



PIEDMONT TRIAD PARTNERSHIP

2012 ANNUAL REPORT

(2011-2012 Fiscal Year)

Citation of Law or Resolution:	G.S. Chapter 158
Section Number:	Section 158-8.5
Due Date:	February 15, 2013
Submission Date:	February 15, 2013

Receiving Entities:
Department of Commerce
Office of State Budget & Management
Joint Legislative Commission on Governmental Operations
Joint Legislative Economic Development Oversight Committee (sent to
Fiscal Research)
Fiscal Research Division of the General Assembly

Submitting Entity:
Piedmont Triad Partnership

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REGIONAL ECONOMIC DEVELOPMENT COMMISSION REPORTS

By February 15 of each fiscal year, the seven regional economic development commissions shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

- (1) The preceding fiscal year's program activities, objectives, and accomplishments.**

The PTP has a multi-faceted approach to economic development marketing. In the last year, we partnered with the thirteen local economic development offices in the region to raise awareness of the Piedmont Triad region to companies and advisors to companies who are in a position to make investment decisions. The components of our program include:

- Marketing to Site Location Consultants, Brokers and Developers- we hosted hospitality events for consultants, brokers and other advisors in New York, Chicago, Charlotte, Greenville, SC, and Raleigh.**
- Marketing and Raising Awareness to North Carolina Department of Commerce – we communicate with the Business and Industry and International Trade and Marketing Divisions of the NCDOC to make sure they have current information about our region.**
- Other Targeted Industry Calls and Trade Shows- we attended 21 trade shows and industry meetings in our targeted clusters to interact with companies and market our region**
- International Marketing-we coordinated the region's presence at the Farnborough Air Show, along with the NCDOC**

2) The preceding fiscal year's itemized expenditures and fund sources.

REVENUES

Private Investor Funding	
Board Level Investors	1,178,500
Other Investors	151,556
County Government Funding	154,230
Municipal Government Funding	54,710
State Funding	543,618
Investment Income- net of fees	1,129
Fund Balance Transfer	-
Foreign Trade Zone Income	82,323
Pass-Thru Funding for Mega Site	60,000
Other Income- PTEDC	30,542
Other Income	<u>87,803</u>
TOTAL - REVENUES	<u><u>2,344,411</u></u>

REGIONAL MARKETING (PT EDC)- Funded by State and Local Funds

Personnel Expenses

Payroll Expense	188,868
Payroll Tax Expense	15,172
Employee Benefits	<u>58,663</u>
Total - Personnel Expenses	<u>262,703</u>

Sales Trips & Client Development

Salestrips + Travel

	72,679
Sales Consultants	58,000
Lead Generation	<u>3,000</u>
Total - Sales Trips & Client Development	<u>133,679</u>

Advertising, Collaterals & Public Relations

Marketing Specialties	4,283
Print or Other Media	23,839
External Public Relations	74,758
Reference Materials	<u>7,141</u>
Total - Advertising, Collaterals & PR	<u>110,021</u>

Administration & Finance

Compliance	12,702
Supplies and Computer Expense	11,774
Meetings & Travel	5,756
Rent	<u>20,004</u>
Total - Administration & Finance	<u>50,236</u>

SUBTOTAL - REGIONAL MARKETING **556,639**

ECONOMIC CATALYST PROJECTS (Funded by private and local funds)

Industrial Product Development

Industrial Site Development	226,739
Mega-Site Project	<u>430,002</u>
Total - Product Development	<u>656,741</u>

NC Center for Global Logistics

Payroll Expense	38,854
Payroll Tax Expense	3,180
Employee Benefits	5,596
Website Development/Hosting	540
Operational Expense	<u>12,627</u>
Total - NCCGL	<u>60,797</u>
NC Aeronautical Collaborative	
Project Development	68,000
Related Travel & Meetings	<u>3,832</u>
Total - NC Aeronautical Collaborative	<u>71,832</u>
Emerging Technologies	
TriSTEM	<u>12,290</u>
Total - Emerging Technologies	<u>12,290</u>
Furnishing Initiative	
Furnishings Cluster Development	<u>23,500</u>
Total - Furnishings Initiative	<u>23,500</u>
PTP Next Initiative	
Business Competition	54,900
Stakeholder Development	2,841
YP Development	<u>63,530</u>
Total Young Professional Initiative	<u>121,271</u>
Government Affairs	
Lobbyist	114,000

