

REGIONAL ECONOMIC DEVELOPMENT COMMISSION REPORTS

§158-8.5. Annual Reporting Requirement. The Commissions and Partnerships must submit by February 15th of each year to the Department of Commerce, the Office of State Budget and Management, the Joint Legislative Commission on Government Operations, the Joint Legislative Economic Development Oversight Committee, and the Fiscal Research Division of the General Assembly a copy of their annual report to include the following:

- (1) The summary of the preceding year's program activities, objectives, and accomplishments.
 - Tab 1
- i) Copy of 2012 Annual Report
- ii) Quarterly reports from programmatic areas:
 - Blue Ridge Advanced Manufacturing Initiative
 - Blue Ridge Entrepreneurial Council & Certified Entrepreneurial Community Program
 - AdvantageGreen
 - Blue Ridge Food Ventures
 - Western North Carolina Film Commission
- iii) Earned Media Summary Report
- (2) The preceding fiscal year's itemized expenditures and fund sources
 - Tab 2 Cash basis financial statements by fund source and expenditure
- (3) Demonstration of how the commission's or partnership's regional economic development and marketing strategy aligns with the State's overall economic development and marketing strategies
 - Tab 3 "NC Economic Development Strategy" Report and North Carolina's Regional Economic Development Partnership's pamphlet
- (4) A demonstration of how the commission's or partnership's involvement in promotion activities has generated leads
 - Tab 4 Annual activity report for Advanced Manufacturing (EDAC), client activity for the Blue Ridge Entrepreneurial Council, client activity for AdvantageGreen, client activity of Blue Ridge Food Ventures and a Reel Scout package report for the WNC Film Commission.
- (5) The most recent audited annual financial statement regarding State funds
 - Tab 5 Audited financial statements for the year ended June 30,2012 by Burleson & Earley, P.A.
- (6) A demonstration of the commission's efforts to obtain funds from local, private, and federal sources
 - Tab 6 Updated "Revenue Source" for 10 year period thru 6/30/13 and schedule of Grants Received or Pursued in FY 12/13



Please find the AdvantageWest 2012 Annual Report in the front pocket of this binder



WESTERN NORTH CAROLINA REGIONAL ECONOMIC DEVELOPMENT COMMISSION ANNUAL REPORT

Citation of Law or Resolution: §158-8.5

Due Date: February 15, 2014 Submission Date: February 15, 2014

The enclosed report details the WNC Regional EDC response to the §158-8.5 Annual Reporting Requirement. Please contact me directly should you have any questions or comments.

Sincerely,

Scott T. Hamiet

Scott T. Hamilton President & CEO

RECEIVING ENTITIES:

North Carolina House of Representatives

The Honorable Thorn Tillis, Speaker of the House 16 West Jones Street, Room 2304 Raleigh, NC 27601-2808

North Carolina State Senate

The Honorable Phil Berger, President Protempore 16 West Jones Street, Room 2008 Raleigh, NC 27601-2808

North Carolina Department of Commerce

Electronic copy of report sent to Ms. Monique Johnson (<u>Monique Johnson@nccommerce.com</u>) and Ms. Shannon Hobby (<u>Shannon.Hobby@nccommerce.com</u>).

North Carolina General Assembly, Fiscal Research Division

Electronic copy of report sent to Director of Fiscal Research, Mr. Mark Trogdon (<u>Mark.Trogdon @ncleg.net</u>), Ms. Aubrey Incorvaia (<u>Aubrey.Incorvaia@ncleg.net</u>), Ms. Cathy Martin (<u>Cathy Martin@ncleg.net</u>) and <u>reportsmanagement@ncleg.net</u>.

The Joint Legislative Commission on Governmental Operations

Electronic copy of report sent to ncgagovops@ncleg.net

Office of State Management and Budget

Electronic copy of report sent to Ms. Ametha Dickerson (ametha.dickerson@osbm.nc.gov)

Joint Legislative Economic Development Oversight Committee

Electronic copy of report sent to Speaker of the House (<u>Thorn.Tillis@ncleg.net</u>) and President Pro Tempore (<u>Phil.Berger@ncleg.net</u>), as well as Ms. Cindy Avrette (<u>Cindy.Avrette@ncleg.net</u>), Mr. Rodney Bizzell (<u>Rodney.Bizzell@ncleg.net</u>), and Ms. DeAnne Mangum (<u>DeAnne Mangum@ncleg.net</u>).



Blue Ridge Advanced Manufacturing Initiative

Quarterly Programmatic Reports - FY 12/13

3rd Quarter 2012

- ❖ Valley Fine Foods from California announced a 305 employee major food project in Rutherford County on July 13th. Technical support to the Rutherford County EDC was provided during the recruitment process. The 305 jobs for this JDIG project will be one of the largest, if not the largest, job creation number in the region in 2012.
- Met with 4 representatives from the City of Lulea, Sweden. They recently landed a Facebook data center in their City and wanted to meet the economic developer who coordinated efforts to locate the project in Forest City.
- Met with the Director of Mission Critical Facilities for a major construction company and five counties from across the AW region provided information on potential data center sites in their communities.
- Noteworthy meetings and functions attended include Madison County EDC Board (presented), Infrastructure Committee of the NC Rural Center (presented), Wilkes County and Henderson County Annual EDC meetings, Carolina West Site Location Consultant luncheon in Charlotte, Site Certification Committee Meetings in Raleigh and SEDC Annual meeting in Myrtle Beach.
- During the quarter there were 30 contacts made with representatives of 20 firms and 5 visits.
- During the quarter there were 13 new projects and 5 visits.

4th Quarter 2012

- ❖ Zentric announced 116 jobs and a \$7,000,000 investment in Henderson County in December. This was originally code named Project Orange and AdvantageWest was involved with the project building search when the location search began in June.
- ❖ Attended the update meeting for Horsehead Industries in Rutherford County where President & CEO James Hensler announced a \$40 million expansion bringing the total announced investment to over \$400 million.
- ❖ A meeting was coordinated and held with representatives of the Charlotte Foreign Trade Zone including the Director and Attorneys, the Town Manager of Forest City and a major Rutherford County company as consideration is being given to requesting subzone status of the Charlotte FTZ.
- Noteworthy functions and meetings attended include the Fall meeting of the NC Economic Developers Association, the NC Rural Center Forum, NC Trade Fund Board and NC Site Certification Committee.
- ❖ During the quarter there were 28 contacts made with individual representatives from 20 firms and 6 client visits.



1st Quarter 2013

- ❖ There were 31 contacts with consultants (20) and Commerce (11) during the first quarter.
- ❖ There were visits or site visits in 22 Counties during the quarter.
- ❖ Technical assistance was provided with: site and building visits in the far west, to Polk County for an incentive proposal to a new project, and to Macon County for the purchase by a new company of an existing company that had announced they were closing. The Macon project, Project Steel, saved 100 jobs and will create 10 new jobs.
- ❖ The Annual EDAC trip to Raleigh took place in March with 24 County developers and allies in attendance.
- ❖ Attended the IEDC Leadership Summit with approximately 300 in attendance.
- ❖ The Site Selectors Guild meeting in New Orleans, the largest gathering of site consultants in the world, was attended on behalf of advanced manufacturing for western North Carolina and AdvantageWest.

2nd Quarter 2013

- ❖ Attended the Southern Economic Development Council (SEDC) Annual Consultant Event which was attended by over 50 site location consultants.
- Served as Master of Ceremonies for the Annual Watauga County Economic Development Summit.
- ❖ Went on a consultant mission with CarolinaWest to Atlanta.
- Organized and attended the Small Population County Economic Developer meeting focusing on financing opportunities for small counties, attended by 22 persons.
- ❖ The LiveXchange event was attended and direct meetings were held with 22 consult- ants representing 18 firms and companies resulting in 5 active projects.
- ❖ Organized and held the regular EDAC meeting attended by 28 persons.
- Attended the Site Certification Committee meeting in Raleigh with the NC Department of Commerce.
- ❖ Attended the Annual North Carolina Economic Developers Association (NCEDA) meeting.
- Obtained recertification as a CEcD which is awarded by the International Economic Development Council (IEDC).
- ❖ 21 county visits and 36 face-to-face contacts with site location consultants in 2nd quarter.



Blue Ridge Entrepreneurial Council & Blue Ridge Angel Investors Network AdvantageWest Opportunity Fund

Quarterly Programmatic Reports - FY 12/13

3rd Quarter 2012

- ❖ Launched the 2nd annual BREC Breakthrough Business Challenge, a business innovation and pitch competition that seeks to find and help accelerate great business opportunities across WNC.
- ❖ Attended, participated in and helped sponsor the statewide NC Entrepreneurship Summit held at the US Cellular Center in Asheville.
- ❖ Began planning upcoming Venture Local conference for December with planning committee.
- ❖ Participated in a mini-retreat for the WNC entrepreneur and small business technical support providers group in which the group was rebranded and service was established to provide assistance to WNC entrepreneurs in group/panel format.
- ❖ Continued work on interactive WNC entrepreneur resource directory for the new AW website.
- Convened first Strategic Entrepreneurships Initiatives meeting to discuss entrepreneurial efforts for the year.
- ACF loans for Boggs Collective and Native Touch.
- Completed an AOF impact report and marketing booklet to help report back to our initial funding partners, promote AOF to qualified entrepreneurs, and to help further develop the fund.

