality Check program	-	41,000	41,000
NCSU Biz Boost	30,000	-	30,000
Kerr-Tar Regional Economic Development	-	21,049	21,049
Raleigh Chamber of Commerce	-	2,500	2,500
Rental income	444	-	444
TOTAL REVENUE	1,298,756	499,323	1,798,079
NET ASSETS RELEASED FROM RESTRICTION	643,666	(643,666)	-
EXPENSES:			
Program:			
Other programs	1,498,359	-	1,498,359
NC Rural Center Reimbursement Grant	106,000	-	106,000
Kerr-Tar Regional Economic Development	11,952	-	11,952
Total program expenses	1,616,311	-	1,616,311
General and administrative	211,266	-	211,266
TOTAL EXPENSES	1,827,577	-	1,827,577
INCREASE (DECREASE) IN NET ASSETS	114,845	(144,343)	(29,498)
NET ASSETS - BEGINNING OF YEAR	306,992	306,224	613,216
NET ASSETS - END OF YEAR	\$ 421,837	\$ 161,881	\$ 583,718

See Independent Auditors' Report and  
Accompanying Notes to the Consolidated Financial Statements

**RESEARCH TRIANGLE REGIONAL PARTNERSHIP AND RTRP FOUNDATION****CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

	<b>2011</b>	<b>2010</b>
<b>CASH FLOWS - OPERATING ACTIVITIES</b>		
Decrease in net assets	<b>\$ (94,684)</b>	\$ (29,498)
Adjustments to reconcile decrease in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	<b>21,290</b>	12,145
Loss on disposal of equipment	<b>964</b>	-
Decrease (increase) in:		
Accounts receivable	<b>73,279</b>	(28,706)
Employee advances	<b>(4,743)</b>	450
Promises to give	<b>30,000</b>	(30,000)
Prepaid expenses	<b>7,411</b>	(7,705)
Due from affiliated organizations	-	1,753
Grants receivable	<b>37,045</b>	(37,045)
Trademarks	<b>153</b>	(73)
(Decrease) increase in:		
Accounts payable	<b>11,214</b>	(4,059)
Accrued expenses	<b>(38,954)</b>	2,313
Deferred rent	<b>(3,737)</b>	14,948
Net cash provided (used) by operating activities	<b>39,238</b>	(105,477)
<b>CASH FLOWS - INVESTING ACTIVITIES</b>		
Purchase of property and equipment	<b>(5,254)</b>	(66,883)
Net cash used by investing activities	<b>(5,254)</b>	(66,883)
<b>CASH FLOWS - FINANCING ACTIVITIES</b>		
Repayment of long-term debt	<b>(11,831)</b>	-
Proceeds from borrowings	-	35,760
Net cash (used) provided by borrowing activities	<b>(11,831)</b>	35,760
<b>INCREASE (DECREASE) IN CASH</b>	<b>22,153</b>	(136,600)
<b>CASH - BEGINNING OF YEAR</b>	<b>427,731</b>	564,331
<b>CASH - END OF YEAR</b>	<b>\$ 449,884</b>	\$ 427,731
<b>SUPPLEMENTAL DISCLOSURES:</b>		
Cash paid for interest	<b>\$ 1,209</b>	\$ 364

See Independent Auditors' Report and  
Accompanying Notes to the Consolidated Financial Statements

# **RESEARCH TRIANGLE REGIONAL PARTNERSHIP AND RTRP FOUNDATION**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

---

### **1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **ORGANIZATION**

Research Triangle Regional Partnership was incorporated on September 11, 1990 in the State of North Carolina. On November 16, 1994, the Board of Directors adopted new corporate by-laws which expanded the number of counties involved in RTRP. The primary focus of RTRP is to promote economic development of the Research Triangle region. The Research Triangle region consists of Chatham, Durham, Franklin, Granville, Harnett, Johnston, Lee, Moore, Orange, Person, Vance, Wake, and Warren counties. Research Triangle Regional Partnership's projects develop economic information, as well as provide marketing services and materials for the Research Triangle region. Research Triangle Regional Partnership's project serves as a forum to the common interests of the Research Triangle region and acts as a catalyst for creating a regional consensus among business interests. Research Triangle Regional Partnership's primary sources of revenue consist of three grants with the State of North Carolina.