Related Travel and Fees	1,417
Ally Development	<u>1,134</u>
Total - Government Affairs	<u>116,551</u>

Internal Public Relations

Internal Collaterals	9,187
Annual Meeting	4,116
Public Relations	61,500
Investor Relations	<u>29,770</u>
Total - Internal Public Relations	<u>104,573</u>

SUBTOTAL - ECONOMIC CATALYST	<u><u>1,167,555</u></u>
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ADMINISTRATION (Funded by private investors)

Personnel Expenses

Payroll Expense	521,908
Payroll Tax Expense	24,374
Employee Benefits	<u>67,075</u>
Total - Personnel Expense	<u>613,357</u>

Foreign Trade Zone (Funded with FTZ Fees/Income)

Professional Services/Retainers/Contracts	3,306
Membership/Dues	1,320
Educatn & Trainng (w/travel)	1,734
Meetngs/Projects/Material/Travel	<u>1,765</u>
Total - Foreign Trade Zone	<u>8,125</u>

Other General Expense

General Travel Expenses	23,192
Meetings-Refreshments and Entertainment	20,555
Conferences & Training	816
Rent Expense--PTP	67,382
Utilities/Janitorial/Maintenance	400
Professional Contract Services	85,936
Insurance	5,014
Bank Charges	16
Telephone /FAX	14,414
Internet Presence	1,162
Copier	9,154
Supplies - Computer Expense	9,669
Service - Computer Expense	22,567
Postage/Delivery/Meter	3,234
Office Supplies	5,889
Subscriptions	1,821
Stationary/Printing Expenses	<u>922</u>
Total - Other General Expense	<u>272,143</u>
SUBTOTAL - ADMINISTRATION	<u><u>893,625</u></u>
Total Expenses	<u>2,617,819</u>
Net Income (Loss)	<u><u>(273,408)</u></u>

(273,408)

Reconciliation to audit:

Depreciation	(11,824)
Capital Outlay	17,246
Accounts Payable- difference in cash vs. accrual	(43,397)
Change in Unrestricted Net Assets per Audit	<u>(311,383)</u>

Please note, Piedmont Triad Partnership operates on a calendar year.

(3) Demonstration of how the commission's regional economic development and marketing strategy aligns with the State's overall economic development and marketing strategies.

The Piedmont Triad Partnership recognizes both the need for and the benefits and advantages of the strategic alignment between the Piedmont Triad Partnership's marketing and economic development strategies and that of the North Carolina Department of Commerce. We work continuously to partner with the NC Department of Commerce and the other six regional partnerships to maximize efficiencies and to leverage a greater return on investment of resources.

This goal is also addressed through the programs and activities of the North Carolina Partnership for Economic Development (NCPED). NCPED is a nonprofit 501(c)(3) corporation consisting of the seven regional economic development partnerships. Operationally, NCPED functions as an information-sharing and best practices clearinghouse for economic development professionals and private-sector volunteers throughout the state, and NCPED representatives regularly meet with N.C. Department of Commerce staff to align both strategies and tactics.

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, and the regions support NCDOC by partnering in numerous domestic and international activities and events.

Some examples of this interaction and interdependence are:

- Regional partnership presidents meet monthly to align goal objectives and leverage resources across the state.
- NCPED members meet regularly with NCDOC representatives
- Regional partnership Chairs meet quarterly with NCDOC Secretary and senior DOC staff
- The seven regions have developed five-year regional strategic vision plans, and the NCDOC is in the process of synthesizing those vision plans to assist in developing a statewide plan that leverages the recommendations of the regions
- The seven regions work closely with NCDOC on economic development prospects, including,
 - economic development marketing and recruitment,
 - marketing planning and target industry activities
- Research and communication staffs meet frequently

The Piedmont Triad Partnership prioritizes participating in marketing events and programs with the NC Department of Commerce

(4) To the extent they are involved in promotion activities such as trade shows, visits to prospects and consultants, advertising and media placement, the commissions shall demonstrate how they have generated qualified leads.