4th Quarter 2012

- ❖ Held a Blue Ridge Entrepreneurial Council event called Venture Local attended by more than 250 entrepreneurs and investors focused on WNC's emerging agriculture, energy, natural products and related industries.
- ❖ Hosted entrepreneurial coaching sessions of the BREC Breakthrough Challenge, a program that identifies and accelerates high-growth entrepreneurial opportunities across WNC.
- Approved 2 new Advantage Opportunity Fund loans for high growth WNC startups: Noble Cider, a Buncombe & Henderson County-based hard cider company utilizing locally grown apples, and Screwrite, a Buncombe-based company that has invented and will be manufacturing and marketing an accessory to the wine and hospitality industry.
- Continued to assist several existing AOF portfolio companies.
- ❖ Held mentoring and due-diligence meetings with 4 separate companies working through the Technology Commercialization Center process towards an AOF loan application.



1st Quarter 2013

- Completed the 2012 BREC Breakthrough Challenge with 6 WNC entrepreneurs pitching their business opportunities to a panel of funders. One company has already proceeded to receive funding from the Advantage Opportunity Fund.
- Approved 2 new Advantage Opportunity Fund loans for WNC entrepreneurs, a Jackson County startup with a mobile application and a Buncombe County outdoor products company.
- ❖ Worked with a network of entrepreneur and small business support services providers in the central part of the AW region to create a public brand for this group, *SparkTank*, and to launch a new service called *Catapult* to provide better coordination of services to high-potential entrepreneurs.
- Supported the launch of a new business accelerator, called Accelerating Appalachia which will be the US's first mentor and investor driven accelerator focused on nature-based ventures ranging from food products to biomaterials.

2nd Quarter 2013

- Supported the development of a new regional outdoor industry cluster group called the Outdoor Gear Builders of WNC Association (OGB). Also convened an Outdoor Industry Executives Forum and organized a demo day in conjunction with the Mountain Sports Festival.
- ❖ Approved 4 new Advantage Opportunity Fund loans for WNC entrepreneurs: a Burke County clean-tech company; a Mitchell County building products company; a Buncombe County food products company; a Buncombe County natural products company.
- Began convening a group of WNC entrepreneurial funders to better coordinate efforts and to help creation of new regional financial products to improve access to capital for startups and existing growth companies.
- ❖ WNC's new "nature-based" business accelerator, Accelerating Appalachia, finished the initial application phase with 95 applicants. Over the next several weeks, a review committee will refine this to 14 businesses to participate in the inaugural class of the accelerator.



Certified Entrepreneurial Community Program

Quarterly Programmatic Reports - FY 12/13

3rd Quarter 2012

- Organized and participated in the Haywood County CEC Lunch & Learn, with 8 counties in attendance and presentations from NC Real, Mountain BizWorks, BEBO, and the CEC Co-op Marketing Campaign.
- ❖ Finished, printed & circulated the pieces from the CEC Co-Op Marketing Campaign, including: branded advertisements in 6 Regional & National targeted trade magazines, 3 custom Visitor Center signs for each of the 10 communities, 1,000 copies of each custom community CEC Brochure, 25,000 generic CEC Rack Cards, 2,500 CEC branded Conference Bags.
- Met with Mountain BizWorks to discuss the potential partnership opportunity and outline the Commercialization plan for CEC Expansion.
- Obtained confirmation from Jackson, Ashe, Wilkes & Alleghany in the pursuit of CEC (deadline goal of November 30th).
- Supported the NC Entrepreneurship Summit, Venture Local Franklin & Venture Local Sylva.
- Began planning for the 2012 Small Business Saturday & 2013 National Entrepreneurship Week.

4th Quarter 2012

- ❖ Received confirmation from Jackson County, Ashe County & Wilkes County that they have all officially entered the CEC Process.
- ❖ Finalized the CEC Benchmarking Process with a goal of community engagement beginning in the first quarter of 2013.
- Engaged CEC Communities in promoting & supporting the December Venture Local Conference.
- ❖ Provided marketing materials and resources to encourage CEC Community participation in Small Business Saturday and National Entrepreneurship Week.
- ❖ Met with the following communities about CEC: Swain County, Macon County, Black Mountain, Polk County, Jackson County, & Cherokee County.
- Submitted a grant proposal to the NC Rural Center for CEC Expansion, received word regarding interest in funding an R&D Grant to cover a comprehensive programmatic evaluation.

Certified Entrepreneurial Community Program

Quarterly Programmatic Reports – FY 12/13

3rd Quarter 2012

- Organized and participated in the Haywood County CEC Lunch & Learn, with 8 counties in attendance and presentations from NC Real, Mountain BizWorks, BEBO, and the CEC Co-op Marketing Campaign.
- ❖ Finished, printed & circulated the pieces from the CEC Co-Op Marketing Campaign, including: branded advertisements in 6 Regional & National targeted trade magazines, 3 custom Visitor Center signs for each of the 10 communities, 1,000 copies of each custom community CEC Brochure, 25,000 generic CEC Rack Cards, 2,500 CEC branded Conference Bags.
- Met with Mountain BizWorks to discuss the potential partnership opportunity and outline the Commercialization plan for CEC Expansion.
- Obtained confirmation from Jackson, Ashe, Wilkes & Alleghany in the pursuit of CEC (deadline goal of November 30th).
- Supported the NC Entrepreneurship Summit, Venture Local Franklin & Venture Local Sylva.
- Began planning for the 2012 Small Business Saturday & 2013 National Entrepreneurship Week.

4th Quarter 2012

- Received confirmation from Jackson County, Ashe County & Wilkes County that they have all officially entered the CEC Process.
- ❖ Finalized the CEC Benchmarking Process with a goal of community engagement beginning in the first quarter of 2013.
- Engaged CEC Communities in promoting & supporting the December Venture Local Conference.
- Provided marketing materials and resources to encourage CEC Community participation in Small Business Saturday and National Entrepreneurship Week.
- ❖ Met with the following communities about CEC: Swain County, Macon County, Black Mountain, Polk County, Jackson County, & Cherokee County.
- Submitted a grant proposal to the NC Rural Center for CEC Expansion, received word regarding interest in funding an R&D Grant to cover a comprehensive programmatic evaluation.



AdvantageWest Economic Development Group

AdvantageGreen

Quarterly Programmatic Reports – FY12/13

3rd Quarter 2012

- ❖ Was awarded an \$815,000 grant award from EDA, USDA and the Appalachian Regional Commission for the WNC AgriVentures project which will support the expansion of agriculture and natural resource based industries in WNC. Held press conference that was attended by 4 senior federal officials, WNC agribusiness entrepreneurs and project partners.
- ❖ Attended the Solar Power International conference along with several other NC economic development and industry officials.
- ❖ Held a clean energy focused BREC forum featuring Jason McLennan, the founder of the Living Building Challenge and winner of the 2010 Buckminster Fuller Prize.
- Completed first round of interviews for a brand administrator position to be hired by the NC Natural Products Association.
- Continued work on advancing the Blue Ridge Naturally brand, quality seal, trademarks, brand licensing agreement and pricing strategy.
- Released contract for an engineering firm to conduct a preliminary site suitability analysis for a woody biomass energy facility in WNC.
- Closed out the AdvantageGreen Energy Internships and Fellowships grant which wrapped up in Spring 2012.

4th Quarter 2012

- ❖ Hired Ron Townley to serve as the new Director of Clean Energy Initiatives to assist in coordinating the EvolveEnergy Partnership clean energy industry activities.
- ♦ Hosted Evolve Energy Leadership Group meeting, monthly WNC Biofuels project partners meeting, and monthly meeting of the WNC Natural Products Industry project partners.
- ❖ Have partnered with the North Carolina Natural Products Association to launch *Blue Ridge Naturally*, a regional brand and quality seal for WNC-made natural products.
- Convened a broad group of biofuels industry and stakeholders to design strategies to accelerate the WNC biofuels industry from feedstocks to production to markets.
- ❖ Under a grant from the Biofuels Center of North Carolina, completed site-readiness and feasibility work for several sites with high suitability for a biomass-to-biofuels production facility.
- Continued to work on the WNC AgriVentures grant project including project planning with coleading partners, Land-of-Sky Regional Council, the Community Foundation of WNC and NC State.