RTRP Foundation is a not-for-profit organization headquartered in Raleigh, North Carolina. Their purpose is to engage in activities designed to improve economic development throughout the counties within the Research Triangle Regional Partnership area. The RTRP Foundation strives to improve the general welfare of the citizens of North Carolina by providing better jobs and an increased tax base. RTRP Foundation's primary sources of revenue consist of corporate contributions and service contracts.

#### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Basis of Accounting**

The consolidated financial statements include the accounts of Research Triangle Regional Partnership and RTRP Foundation ("Organizations"). All significant inter-organization balances and transactions were eliminated in consolidation. The two Organizations are financially interrelated and both have an economic interest and common control of their Board of Directors.

The consolidated financial statements of the Organizations have been prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred. The basis of accounting conforms to accounting principles generally accepted in the United States of America.

continued...

Basis of Presentation

The Organizations are required to report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Accordingly, net assets of the Organizations and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organizations and/or the passage of time. When a restriction of time expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organizations.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Organizations consider cash equivalents to be all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of ninety days or less at the time of purchase.

Accounts Receivable

Accounts receivable are stated at unpaid balances. An allowance for doubtful receivables has not been established inasmuch as all amounts due at June 30, 2011 are expected to be collected by the Organizations before the end of the next fiscal year. It is the policy of the Organizations to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

continued...

### Property and Equipment

Property and equipment are recorded at cost, if purchased, or fair value at the date of the gift, if donated, less accumulated depreciation. The Organizations follow the practice of capitalizing all expenditures for property in excess of \$1,000. Depreciation is provided in amounts sufficient to amortize the cost of the property and equipment over the estimated useful lives of the assets on a straight-line basis as follows:

Computers and equipment	3 - 5 years
Furniture and fixtures	5 - 7 years
Automobiles	10 years
Leasehold improvements	5 years

When items of property and equipment are sold or otherwise disposed of, the respective costs and accumulated depreciation are removed from the respective accounts and the resulting gain or loss is reflected in income. Maintenance and repairs are expensed as incurred.

### Intangible Assets

The Organizations capitalize the costs of creating and registering trademarks and the costs of trademarks obtained through acquisition. Trademarks are being amortized on a straight-line basis over estimated useful lives of 15 years.

### Contributions

Contributions are recognized when the donor makes a promise to give to the Organizations that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

### Advertising Costs

The Organizations expense advertising costs as incurred. Advertising costs for the years ending June 30, 2011 and 2010 were \$32,627 and \$27,164, respectively. Advertising costs are reported on the consolidated schedule of functional expenses.

### Allocation of Functional Expenses

The Organizations report information regarding the cost of providing various programs and activities summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

continued...

### Income Taxes

Research Triangle Regional Partnership is a not-for-profit organization exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code. In addition, the Internal Revenue Service has determined that Research Triangle Regional Partnership is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. During the years ended June 30, 2011 and 2010, Research Triangle Regional Partnership did not have any income subject to taxation as unrelated business income.

RTRP Foundation is a not-for-profit organization exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. In addition, the Internal Revenue Service has determined that RTRP Foundation is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. During the years ended June 30, 2011 and 2010, RTRP Foundation did not have any income subject to taxation as unrelated business income.

The Organizations file informational tax returns in the U.S. federal jurisdiction. The informational tax filings are subject to audit by various taxing authorities. The Organizations believe their estimates are appropriate based on current facts and circumstances

### Reclassifications

Certain reclassifications have been made to the 2010 consolidated financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

### Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### Subsequent Events

Management has evaluated subsequent events through November 2, 2011, the date at which the financial statements were available to be issued.

continued...

## 2. CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Organizations to concentrations of credit risk consist of cash balances held at Raleigh area financial institutions. Prior to December 31, 2010 balances at financial institutions were insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. Subsequent to December 31, 2010, all noninterest-bearing transaction accounts are fully insured, regardless of the balance of the account. For the years ended June 30, 2011 and 2010, the Organizations' cash balances did not exceed the insured limits.