Tradeshows/Missions: 21

States/Nations Visited: 7/3

States: Nevada, Florida, Illinois, Massachusetts, Texas, Arizona, California

Nations: England, China, Germany

Direct Business Contacts Made: 261

New Projects: 39

Current Projects: 38

Project & Client Visits: 24

(5) Demonstration of efforts to obtain funds from local, private, and federal sources.

The Piedmont Triad Partnership has solicited funds from local government and private sources since the organization's inception in 1991. We have a voluntary target of \$.10 per capita from each of the twelve counties in our region, funded by the respective county boards of commissioners. In addition, we currently have 14 municipal investors, and we have asked for all Piedmont Triad municipalities to support the PTP in their budgets. We also received approximately \$1,780,000 annually from more than 100 private sector investors. In 2012, PTP also received a grant from the BioFuels Center of NC to identify industrial sites in the region suitable for biofuel-related developments. PTP continues to look for grant opportunities which match our program goals. The local government and private sector investments traditionally represent approximately 50% of our revenues.

PIEDMONT TRIAD PARTNERSHIP

**FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION,
AND COMPLIANCE REPORT**

Year Ended December 31, 2012

PIEDMONT TRIAD PARTNERSHIP

December 31, 2012

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Piedmont Triad Partnership
Greensboro, North Carolina

Report on the Financial Statements

We have audited the accompanying statement of assets, liabilities, and net assets-modified cash basis of Piedmont Triad Partnership (the Partnership) [a nonprofit organization] as of December 31, 2012, and the related statements of support, revenue, expenses, and changes in net assets-modified cash basis for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Partnership's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Partnership as of December 31, 2012, and the changes in its net assets for the year then ended, on the basis of accounting described in Note 1.

-1-

Davenport, Marvin, Joyce & Co., LLP

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Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statement is prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedules 1 and 2 are presented for purposes of additional analysis and are not a required part of the financial statements. Such 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 audit of the 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2013, on our consideration of the Partnership's internal controls over financial reporting and 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 controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Partnership's internal controls over financial reporting and compliance.

Davenport, Marvin, Joyce & Co., LLP

Certified Public Accountants
Greensboro, North Carolina

January 26, 2013

PIEDMONT TRIAD PARTNERSHIP

FINANCIAL STATEMENTS

Year Ended December 31, 2012

PIEDMONT TRIAD PARTNERSHIP

STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS

December 31, 2012

ASSETS

Current Assets	
Cash and cash equivalents	\$ 1,557,549
Prepaid expenses	<u>7,536</u>
Total Current Assets	<u>1,565,085</u>
Investments	<u>513,503</u>
Property and Equipment	
Furniture and fixtures	80,561
Computer equipment	58,040
Leasehold improvements	<u>58,581</u>
	197,182
Less: accumulated depreciation	<u>(168,196)</u>
	<u>28,986</u>
Total Assets	<u><u>\$ 2,107,574</u></u>

LIABILITIES AND NET ASSETS

Net Assets	
Unrestricted net assets	\$ 2,077,574
Temporarily restricted net assets	<u>30,000</u>
Total Net Assets	<u><u>\$ 2,107,574</u></u>

See accompanying notes to financial statements.

PIEDMONT TRIAD PARTNERSHIP

STATEMENT OF SUPPORT, REVENUE, EXPENSES, AND CHANGES IN NET ASSETS -
MODIFIED CASH BASIS

Year Ended December 31, 2012

Public Support and Revenue - Unrestricted	
Private investor funding	\$ 1,300,056
County government funding	154,230
Municipal government funding	54,710
State funding	543,618
	<hr/>
Total Public Support and Revenue - Unrestricted	2,052,614
	<hr/>
Other Revenue (Expense)	
Release from restrictions	25,000
Other income	271,008
Interest	13,334
Realized loss	(1,669)
Unrealized loss	(9,927)
	<hr/>
Total Other Revenue (Expense)	297,746
	<hr/>
Total Public Support and Revenue	2,350,360
	<hr/>
Expenses	
Regional marketing	555,223
Economic catalyst projects	1,203,580
Administration	891,116
Depreciation	11,824
	<hr/>
Total Expenses	2,661,743
	<hr/>
Change in Unrestricted Net Assets	(311,383)
	<hr/>
Temporarily Restricted Net Assets	
Time restriction contributions	30,000
Release from restrictions	(25,000)
	<hr/>
Change in Temporarily Restricted Net Assets	5,000
	<hr/>
Change in Net Assets	(306,383)
	<hr/>
Net Assets, beginning	2,413,957
	<hr/>
Net Assets, ending	\$ 2,107,574
	<hr/> <hr/>

See accompanying notes to financial statements.