1st Quarter 2013

- ♦ Hosted a press conference to announce AdvantageWest's major \$766,256 grant award from the Biofuels Center of North Carolina aimed at measurably advancing the regions biofuels industry.
- Received a final report and feasibility analysis from Phytonix Corporation on a new potential 300,000 gallon per year biodiesel production facility; this first level feasibility analysis is very positive and conversations are underway on potential next steps to move this project forward.
- Supported the NC Natural Products Association in hiring a brand manager and marketer for the new *Blue Ridge Naturally* brand for WNC-made natural products.
- Supported a delegation of WNC natural products industry and support resources on their mission to the ExpoWest Conference and trade show, the largest international conference for the natural products industry.
- Co-hosted a delegation of foundations and grant makers from across the Appalachian region to discuss opportunities and challenges in growing the region's clean energy industries.

2nd Quarter 2013

- ♦ Hosted the third annual Clean Energy in the Mountains event in partnership with the NC Sustainable Energy Association. Speakers included FLS Energy, Biltmore, Appalachian State University, the City of Asheville, and Sierra Nevada Brewing among others. The event promoted WNC clean energy successes and provided valuable industry networking.
- * Received the final presentation for the "AdvantageWest Region Woody Biomass Assessment" study conducted in conjunction with the Biofuels Center of NC.
- Completed the first half of a WNC Natural Products Industry expansion initiative with support from the Golden LEAF Foundation. Project impacts to date include 20 new jobs created, 3 new manufacturers started at the Blue Ridge Food Ventures Natural Products Manufacturing Facility (NPMF), over \$500,000 in new investment attracted, and more than 300 farmers trained.
- ❖ Made substantial progress to advance the WNC biofuels industry including sup-porting the development of a new biofuels quality testing laboratory at A-B Tech Community College, collected yield data on more than 50 acres of harvest canola test plots, and advanced research on nutraceutical co-products from biofuels feedstocks.



Blue Ridge Food VenturesQuarterly Programmatic Reports – FY 12/13

Quarterly Programmatic Reports – Pri 12/1

3rd Quarter 2012

- ❖ Launched The Big Tasty Contest across the state with media placements, radio interviews, and extensive social media coverage. The Fresh Market headquarters in Greensboro offered to join as a sponsor. The deadline for submissions has been extended to October 31, 2012. To date, twelve submissions have been received.
- ❖ Set up the Holiday Red Gift Box Program to market WNC food products across the state with an ad in the Holiday Gift Guide of *Our State Magazine* and promotions across the region. Students from Appalachian State University and Warren Wilson College have assisted with the assembly of the boxes.
- ❖ Made preparations to implement a plan to attract new companies from across the Southeast to the Natural Products Manufacturing Facility. Working closely with other partners in the Natural Products community across the region to promote the *Blue Ridge Naturally* brand.
- ❖ Made presentations at and/or attended meetings such as the Commissioner of Agriculture's Food Safety Forum, the Southern Green Expo, the NC Specialty Foods Association, The Farm to Fork Forum, The Appalachian Foodshed Project and more.
- 274 client productions were held in the BRFV facility and staff assisted 51 other businesses in the third quarter.

4th Quarter 2012

- Marketing and promotion of local businesses was strong this quarter with the Holiday Marketplace, Winter Sun Farms and Red Box Sales—all of which build brand awareness and sales of items produced in WNC. Heavy media coverage of all these events took place throughout this period, further positioning the region as a good place to manufacture food and natural products.
- During the past three months, 4 new businesses began operation out of Blue Ridge Food Ventures, including 2 Natural Products companies.
- ❖ A total of 58 entries were received by the deadline for the Big Tasty-Making it to Market Contest. These business ideas from all over NC were evaluated by a team of 10 judges for selection of the semi-finalists who will go on to compete in the next phase of the contest. Economic developers from communities across South Carolina, Maryland and Ohio visited Blue Ridge Food Ventures to learn how it fits into an economic development strategy based on building a local food economy.
- ❖ 180 client productions were held in the BRFV facility and staff assisted 40 other businesses in the third quarter.



1st Quarter 2013

- Eight finalists were selected for the inaugural Big Tasty Making it to Market contest with 6 companies presenting to a panel of judges from across the region. Vortex Doughnuts was selected as the winner.
- ❖ In March, attended ExpoWest in California, the most important tradeshow for natural products, to launch the marketing campaign for the Natural Products Manufacturing Facility.
- ❖ Completed final Winter Sun Farms distribution for the season and began sign-up for next year.
- ❖ Was a featured speaker at the Illinois Rural Affairs Conference and discussed the Role of Food Business Incubators in a Vibrant Local Food Economy.
- Began work on developing RFP's for the renovations and equipment acquisition which are being funded by the Rural Center.
- Coordinated and oversaw annual Appalachian Funders Network meeting held in WNC featuring a BRFV site visit and farm tour.
- ❖ During the past three months, 3 new businesses began operation out of BRFV, 46 potential client contacts were made, and 165 client productions were held in the BRFV facility.

2nd Quarter 2013

- Participated in food safety trainings in Raleigh, NC with members of North Carolina State University's Food Science Department to discuss appropriate Good Manufacturing Practices (GMP) and sanitation processes, procedures and recordkeeping.
- ❖ BRFV Staff attended Real Food Real Local conference in Athens, Ohio to discuss key strategies, stakeholders and solutions in local food system development. This conference was hosted and sponsored by Acenet, the Midwest's oldest and most successful food incubator facility.
- ❖ Met with members of the Asheville Merchants Fund Board of Directors and grant re-view committee to discuss the details of our grant proposal to them. Asheville Merchants Fund later awarded a \$50,000 grant for the coming two fiscal years starting in the 3rd quarter of 2013.
- Worked with Winter Sun Farms growers to provide strawberries, blackberries, rasp-berries, green beans and squash for the Winter Sun Farms Community Supported Agriculture (CSA) program.
- * Received proposals for the renovations and upfits to accommodate equipment acquisitions being funded by the NC Rural Center and the Appalachian Regional Commission grant purchases.
- ❖ In 2nd quarter, 36 potential client contacts were made, 168 client productions were held in the BRFV facility, and there were 9 new facility users.
- ❖ Made transition between Executive Directors upon Mary Lou Surgi's resignation.



WNC Film Commission Quarterly Programmatic Reports – FY12/13

3rd Quarter 2012

- Coordinated and conducted 2 film scouts for a TV Pilot considering the region. The project ultimately went elsewhere as main location of interest declined participation after thorough evaluation.
- ❖ Segments of a major motion picture shot in region for 2 days—locations were suggested by the WNC Film Commission and overseen by regional location scout on the ground.
- ❖ Assisted Flat Rock Playhouse find scenes to film for usage in their play Zelda.
- ❖ Met with A-B Tech to learn about their new Institute for Film & Media Studies and discuss possible partnerships between our organizations.
- ❖ Met with the Wilkes County Film Commission to visit the future home of the Wilkes Film Studio and learn about collaboration between our organizations.
- Sponsorship for the 2nd year in a row of the Asheville Cinema Festival in November.
- Added 16 new locations to the Reel-Scout database from recent scouting trips and re-quests for photos.
- ❖ Added 15 new crew and support service listings to the WNC Resource Directory.

4th Quarter 2012

- ❖ Participated in teleconferences with NC Film Office and regional film commissions to plan an upcoming LA Film Reception in February 2013 to better promote NC as a destination for film.
- ❖ Began discussions with local organization about possible collaboration to institute a film education training program, perform overhaul of locations in Reel-Scout database, in-crease community awareness and overall stimulate more filmmaking projects in WNC.
- ❖ Began development of a Film Steering Committee.
- ❖ Worked with local designer to create new marketing materials for the WNC Film Com-mission that will be used at various upcoming events for better promotion.
- Sponsored the Asheville Cinema Festival for the 2nd year in a row—the event focuses on independent films of all genres and various subject matters from around the world.
- ❖ Added 5 new locations to the Reel-Scout database from recent scouting trips and re-quests for photos. Added 14 new crew and support service listings to the WNC Resource Directory.



1st Quarter 2013

- ❖ Participated in an LA Film Reception in early February geared at approximately 200 industry professionals and executives to better promote NC as a destination for film. While in LA, met with 9 film firms along with members of other NC regional film commissions to present NC on a unified front.
- Provided support for an outdoor clothing fall catalogue shoot that shot in WNC region in March and began preparations for another fall catalogue shoot in April.
- ❖ Provided support for two independent features filming in the WNC region.
- Assisted with and/or facilitated 5 film scouts in the region for potential projects in the first quarter.
- Continued moving forward with the Film Steering Committee to establish a Film Advisory Board and strategic plan for the Film Commission.
- ❖ Added 39 new locations to the Reel-Scout database from recent scouting trips and requests for photos. Added 13 new crew/support service listings to the WNC Resource Directory.