## 3. PROPERTY AND EQUIPMENT

Property and equipment for the Organizations at June 30, 2011 and 2010 consisted of the following:

	<u>2011</u>	<u>2010</u>
Computers and equipment	\$ 194,390	\$ 194,312
Furniture and fixtures	63,390	62,315
Automobiles	37,164	37,164
Leasehold improvements	1,597	-
Total property and equipment	<u>296,541</u>	<u>293,791</u>
Less: Accumulated depreciation and amortization	<u>(233,775)</u>	<u>(214,025)</u>
Property and equipment - net	<u>\$ 62,766</u>	<u>\$ 79,766</u>

Total depreciation expense for the year ended June 30, 2011 and 2010 was \$21,250 and \$12,105, respectively.

## 4. NOTE PAYABLE

At June 30, 2011 and 2010, the Organizations had the following note payable:

	<u>2011</u>	<u>2010</u>
Note payable to a financial institution; interest rate 5.95%; monthly interest and principal payments of \$1,130; maturity May 2013; secured by a vehicle.	\$ 23,929	\$ 35,760
Less current portion	<u>(12,497)</u>	<u>(11,776)</u>
Note payable - net of current portion	<u>\$ 11,432</u>	<u>\$ 23,984</u>

continued...



RESEARCH TRIANGLE REGIONAL PARTNERSHIP AND RTRP FOUNDATION  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Future payments on the note payable are as follows:

<u>Year</u>	<u>Amount</u>
2012	\$ 12,497
2013	11,432
	<u>\$ 23,929</u>

**5. TEMPORARILY RESTRICTED NET ASSETS**

The Organizations received cash restricted for certain purposes. Temporarily restricted net assets as of June 30, 2011 and 2010 consisted of the following:

	<u>2011</u>	<u>2010</u>
Triangle Tomorrow	\$ -	\$ 111,807
Kerr-Tar Regional	12,825	17,157
NC Rural Center Reimbursement Grant	192	32,917
Total temporarily restricted net assets	<u>\$ 13,017</u>	<u>\$ 161,881</u>

Funds are reported as unrestricted support if the restrictions are met in the same reporting period.

**6. DONATED MATERIALS AND SERVICES**

The Organizations record various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The total value of these donated services and materials that are included in the consolidated financial statements and the corresponding expenses for the years ending June 30, 2011 and 2010, were \$45,717 and \$57,295, respectively. These donations consist of services for the Air Quality program, magazines and editorials.

**7. EMPLOYEE BENEFITS**

Research Triangle Regional Partnership maintains a defined contribution retirement plan. The 401(k) plan is administered by the management of Research Triangle Regional Partnership and is funded exclusively with annuity contracts. Research Triangle Regional Partnership contributes a discretionary amount to the plan each year. Participants may also elect to defer compensation on a pretax basis. All employees are eligible to participate in the plan and are 100% vested. Research Triangle Regional Partnership's retirement plan expense was \$81,504 and \$60,342 for the years ending June 30, 2011 and 2010, respectively.

continued...



Research Triangle Regional Partnership maintains a \$400,000 whole life insurance policy for its executive director. Total expense paid for this policy for the years ended June 30, 2011 and 2010 totaled \$18,694 each year.

## 8. OPERATING LEASES

Facilities: Research Triangle Regional Partnership is currently committed under a non-cancelable operating lease expiring in June 2014 for office space in a building owned by an unrelated third party. Rent paid for the years ended June 30, 2011 and 2010 was \$31,371 and \$18,685, respectively. The fair market value of the space has been estimated to be \$33,633. The additional fair market value amount above the actual rental payments has been reflected as deferred rent and is included on the consolidated statement of financial position.

Equipment: Research Triangle Regional Partnership leases office equipment under operating leases with varying expirations. Lease expense for office equipment was \$12,739 and \$7,809 for the years ending June 30, 2011 and 2010, respectively.