PIEDMONT TRIAD PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Piedmont Triad Partnership (the Partnership) is a North Carolina not-for-profit corporation organized in 1991. Its purposes encompass serving as a regional organization for the Piedmont Triad to perform and promote activities related to economic development and marketing, engagement of regional leaders and regional collaboration, workforce development programming to strengthen industry clusters, and innovation and entrepreneurship outreach efforts which include rural and underserved populations.

Basis of Accounting

The financial statements have been prepared on the modified cash basis of accounting. This basis differs from generally accepted accounting principles primarily because accounts payable are not recognized until paid and pledges receivable are not recognized as revenue until cash is received.

Basis of Presentation

The Partnership is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. The Partnership shows restricted contributions whose restrictions are met in the same reporting period as unrestricted support.

Income Tax Status

The Partnership is exempt from income taxes under Section 501(c)(3). Accordingly, no provision has been made for income taxes.

The Partnership accounts for uncertain income tax positions by prescribing a minimum probability threshold a tax position must meet before a financial statement income tax benefit is recognized. The minimum threshold is defined as a tax position, based solely on its technical merits, that would more likely than not be sustained upon examination by the relevant tax authority with knowledge of the same facts. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate resolution. Based on all known facts and circumstances and current tax law, the Partnership believes the total amount of uncertain income tax position liabilities and related accrued interest are not material to its financial position.

As of December 31, 2012 and including the previous three years considering extensions, the Partnership's income tax returns are open and subject to examination by tax authorities with relevant jurisdiction. Should such an examination take place, management does not anticipate any significant issues related to the open years.

Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization are computed on the straight-line method over the estimated useful lives of the related assets which range from 5 to 10 years. Depreciation expense was \$11,824 for the year ended December 31, 2012.

PIEDMONT TRIAD PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS

December 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [cont'd]

Donated Materials, Facilities, and Services

Services, materials, and facilities are donated to the Partnership by various individuals and organizations. There were no donated materials, facilities, and services for the year ended December 31, 2012.

Investments

Investments are stated at fair value as determined by quoted market prices.

Cash and Cash Equivalents

Cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

2. OPERATING LEASES

The Partnership leases its office facilities and certain equipment under noncancelable operating leases which expire at various dates through 2015. Rent expense under these leases was \$97,586 for the year ended December 31, 2012. Beginning June 1, 2011, the Partnership has a sublease with an unrelated entity. Rental income from this sublease was \$39,107 for the year ended December 31, 2012. Future minimum lease payments under noncancelable operating leases as of December 31, 2012, are as follows:

For the Years Ending December 31:

2013	\$ 100,585
2014	101,724
2015	<u>71,796</u>
	<u>\$ 274,105</u>

3. CONCENTRATION OF CREDIT RISK

The cash balance includes funds in a money market account, an operating account, and certificates of deposit. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At various times during the year ended December 31, 2012, the Partnership exceeded the maximum amount insured by the FDIC.

4. ADVERTISING

Advertising costs are charged to operations when incurred. There was no advertising expense for the year ended December 31, 2012.

PIEDMONT TRIAD PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

5. RETIREMENT PLAN

The Partnership adopted a SEP-IRA contribution agreement in 1999. The plan covers all employees. The Partnership makes contributions to the plan equal to 7% of all participants' compensation per year. Total expense was \$49,377 for the year ended December 31, 2012.

6. SUBSEQUENT EVENTS

The Partnership evaluated events occurring subsequent to the statement of assets, liabilities, and net assets—modified cash basis date through January 26, 2013, the date the financial statements were available to be issued.

7. FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board Codification establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the Codification are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Partnership has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets or liabilities;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value:

Money market fund, certificate of deposit, and unit investment trusts: valued at the closing price reported on the active market.