2nd Quarter 2013

- ❖ Provided assistance for/helped oversee the following completed projects: two independent features; an episode for an indie food and travel documentary series; a catalog shoot for a well-known clothing brand; a still photography shoot for a luxury motor coach; two 30-second video spots for a CA client; an educational documentary from the United Kingdom; two projects by a local production company needing pro-motional assistance for crew and support; an independent feature filming outside of region but using the name of Lake Lure as its featured town.
- Sponsored the Asheville 48 Hour Film Project for the ninth year in a row in support of local filmmakers as well as provided media coverage before and after event.
- ❖ Along with other NC regional film commissions, signed a WNC Film Resolution in support of the film industry in North Carolina as a result of House Bill 994 that was introduced to limit film tax credits/incentives.
- Assisted with and/or facilitated 8 film scouts in the region for potential projects in the 2nd quarter.
- Conducted a Film Steering Committee meeting to continue discussion on establishing a Film Advisory Board and strategic plan for the Film Commission.
- ❖ Added 89 new locations to the Reel-Scout database from recent scouting trips and requests for photos. Added 18 new crew/support service listings to the WNC Reel-Crew Resource Directory.

Summary of Earned Media for AdvantageWest in 2013

Prepared by Kathi Petersen, Senior VP Corporate & Public Relations

Ad Value Equivalency (AVE) is the normal cost of the newspaper or print media space, or broadcast media time, using standard advertising rates.

AVE IS A VERY RUDIMENTARY MEASUREMENT that allows us to estimate how much coverage might have cost, and is used for the purpose of quantifying media relations activitles.

It is believed that a "news story" versus an "advertisement" has 5-times the credibility; thus, PRV is calculated by multiplying the AVE by 5. PR Value (PRV) is a standard calculation in the PR industry to determine the intrinsic value of the media coverage. In the case of an actual ad, we do not use the 5x multiplier.

SONS	
YEAR TO YEAR COMPARISO	
YEAR C	
EAR TO	
×	
2013 ESTIMATES OF COVERAGE	
TES OF	
2013 ESTIMATES	
201	

\$9,282,656 \$142,357,976 \$9,592,638 \$1,898,835

₽**8**<

Month	AVE	200	7007	AVE
lanuary	\$81.798	\$406.490	2013	¢1 857 593
	2011		200	CCC CCCTA
February	\$82,409	\$412,045	2012	\$28,473,817
March	\$176,634	\$883,170	2011	\$1,930,836
<u>8</u>	\$340,341	\$1,701,705 Updated 6/10/12	2010	\$389,031
April	\$201,325	\$1,006,625		
May	\$699,981	\$3,499,905		
June	\$147,850	\$739,250 Updated 10,14/.3	NOTES TO CC	NOTES TO CONSIDER FOR 2013
%	\$1,049,156	\$5,245,780	Though there	hough there were factors that man
plus Q1	\$340,341	\$1,701,705	on the covera	on the coverage achieved in 2013, i
TOTAL YTD	\$1,389,497	\$6,947,485	The Big Tast	The Big Tasty, in general the figu
July	\$128,953	\$644,765	were far low	were far lower than 2012, prima
August	\$54,324	\$270,860 Updated 10/25/23	The Hunger	The Hunger Games coverage.
September	\$74,102	\$369,742 Updated 12/1/13		
S,	\$257,379	\$1,285,367 Updated 12/1/13		

	NOTES TO CONSIDER FOR 2013	Though there were factors that made a significant impact	on the coverage achieved in 2013, including SB127 and	The Big Tasty, in general the figures for 2013	were far lower than 2012, primarily due to	The Hunger Games coverage.										
	\$739,250 Updated 10,14/_3	\$5,245,780	\$1,701,705	\$6,947,485	\$644,765	\$270,860 Updated 10/25/23	\$369,742 Updated 12/1/13	\$1,285,367 Updated 12/1/13	\$6,947,485	\$8,232,852 Upulate 12/1/13	\$383,460	\$202,060	\$464,284	\$1,049,804	\$8,232,852	\$9,282,656
	₩.	ŞŞ.	\$1,	\$\$	···	·s	₹/}	\$1,	\$6,	\$\$	·v	103	₩.	\$1,	\$8,	\$9,
	\$147,850	\$1,049,156	\$340,341	\$1,389,497	\$128,953	\$54,324	\$74,102	\$257,379	\$1,389,497	\$1,646,876	\$77,448	\$40,412	\$92,857	\$210,717	\$1,646,876	\$1,857,593
•	June	0	plus Q1	TOTAL YTD	July	August	September	8	Plus Q1&2	TOTAL YTD	October	November	December	\$	Plus Q1-2-3	TOTAL

2/11/2014

^{*}It does not take into account preferred placement or the addition of color, both of which usually cost more.

^{*}It also does not consider special rates that could be negotiated, which could bring the cost down.

^{*}Calculations are based on the rate cards available to AW at this time.

^{*}It is very difficult to calculate values for online media, so those estimations are not included here.

^{*}Values for print/broadcast media, if we do not have the complete information to make the calculation, are not reflected here.

^{*}Values assigned to social media are not reflected here, either.

[&]quot;Some of the items included are a reflection of AW's work overall, not necessarily our direct contact with media

N	d/b/a Advantage West ORTH CAROLINA STATE GENERAL ASSEMB	LY		
	ASH BASIS Financials			
Fo	or the Fiscal Year July 1, 2012 thru June 30, 2013			
		,		
<u> </u>				
Ь	EVENUES:			
<u> </u>	Regional Economic Development - Grant-In-Aid		\$ 1,059,138	
┝	Tregional Economic Bevelopment Crant III / 40		ψ 1,000,100	
	TOTAL REVENUES			\$ 1,059,
E	(PENDITURES:			
PF	RSONAL SERVICES			
Ë	Salaries & Wages	\$ 502,834	- 	
	Social Security & Other Benefits	143,919		
	Sub-Total Personal Services		646,753	-
	_			
Pι	JRCHASED SERVICES			
	Travel	29,490		
	Communications/Data Processing	17,886		
	Postage/Freight/Deliveries	2,847		
	Printing/Advertising	7,419	_	
	Repairs/Maintenance/Utilities	7,803		
	Contracted Services	291,348		
	Other Services	5,008	001.001	
	Sub-Total Purchased Services		361,801	_
Sl	IPPLIES & MATERIALS			
	General Administrative Supplies	9,188		
	Other Administrative Expenses	15,895		
	Sub-Total Supplies & Materials		25,083	
FI	KED CHARGES & EXPENSES			
	Rent/Leases	71,018		
	Insurance/Bonding	16,318		
	Sub-Total Fixed Charges & Expenses		87,336	
C/	PITAL OUTLAY		_	
	Other Capital Outlay (< \$5,000)	9,125	_	
	Other Capital Outlay (Intangibles-Website)	28,356	07.404	
	Sub-Total Capital Outlay		37,481	
01	HER EXPENDITURES			
	Prospect Dev & Sponsorships	51,135		
	Event Costs	14,718		
	Sub-Total Other Expenditures		65,853	
	TOTAL EXPENDITURES			1,224,3

estern North Carolina Regional Economic Development Commission	on		
d/b/a Advantage West			
JNDS - ADVANTAGEWEST - OTHER			
ASH BASIS Financials			
or the Fiscal Year July 1, 2012 thru June 30, 2013			
EVENUES:			
Die State IIDlanding the Spandall TMA Draigat	\$ 224.576		
Bio-Fuels "Planting the Seeds" TVA Project	\$ 224,576 80,384		
U.S. SBA Grant #2 - Certified Entrepreneurial Community Program	64,928	 	
Bio-Fuels Center "F3" Project			
Golden LEAF - Natural Products Project	50,000		
Bio-Fuels Woody Biomass Project	23,700		
EDA Bio-Fuels Project	17,245		
ARC WNC AgriVentures Project	17,096		
EDA WNC AgriVentures Project	16,292		
Rural Center - CEC Impact Study Project	12,500		
Entrepreneurial Program Event Registrations & Support Income	16,130		
Sub-Lease Income	17,700		
Unsolicited Grant Income	3,000		
Investment Income	2,646		
Other Income	1,245	-	
TOTAL REVENUES		\$	547,44
PENDITURES:			
Salaries	91,764		
Social Security & Other Benefits	12,690		
Bio-Fuels "Planting the Seeds" TVA Project Expenses	224,576		
Bio-Fuels Center "F3" Project Expenses	56,916		
Golden LEAF - Natural Products Project Expenses	50,001		
Bio-Fuels Woody Biomass Project Expenses	19,500		
U.S. SBA Certified Entrepreneurial Community (CEC) Grant #2 Exp	19,320		
ARC WNC AgriVentures Project Expenses	15,000		
EDA WNC AgriVentures Project Expenses	4,770		
Building Rents	18,250		
Events	15,022		
Contracted Services	4,091		
Repairs & Maintenance	1,088		
Other Expenses	1,769		
TOTAL EXPENDITURES		,	534,78
CESS EXPENDITURES OVER REVENUES		\$	12,68