Automobile: Research Triangle Regional Partnership leases an automobile under a three year lease which expired in April 2010. Lease expense for the automobile was \$11,029 for the year ended June 30, 2010.

The minimum lease payments required under the above operating leases as of June 30, 2011 are as follows:

<u>Year</u>	<u>Amount</u>
2012	\$ 44,691
2013	43,971
2014	43,971
Thereafter	3,300
Total	<u>\$ 135,933</u>

## 9. CONCENTRATIONS OF REVENUE SOURCES

During the years ending June 30, 2011 and 2010, approximately 35% of the Organizations support was derived from grants with the State of North Carolina. The Organizations also received support from the Greater Raleigh Chamber of Commerce during 2011 and 2010 which was approximately 24% and 19% of total support received, respectively.

continued...

**10. CONDITIONAL PROMISES TO GIVE**

During 2010, RTRP Foundation entered into a three year contract to support an air quality program for a total of \$156,852. During the years ended June 30, 2011 and 2010, the Organizations received and spent \$31,158 and \$59,093 on this program, respectively. Since this contract represents a conditional promise to give, it is not recorded as contribution revenue until donor conditions are met.

## **SUPPLEMENTAL SCHEDULES**

**RESEARCH TRIANGLE REGIONAL PARTNERSHIP AND RTRP FOUNDATION****CONSOLIDATED SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Programs</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 543,010	\$ 96,939	\$ 639,949
Foundation programs	110,896	-	110,896
Insurance - employee	82,858	14,303	97,161
Travel and recruitment	82,667	-	82,667
Retirement	68,700	12,804	81,504
RTRP - in kind	63,383	-	63,383
Website	57,596	-	57,596
Professional fees	12,687	38,059	50,746
Rent	36,092	12,031	48,123
Payroll taxes	39,552	6,378	45,930
NC Rural Center Reimbursement Grant	32,763	-	32,763
Advertising	32,627	-	32,627
Consulting	7,238	21,713	28,951
Collaboration	24,546	4,332	28,878
Contract services	27,967	-	27,967
Telephone and communications	19,848	6,615	26,463
Depreciation and amortization	15,967	5,323	21,290
NCPED/NCEDG contributions	16,000	-	16,000
Auto and mileage	13,496	-	13,496
Office supplies	12,847	-	12,847
Insurance - other	8,557	2,852	11,409
Staff training and development	9,727	-	9,727
Membership dues	8,739	-	8,739
Interest and finance charges	4,444	-	4,444
Special projects	4,334	-	4,334
Collateral materials	4,078	-	4,078
Market research	3,381	-	3,381
Miscellaneous	3,066	-	3,066
Postage	1,566	522	2,088
Meetings	699	123	822
TOTAL EXPENSES	<u>\$ 1,349,331</u>	<u>\$ 221,994</u>	<u>\$ 1,571,325</u>

See Independent Auditors' Report and  
Accompanying Notes to the Consolidated Financial Statements

**RESEARCH TRIANGLE REGIONAL PARTNERSHIP AND RTRP FOUNDATION****CONSOLIDATED SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Programs</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 513,976	\$ 91,756	\$ 605,732
Foundation programs	224,610	-	224,610
Insurance - employee	88,270	15,238	103,508
Travel and recruitment	97,423	-	97,423
Retirement	50,862	9,480	60,342
RTRP - in kind	106,000	-	106,000
Website	1,767	-	1,767
Professional fees	8,422	32,467	40,889
Rent	33,629	11,210	44,839
Payroll taxes	35,570	5,736	41,306
NC Rural Center Reimbursement Grant	182,749	-	182,749
Advertising	27,164	-	27,164
Consulting	9,277	27,827	37,104
Collaboration	15,106	2,666	17,772
Contract services	19,743	-	19,743
Telephone and communications	22,374	7,457	29,831
Depreciation and amortization	9,109	3,036	12,145
NCPED/NCEDG contributions	16,000	-	16,000
Auto and mileage	24,306	-	24,306
Office supplies	23,918	-	23,918
Insurance - other	6,392	2,130	8,522
Staff training and development	16,996	-	16,996
Membership dues	9,332	-	9,332
Special projects	34,412	-	34,412
Collateral materials	8,852	-	8,852
Market research	4,795	-	4,795
Miscellaneous	2,537	-	2,537
Postage	2,310	770	3,080
Meetings	8,458	1,493	9,951
Kerr-Tar Regional Economic Development	11,952	-	11,952
<b>TOTAL EXPENSES</b>	<b><u>\$ 1,616,311</u></b>	<b><u>\$ 211,266</u></b>	<b><u>\$ 1,827,577</u></b>