Private investment equity ownership: inputs other than quoted prices that are observable for the asset.

PIEDMONT TRIAD PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS

December 31, 2012

7. FAIR VALUE MEASUREMENTS [cont'd]

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Partnership believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Partnership's assets at fair value as of December 31, 2012:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 267,461	\$ ---	\$ ---	\$ 267,461
Certificate of deposit	131,984	---	---	131,984
Unit investment trusts	496,044	---	---	496,044
Private investment equity ownership	---	13,100	---	13,100
Total assets at fair value	<u>\$ 895,489</u>	<u>\$ 13,100</u>	<u>\$ ---</u>	<u>\$ 908,589</u>

8. INVESTMENTS

The Partnership currently invests in a diversified portfolio of unit investment trusts, money market funds, and a certificate of deposit. The following table summarizes the relationship between the carrying value and cost of investments as of December 31, 2012:

Carrying amount at fair value:		
Unit investment trusts		\$ 496,044
Money market funds		267,461
Certificate of deposit		131,984
Private investment equity ownership		<u>13,100</u>
		908,589
Less cost		<u>918,516</u>
Unrealized loss		<u>\$ 9,927</u>

The value, liquidity, and related income of these securities are sensitive to changes in economic conditions and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

9. TEMPORARILY RESTRICTED NET ASSETS

The Partnership has received support from contributions that are restricted as to use. Contributions received as of December 31, 2012, in the amount of \$30,000 are temporarily restricted for a time restriction.

SUPPLEMENTARY INFORMATION

PIEDMONT TRIAD PARTNERSHIP

SCHEDULE OF FUNCTIONAL EXPENSES -
MODIFIED CASH BASIS

Year Ended December 31, 2012

Regional Marketing	
Personnel expenses	\$ 263,273
Sales trips and client development	136,242
Collaterals and public relations	116,627
Administration and finance	39,081
	<hr/>
Total Regional Marketing - Program	555,223
	<hr/>
Economic Catalyst Projects	
Industrial Product Development	656,742
NC Center for Global Logistics	62,557
NC Aeronautical Collaborative	78,832
Emerging Technologies	12,290
Furnishing Initiative	23,500
PTP Next Initiative	130,323
Government Affairs	134,763
Internal Public Relations	104,573
	<hr/>
Total Economic Catalyst Projects - Program	1,203,580
	<hr/>
Administration	
Personnel expenses	616,589
Foreign trade zone	11,583
Other general expense	262,944
	<hr/>
Total Administration	891,116
	<hr/>
Total Expenses before Depreciation	2,649,919
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Depreciation	11,824
	<hr/>
Total Expenses	\$ 2,661,743
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See accompanying notes to financial statements.

PIEDMONT TRIAD PARTNERSHIP

SCHEDULE OF EXPENDITURES OF STATE AND FEDERAL AWARDS

Year Ended December 31, 2012

<u>Federal/State/Grantor/ Pass-through Grantor/Program</u>	<u>Federal CFDA No./Contract #</u>	<u>Receipts</u>	<u>Disbursements</u>
State Award:			
North Carolina Department of Commerce			
Economic Development	FY 2011/2012	\$ 543,618	\$ 543,618 *

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 disbursements are recognized when paid rather than when obligations are incurred.

* Programs having compliance requirements identified as having a direct and material effect on the entity's financial statements.

COMPLIANCE REPORT

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

To the Board of Directors
Piedmont Triad Partnership
Greensboro, North Carolina

We have audited, in accordance with the 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, the financial statements of Piedmont Triad Partnership (the Partnership) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the partnership's basic financial statements, and have issued our report thereon dated January 26, 2013.

Internal Controls Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Partnership's internal controls over financial reporting (internal controls) to determine the audit procedures that are appropriate in the circumstances 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 Partnership's internal controls over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Partnership's internal controls.

A deficiency in internal controls 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 combination of deficiencies, in internal controls, such that there is a reasonable possibility that a material misstatement of the Partnership's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal controls that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal controls was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal controls that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal controls that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Partnership's financial statements are free from 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 that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal controls and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal controls or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.

Davenport, Marwin, Joyce & Co., LLP

Certified Public Accountants
Greensboro, North Carolina

January 26, 2013