Western North Carolina Regional Economic Develop	ment Cor	nmission		
d/b/a Advantage West				
FUNDS - PRIVATE				
CASH BASIS Financials		_		
For the Fiscal Year July 1, 2012 thru June 30, 2013				_
REVENUES:		· · · · · · · · · · · · · · · · · · ·		
Corporate Contributions	\$	55,000		
Economic Summit Registrations & Sponsorships	· · · · ·	21,899		
Other Sponsorships		4,750	-	
Income - Genesis Furniture Project		2,000		
Other Income		1,999		-
TOTAL REVENUES			\$	85,648
<u>EXPENDITURES</u>				
Economic Summit Expenses		18,779		
Professional Services		15,000		
Travel Expenses		14,502		
Prospect Development		9,373		
Private Fund Other Expenses	-	7,176		
TOTAL EXPENDITURES				64,830
EXCESS REVENUES OVER EXPENDITURES			\$	20,818

Western North Carolina Regional Economic Developn	nent Commission	
d/b/a Advantage West		
FUNDS - BLUE RIDGE FOOD VENTURES		
CASH BASIS Financials		-
For the Fiscal Year July 1, 2012 thru June 30, 2013		
,		
		-
REVENUES:		
Tobacco Trust Fund - Building Food Businesses	\$ 34,178	
Rural Center - Natural Products Grant	33,339	
Golden LEAF - Natural Products Grant	28,478	
Community Foundation Grant	25,000	
ARC Equipment Grant	9,032	
AdvantageWest Support	100,000	
Kitchen Rentals	98,966	
Winter CSA Subscription Income	37,618	
Red Box Sales	26,779	_
Miscellaneous Other Revenues	1,494	
TOTAL REVENUES		\$ 394,884
EXPENDITURES:		
Salaries	118,839	
Social Security & Other Benefits	32,089	
Rural Center - Natural Products Grant Expenses	31,650	
Tobacco Trust Fund Expenses	29,116	
ARC Equipment Grant Expenses	22,182	
Golden LEAF - Natural Products Grant Expenses	4,150	
Building Rents	42,328	
Winter CSA Subscription Expenses	34,037	
Red Box Expenses	19,605	
Repairs and Maintenance	13,957	
Contracted Services	11,923	
Insurance	6,803	
Supply Costs	5,300	
Communication Expenses	3,973	
Travel	3,196	
Other Administrative Expenses	2,127	
TOTAL EXPENDITURES		381,275
TYPE OF THE PERSON OF THE PERS		
EXCESS EXPENDITURES OVER REVENUES		\$ 13,609

)

Western North Carolina Regional Economic Dev	velopm	ent Commis	sion	
d/b/a Advantage West		•		
FUNDS - ADVANTAGE OPPORTUNITY FUN	D			
CASH BASIS Financials				
For the Fiscal Year July 1, 2012 thru June 30, 20)13			
REVENUES:				
NC Burel Center Crent	\$	25.000		
NC Rural Center Grant	- - 3	35,000		
Interest Income		21,988 25		
Fee Income		25	_	
TOTAL REVENUES			\$	57,013
EXPENDITURES:				
Legal Fees		3170		
Service Charges		941	-	
TOTAL EXPENDITURES				4,111
EXCESS REVENUES OVER EXPENDITURES			\$	52,902



Strategy Alignment

The Western North Carolina Regional Economic Development Commission (AdvantageWest Economic Development Group) works to align our regional marketing efforts with the state of North Carolina and the six other commissions or partnerships across the state in several ways.

- North Carolina Partnership for Economic Development (NCPED) Leadership from the North Carolina Partnership for Economic Development brings cohesion and efficiency to the state's regional economic development framework. All seven regional partnerships participate equally in NCPED with the North Carolina Department of Commerce serving as a collaborative partner. NCPED formed in 1997 as a private non-profit, facilitates information sharing, marketing strategy development and sharing of best practices from the regional partnerships and the North Carolina Department of Commerce. NCPED meets quarterly to formulate strategic objectives.
- The presidents of the seven regional partnerships joined by officials from the NC Department of Commerce meet on a monthly basis to share information and identify opportunities for tactical collaboration.
- The marketing managers from the seven regional partnerships and from the NC
 Department of Commerce meet at least quarterly under the auspices of the North
 Carolina Marketing Council to bring operational synthesis to North Carolina's marketing
 activities and to develop collaborative marketing initiatives to leverage each of the
 entities' marketing dollars.

NORTH CAROLINA'S

REGIONAL ECONOMIC DEVELOPMENT PARTNERSHIPS

















FORGING STATEWIDE COMPETITIVENESS THROUGH REGIONAL COLLABORATION

In a modern business world without boundaries, there are few barriers to the flow of products and people, ideas and innovation. With economic competition now taking place in a global arena, civic lines drawn centuries ago are no longer the ideal basis for economic development strategies—or for the organizations that implement them. Counties and cities risk getting lost in the fine print of the rules of today's commerce.

North Carolina's success in recent years as a New Economy leader—with annual accolades from top publications such as *Site Selection, Forbes* and others—has come as a result of a unique economic development delivery system that complements state and local organizations with seven regional development partnerships.

Since 1994, all seven of the state's regional partnerships and commissions have received annual appropriations from the General Assembly—financial resources that are augmented by local and federal government funds, foundation grants, corporate contributions, in-kind technical expertise and leadership support.

As the 21st Century unfolds, the quest for sustainable jobs requires a diverse arsenal of tools and talent, and a team approach to meeting opportunities head-on. Positioning communities for prosperity in today's economy calls for aggressive strategies designed and implemented by regional entities that are in a strong position to leverage a constantly evolving array of public, private, philanthropic and academic resources.

Today, with 15 years of leadership in regional economic development innovation, North Carolina remains a model that other states follow.







I've found my interactions with North Carolina's regional partnerships to be of the highest caliber. They cut through red tape, zero in on the ideal sites and communities, and handle all interactions professionally and confidentially. I consider them a vital link between our company and its continued success.

From a national perspective, North Carolina's legislatively mandated regional approach to economic development is very unique. As a result of the success of having a regional focus, other states have begun to take a closer look.

THE REGIONAL APPROACH: A VALUE PROPOSITION

North Carolina's Regional Partnerships Believe:

- That Hunti Carolina's languing accolades from publications such as Footies. Site Solvetion and Maustry Week are the resolt of a statewide accounts development framework that is the nation's best;
- that effective regional represent development argumentors working in random with a drong central had agrees, the N.C. Bepartment of Commerce, from the book for the state's enviable track record for husbess development and job creation success;
- that each rated repond solutions in economic development are increasingly vital to communities and states as they compute in the 21st Century elabel economy.
- that eigenial economic orveignment organizations, working in conditioning with state and local pathornies and private affect (i.e., with rest, borks, atc.), ofter the florithinty needed to effectively address regional branding, marketing and groundfang, needs.
- that consistent, meaningful funding from the North Enralma General Asserbity, along with augmentate maintaining and oversight, has proved used as the basis for a sound, undorm regional acordinal development policy benefiting the entire state.

- that public private regional development partnerships are the aleas way to augment government support and goldinate with private and philanthropic funding, leadership and technical expertise.
- that providely enjoyized regional purchaships after first first bloomer results oriented management of economic development solutions at the regional level.
- that Morth Contine's public unit private universities and community colleges the key resources for regional job growth and basiness development strategies in the Knowledge Age.
- that economic progress should be measured not just by job creation headcounts, but through increased wage levels and community wealth framation (i.e. tas-base).
- that regionally asset marketing to, and recruitment of, out of state businesses venus the most effective mans for introducing new investment and quality jobs into the state;
- that tourse promotes, little marketing, autreprenental development retires recruitment and other tools are promising overaus toward into growth and economic steplity for many communities and regions.

The regional development partnerships were created during my third term as Governor, and I enthusiastically supported ongoing state funding of their activities. Together with our Department of Commerce and local developers, the partnerships play an essential role in continually reinventing the state's economy and ensuring that North Carolina is positioned to win the competition for 21st Century jobs.

By creating awareness of industrial opportunities, vigorously recruiting businesses that bring quality jobs, and attracting new investment dollars to the state, North Carolina's regional economic development strategies have contributed to economic growth, development and diversification statewide.



ADVANTAGEWEST ECONOMIC DEVELOPMENT

GROUP coordinates job creation in 23 western countries stretching from Virginia to Georgia. In addition to an aggressive advanced manufacturing program, AdvantageWest is actively engaged in the promotion of film and tourism in the region. It vigorously supports small business growth in the region through its Blue Ridge Entrepreneurial Council, Blue Ridge Food Ventures and first-in-the-nation Certified Entrepreneurial Community M program.

ADVANTAGEWEST ECONOMIC DEVELOPMENT GROUP
134 Wright Brothers Way
Fletcher, NC 28732
Tel: 828-687-7234
www.advantagewest.com

CHARLOTTE REGIONAL PARTNERSHIP (CRP), founded in 1991, markets twelve North Carolina counties comprising and surrounding the state's largest metropolitan area. In 2007, the organization received an Honorable Mention in Site Selection magazine's annual listing of Top U.S. Economic Development Agencies. Its accolades that year also included recognition from CoreNet, the worldwide association of corporate real estate professionals, which named the CRP's Regional Film Commission a finalist for its Strategies and Innovations Award.