See Independent Auditors' Report and  
Accompanying Notes to the Consolidated Financial Statements

REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors  
Research Triangle Regional Partnership  
RDU International Airport, North Carolina

We have audited the financial statements of Research Triangle Regional Partnership, a nonprofit organization as of and for the year ended June 30, 2011, and have issued our report thereon dated November 2, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

*Internal Control Over Financial Reporting*

In planning and performing our audit, we considered Research Triangle Regional Partnership's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Research Triangle Regional Partnership's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Research Triangle Regional Partnership's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

*Compliance and Other Matters*

As part of obtaining reasonable assurance about whether the Research Triangle Regional Partnership's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Research Triangle Regional Partnership in a separate letter dated November 2, 2011

This report is intended solely for the information and use of the audit committee, management, Board of Directors, the North Carolina Department of Commerce, and the North Carolina Rural Economic Center and is not intended to be and should not be used by anyone other than these specified parties.

November 2, 2011

**RESEARCH TRIANGLE REGIONAL PARTNERSHIP AND RTRP FOUNDATION**SUPPLEMENTAL SCHEDULE OF RECEIPTS AND EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011

<u>State Grantor</u>	<u>State Contract Number</u>	<u>Receipts</u>	<u>Expenditures</u>
North Carolina Department of Commerce: Regional Economic Development Commission Expansion Program	G20431002609EDC	\$ 489,585	\$ 438,606 *
North Carolina Rural Center Economic Development, Inc.	2009-025-30301-117	\$ 37,045	\$ 32,918 *
North Carolina Department of Environment and Natural Resources Division of Air Quality	1987	\$ 62,953	\$ 31,158 *
North Carolina Department of Commerce: Statewide BIZ BOOST - 2	2009-2769-05	\$ 30,000	\$ 30,000 *
Total state receipts and expenditures		<u>\$ 619,583</u>	<u>\$ 532,682</u>

Note: The information on this schedule has been prepared on the cash basis of accounting. Therefore, receipts are recognized when received rather than when earned, and expenditures are recognized when paid rather than when obligations are incurred.

\* Programs having compliance requirements that could have a direct and material effect on the entity's financial statements.

---

See Independent Auditors' Report and  
Accompanying Notes to the Consolidated Financial Statements



**RESEARCH TRIANGLE REGIONAL PARTNERSHIP AND RTRP FOUNDATION**SUPPLEMENTAL SCHEDULE OF RECEIPTS AND EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2010

<u>State Grantor</u>	<u>State Contract Number</u>	<u>Receipts</u>	<u>Expenditures</u>
North Carolina Department of Commerce: Regional Economic Development Commission Expansion Program	G20431002609EDC	\$ 500,289	\$ 392,493 *
North Carolina Rural Center Reimbursement Grant	2009-025-30301-117	\$ 178,024	\$ 186,196 *
North Carolina Department of Environment and Natural Resources	1987	\$ 27,428	\$ 59,223 *
State of North Carolina pass through North Carolina State University Statewide BIZ BOOST - 2	2009-2769-05	<u>\$ 30,000</u>	<u>\$ 30,000 *</u>
Total state receipts and expenditures		<u>\$ 735,741</u>	<u>\$ 667,912</u>

Note: The information on this schedule has been prepared on the cash basis of accounting. Therefore, receipts are recognized when received rather than when earned, and expenditures are recognized when paid rather than when obligations are incurred.

\* Programs having compliance requirements that could have a direct and material effect on the entity's financial statements.

See Independent Auditors' Report and  
Accompanying Notes to the Consolidated Financial Statements