CHARLOTTE REGIONAL PARTNERSHIP
1001 Morehead Square Drive, Suite 200
Charlotte, NC 28203
Tel: 800-554-4373
www.charlotteusa.com

OUR REGIONAL PARTNERSHIPS: STATEWIDE CONSISTENCY WITH REG

PIEDMONT TRIAD
PARTNERSHIP unites a dynamic

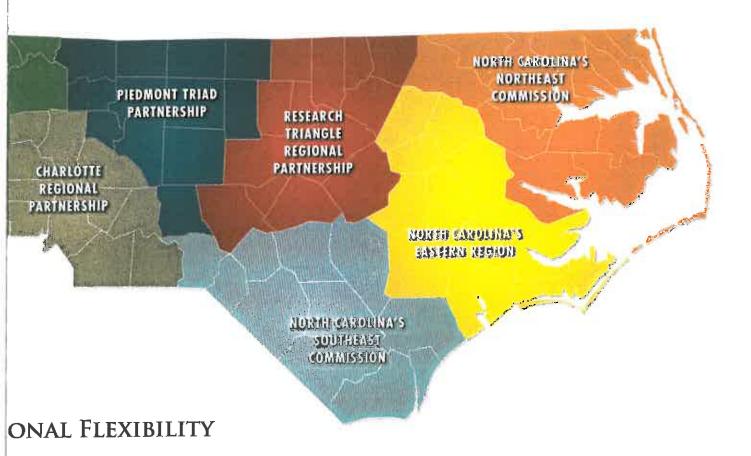
12-county region surrounding Greensboro, Winston-Salem and High Point. In 2006, the organization became one of 13 U.S. Department of Labor Workforce Innovation in Regional Economic Development (WIRED) grantees — a four-year, \$15 million initiative that is developing an integrated regional economic and workforce development strategy for the Piedmont Triad. In 2007, Site Selection named the Piedmont Triad Partnership one of the Top 10 North American Economic Development Organizations for the second consecutive year.

PteDMONT TRIAD PARTNERSHIP 7025 Albert Pick Rd., Suite 303 Greensboro, NC 27409 Tel: 336-668-4556 www.piedmonttriadnc.com NORTH CAROLINA'S SOUTHEAST COMMISSION

is the lead regional marketing organization for 11 counties stretching from the Cape Fear Coast to the Sandhills. Its aggressive promotional efforts include active participation at industry trade shows, direct outreach to industrial real estate professionals and site selection consultants, and an information-rich Internet presence. The Southeast Commission facilitates the success of local economic development programs through the application of private and philanthropic funds raised by its two private non-profit adjunct organizations.

NORTH CAROLINA'S SOUTHEAST COMMISSION P.O. Box 2556 Elizabethitown, NC 28337 Tel: 910-862-8511 www.ncse.org

If the Brothers Grimm had been micro-economists, they would have written the story of Goldilocks and the three site selectors, and explained how, for economic development strategies, states are too big, cities are too small, and regions are just right.



RESEARCH TRIANGLE REGIONAL PARTNERSHIP

(RTRP), which manages economic development for the 13-county Research Triangle Region, is completing a five-year, \$5 million regional competitiveness strategy, "Staying on Top: Winning the Job Wars of the Future" implemented in collaboration with more than 90 partner institutions. Among its distinctions, RTRP received the U.S. Department of Commerce's National Award for Excellence in Economic Development Regional Competitiveness Strategic Plannina.

RESEARCH TRIANGLE REGIONAL PARTNERSHIP

P.O. Box 80756 RDU International Airport, NC 27623 Tel: 919-840-7372 www.researchtriangle.org

NORTH CAROLINA'S

EASTERN REGION, unique among the seven regions, was established as a municipal corporation. Its diverse 13 counties span the central coastal plains from the Atlantic Ocean to the outer suburbs of Roleigh. The Eastern Region facilitates job and wealth creation via support for new infrastructure and industry-ready real estate, workforce improvement, industrial recruitment, regional tourism promotion and more. Its engaging marketing materials have won numerous honors from the Southern Economic Development Council.

NORTH CAROLINA'S EASTERN REGION

3802 Highwoy 58 North Kinston, NC 28504 Tel: 252-522-2400 www.nceast.org

NORTH CAROLINA'S NORTHEAST COMMISSION

directs regional development for 16 counties stretching from the Outer Banks to Lake Gaston. The organization promotes heritage, environmental and family tourism, as well as the global recruitment of advanced manufacturers and modern agro-industries. It maintains a sharp focus on improving basic infrastructure and workforce resources across its quiet, remote region. Site Selection magazine named the Northeast Commission to its 1999 list of the nation's Top 10 Economic Development Organizations.

NORTH CAROLINA'S NORTHEAST COMMISSION

119 West Water Street Edenton, NC 27932 Tel: 888-872-8562 www.ncnortheast.com

I have long been a major supporter of regional economic development, especially for business recruitment. In my view, there is no other option for ensuring success in generating jobs.

> DENNIS J. DONOVAN, Principal WDG Consulting, LLC, Bridgewater, N.J.

As with many aspects of economic development, North Carolina was a leader in recognizing that a regional approach increases the competitiveness of the entire state. Regional economic development aligns with the client's perspective: site selectors focus primarily on regions and typically do not consider political boundaries when evaluating locations.

JEANNETTE GOLDSMITH, Principal McCallum Sweeney Consulting, Greenville, S.C.



www.ncped.com

Working Together: Leadership from the North Carolina Partnership for Economic Development (NCPED) brings cohesion and efficiency to the state's regional economic development framework. All seven regional partnerships participate equally in NCPED, with the N.C. Department of Commerce (DOC) serving as a collaborative partner. NCPED, a private, non-profit organization founded in 1997, facilitates information sharing among partnerships and DOC, the sharing of regional development "best practices," and the encouragement of private sector leadership in North Carolino's economic development programs.

NCPED's board of directors, comprised of the chairmen of each regional partnership, meets quarterly to formulate strategic objectives. Regional partnership presidents join DOC officials in monthly meetings to share information and identify opportunities for tactical collaboration. In addition, marketing managers from the seven partnerships and DOC meet quarterly under the auspices of the North Carolina Marketing Council to bring operational synthesis to North Carolina's economic development marketing activities. For more information, visit www.ncped.com.







No state funds were expended in the production of this document.

Regional partnerships provide clients and consultants with what they need in the early stage of the site selection process, primarily transparency, as well as the factors they desire in the later stages of the process: multiple resources, options, consistency—and results. Complementing the work of the N.C. Department of Commerce, the partnerships provide globally oriented research, industry outreach and other programs tailored to fit the specific needs of each region. Our economic development team highly values the collaboration, leadership, expertise and professionalism that the partnerships contribute.



Advanced Manufacturing **Activity Report**

Comparison of 2011, 2012 &

January through December 2013

Advanced Manufacturing Leads/Opportunities

2011

Q1 - 18

02-7

03 - 4

Q4 - 10

2011 Total: 39

Project Visits: 11

2012

Q1 - 17

 $Q_2 - 20$

03 - 13

Q4 - 10

2012 Total: 60

Project Visits: 23

2013

Q1 - 12

Q2 - 14

03 - 9

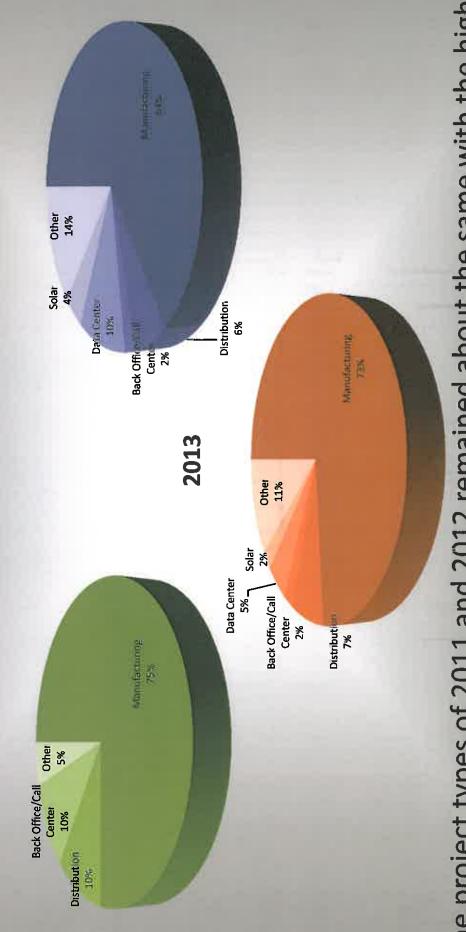
Q4 - 10

2013 Total: 45

Project Visits: 19

Project Type

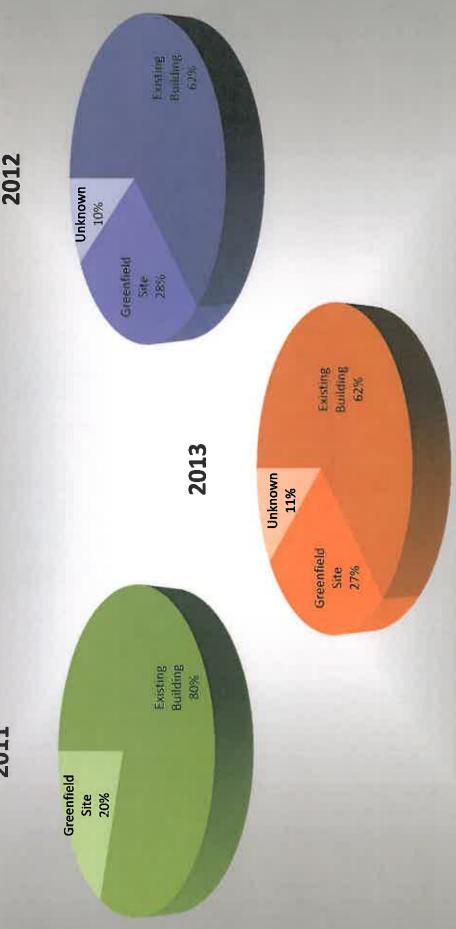
2012



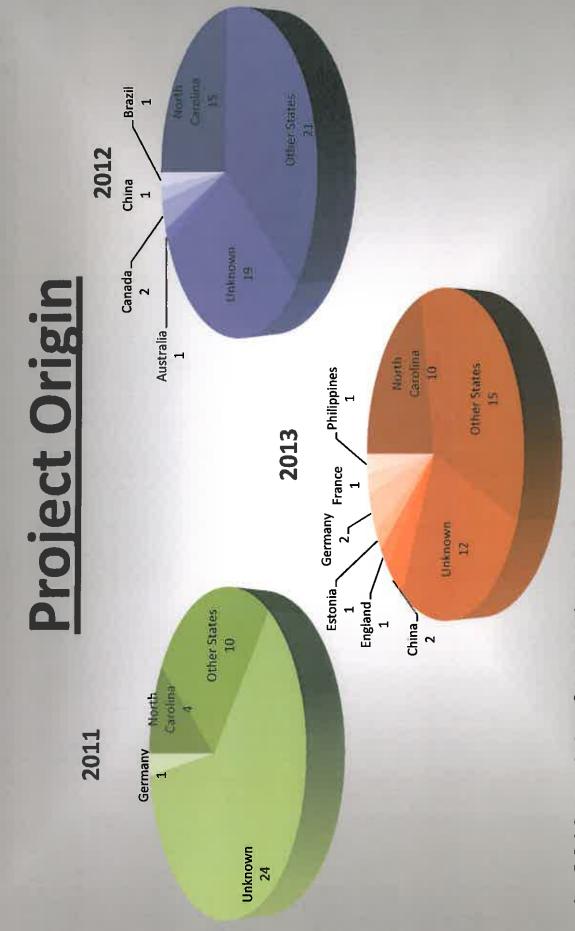
The project types of 2011 and 2012 remained about the same with the highest concentration in the manufacturing sector. In 2013, manufacturing had the

highest percentage.

Project Need

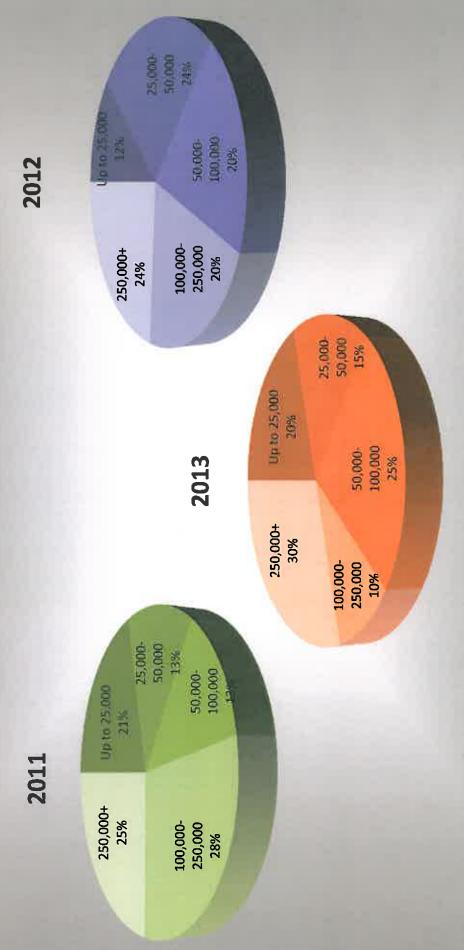


The percentage of companies preferring an existing building as compared to a site has decreased from 80% in 2011 to 62% in 2012. In 2013, existing buildings were preferred over greenfield sites.



New York (3), Georgia (3) and Florida (4). Unique foreign project origins for 2013 Wisconsin, Colorado, Pennsylvania, South Carolina (2), Texas (2), California (3), In 2012, activity from other states increased including project origins from included China, England, Estonia, France, Germany and the Philippines.

Existing Building Requirements



100,000 or greater, in 2012, 44% requested 100,000 or greater, and in 2013, For those inquiries requesting existing buildings, in 2011, 53% requested there were eight requests for 100,000 or greater.

Greenfield Site Requirements

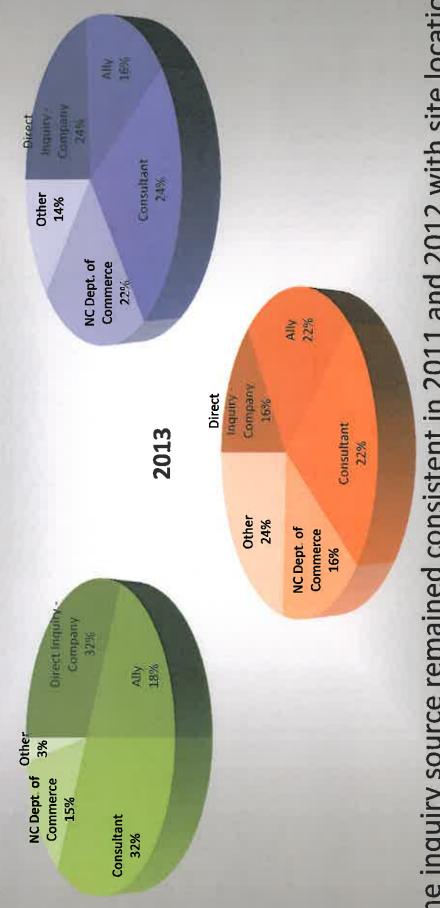


Regarding greenfield sites, there appears to be no consistent pattern in size requested.

Inquiry Source

2011

2012



The inquiry source remained consistent in 2011 and 2012 with site location leads. In 2013, consultants, allies and other inquiry types (AW Board/Staff) consultants and company inquiries being tied for the greatest source of

were the greatest source of leads.

AW Counties Opportunities to Respond to Project Inquiries

жине				
	CALCORELL		e Toda	
	WANTED WATER	Sunco-ur	PEHSON PO	
		MAYWOOD	Carrier Control	7
			The state of the s	

Alleghany	11	A	A
Ashe	11	Ä	Asl
Avery	11	A	A
Buncombe	25	ā	B
Burke	14	ā	Bu
Caldwell	12	0	ड
Cherokee	12	ס	ਤ
Clay	11	0	<u>ප</u>
Graham	12	9	i.
Haywood	13	Ξ	E
Henderson	20	Ξ	문
Jackson	12	er .	ja
Macon	11	2	S
Madison	12	2	Σ̈́
McDowell	16	2	ž
Mitchell	11	2	Ξ
Polk	13	Ā	<u>P</u>
Rutherford	17	~	P.
Swain	10	S	S
Transylvania	17	F	E
Watauga	12	S	Wa
Wilkes	13	8	3
Yancey	12	×	Yaı

lleghany	19		Allegh
she	21		Ashe
ivery	19		Avery
uncombe	29		Bunco
urke	26		Burke
aldwell	23		Caldw
herokee	25		Chero
lay	21		Clay
iraham	22		Graha
aywood	24		Наум
lenderson	32	<u> </u>	Hende
ackson	20	<u> </u>	Jackso
Aacon	22		Macor
Aadison	22		Madis
AcDowell	30		McDo
Aitchell	21		Mitch
olk	24		Polk
utherford	35		Ruthe
wain	22		Swain
ransylvania	27		Trans
Vatauga	20		Wataı
Vilkes	25		Wilke
ancey	20		Yance

13	13	13	19	6	17	16	14	13	17	21	18	15	15	17	14	17	21	13	ia 19	13
Alleghany	Ashe	Avery	Buncombe	Burke	Caldwell	Cherokee	Clay	Graham	Haywood	Henderson	Jackson	Macon	Madison	McDowell	Mitchell	Polk	Rutherford	Swain	Transylvania	Watauga





Blue Ridge Entrepreneurial Council & Blue Ridge Angel Investors Network AdvantageWest Opportunity Fund

Client Activity Report – FY 12/13

	BREC-BRAIN-AOF
	Clients Served
2012 Q3	37
2012 Q4	37
2013 Q1	44
2013 Q2	53
Total FV12/13	171



Certified Entrepreneurial Community Program Client Activity Report - FY 12/13

CEC Communities
Certified

2012 Q3 0
2012 Q4 3
2013 Q1 0
2013 Q2 0

Total FY12/13 3



AdvantageWest Economic Development Group

AdvantageGreen

Client Activity Report - FY12/13

	New Clients
2012 Q3	10
2012 Q4	8
2013 Q1	37
2013 Q2	42
Total FY12/13	97



Blue Ridge Food Ventures

Client Activity Report - FY 12/13

New Facility Clients 2012 Q3 3 2012 Q4 4 2013 Q1 3 2013 Q2 9 Total FY12/13 19



Reel-Scout Project Activity/Leads for FY 2012-2013

	·	1		ı
<u>PROJECT</u>	SOURCE	TYPE	DATE	LOCATIONS
The Motor Project	phone call	Feature (Independent)	7/2/2012	2
Hotel 33	NCFO	Feature (Independent)	7/3/2012	20
Stuck	NCFO	Feature (Independent)	7/5/2012	0
Freezer Burn	NCFO	Feature (Studio)	7/6/2012	31
Spy Game Muir's Gambit	NCFO	Feature (Studio)	7/20/2012	0
Dark Places	NCFO	Feature (Independent)	8/13/2012	23
Leverage	NCFO	TV Series	8/13/2012	25
Untitled Dreamworks Forest Project	NCFO	Feature (Studio)	8/16/2012	47
Weightless	NCFO	Feature (Independent)	8/16/2012	45
The Witches of East End	NCFO	TV Series	8/16/2012	35
Memory Lane	NCFO	TV Pilot	8/17/2012	0
Untitled ABC Family Pilot 2012	NCFO	TV Pilot	8/23/2012	26
The Most Wonderful Time	NCFO	Feature (Studio)	8/27/2012	18
Deathless	NCFO	Feature (Independent)	9/5/2012	14
Honeymoon	email	Feature (Independent)	9/6/2012	34
Love and Mercy	NCFO	Feature (Independent)	9/18/2012	0
Cinnamon Girl	NCFO	TV Pilot	9/26/2012	25
Stomping Ground	phone call	Feature (Independent)	10/1/2012	9
The World Made Straight	NCFO	Feature (Independent)	10/12/2012	70
Untitled British Teen Comedy	NCFO	Feature (Independent)	10/17/2012	41
Captain Fantastic	NCFO	Feature (Independent)	10/19/2012	52
Untitled Hasbro Project	NCFO	Feature (Studio)	10/22/2012	24
Hold on to Me AKA Nancy & Danny AKA Buried	NCFO	Feature (Studio)	10/25/2012	29
Untitled Valley Spaceship Feature	NCFO	Feature (Studio)	10/25/2012	46
Michael's Project	phone call	Feature (Studio)	10/31/2012	13
East Tennessee State University Student				1
Film	email	Student Project	11/14/2012	
Kreber Furniture Shoot	phone call	Still Photo Shoot	11/15/2012	8
Kennedy Detail	NCFO	Feature (Independent)	11/19/2012	18
V.A.	NCFO	Feature (Independent)	11/21/2012	4

Untitled Teen Zombie Feature	NCFO	Feature (Studio)	11/27/2012	10
	email	Feature (Independent)		10
Hospital Project Endless Love	NCFO	Feature (Studio)	12/3/2012	40
	NCFO	Feature (Independent)	12/5/2012	17
Swimming Hole Rita	NCFO	TV Pilot	12/5/2012	
	NCFO	Feature (Independent)	12/13/2012	20
Seven Years, Three Days	NCFO		12/13/2012	18
Indigo Woman	NCFO	Feature (Independent)	12/19/2012	1 25
Home Front	NCFO	Feature (Studio)	1/2/2013	25
The Stanley's		Feature (Independent) TV Pilot	1/11/2013	25
Warner Bros. TV Project	phone call		1/18/2013	25
Beautiful Lies L.L. Bean Fall Active Gear Photo Shoot	NCFO email	Feature (Independent)	1/31/2013	47
		Still Photo Shoot	2/5/2013	40
Untitled Rand Ravich Project	phone call	TV Pilot	2/5/2013	19
CBS Reality Show	phone call	TV Reality	2/6/2013	13
Deerslayer	NCFO	Feature (Independent)	2/11/2013	41
The Hunt	NCFO	TV Reality	2/11/2013	0
Eddie Bauer Fall 2013 Photo Shoot	NCFO	Still Photo Shoot	2/12/2013	43
2013 Dreamworks Project	NCFO	Feature (Studio)	2/13/2013	. 0
Blood Brothers	NCFO	TV Series	3/1/2013	26
Untitled Camp Reality Series (Naked &				0
Afraid, Season 1)	NCFO	TV Reality	3/4/2013	
Quarry	NCFO	TV Series	3/7/2013	87
Serenade	phone call	Feature (Independent)	3/7/2013	8
The Taking	NCFO	Feature (Independent)	3/7/2013	35
Untitled WWII	NCFO	Feature (Independent)	3/7/2013	- 11
Old Navy Commercial	NCFO	Commercial	3/12/2013	21
The Asylum	phone call	Feature (Independent)	3/14/2013	2
Spring 61	NCFO	Feature (Independent)	3/18/2013	35
Lizzie Borden	NCFO	TV Miniseries	4/3/2013	23
Western Carolina Angels	email	Other	4/5/2013	13
Lazarus	NCFO	Feature (Studio)	4/11/2013	19
Seashore	NCFO	Feature (Studio)	4/18/2013	89
Barton & Charlie & Checco & Bill	email	Feature (Independent)	4/22/2013	50
Fast and Furious 7	NCFO	Feature (Studio)	4/24/2013	50
Untitled MGM Feature - 2012	NCFO	Feature (Studio)	5/2/2013	20
Untitled Abandoned Town Commercial	NCFO	Commercial	5/7/2013	18
For the Love of the Family Pilot Episode	email	Webisodes	5/8/2013	20
All Saints	NCFO	Feature (Independent)	5/10/2013	22
Z for Zachariah	phone call	Feature (Independent)	5/10/2013	82
The Disappointments Room	NCFO	Feature (Studio)	5/14/2013	19
Unbroken	NCFO	Feature (Studio)	5/16/2013	49
Plan A Films Technology Demonstration				14
Piece	email	Other	5/20/2013	
Harvest	phone call	Feature (Independent)	5/21/2013	21
NBC Reality TV Show	phone call	TV Reality	5/21/2013	21
Untitled Gabby Douglas Project	NCFO	TV Movie / MOW	5/21/2013	10
Red Bird	phone call	TV Movie / MOW	5/23/2013	8
Prevost Motor Coach	phone call	Still Photo Shoot	5/30/2013	46
Abandoned Asylum	NCFO	Feature (Independent)	5/31/2013	13
1 TOURISON OF THE PROPERTY OF		1 carate (macpendent)	212112013	15

A Year of Grace	NCFO	TV Movie / MOW	6/11/2013	39
Heart	phone call	Feature (Independent)	6/12/2013	51
The Saath Hindustani (AKA The Seven				4
Indians)	NCFO	Feature (Independent)	6/17/2013	
The Final Girls	NCFO	Feature (Independent)	6/19/2013	26
Wild	NCFO	Feature (Independent)	6/24/2013	48
Homeland Episode 5	phone call	TV Episode	6/25/2013	45
The Manor	phone call	Feature (Independent)	6/28/2013	3

Total Customized Reel-Scout Packages Created for FY 2012-2013: 83

Western North Carolina Regional Economic Development Nonprofit Corporation



Financial Statements
For the Year Ended June 30, 2013

Western North Carolina Regional Economic Development Nonprofit Corporation

Table Of Contents

Independent Auditors' Report	<u>Page</u> I - 3
Management's Discussion and Analysis	4 - 13
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position (Exhibit 1)	14
Statement of Activities (Exhibit 2)	15
Fund Financial Statements	
Balance Sheet - Governmental Fund (Exhibit 3)	16
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund (Exhibit 4)	17
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual (Modified Cash Basis) – General Fund (Exhibit 5)	18
Notes to the Financial Statements	19 - 29
Compliance Section	
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	30 – 31
Report On Compliance For Each Major State Program; Report on Internal Contr Over Compliance in Accordance with OMB Circular A-133; and the State Sing Audit Implementation Act	
Schedule of Findings and Questioned Costs	34
Schedule of Expenditures of Federal and State Awards	35

BURLESON & EARLEY, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Commission Members Western North Carolina Regional Economic Development Nonprofit Corporation Fletcher, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Western North Carolina Regional Economic Development Nonprofit Corporation, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

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 control 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 opinions 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 of 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 control relevant to the entity'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 entity's internal control. 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 financial statement 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 opinions.

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund, of the Western North Carolina Regional Economic Development Nonprofit Corporation as of June 30, 2013, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, on pages 4 - 13, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Western North Carolina Regional Economic Development Nonprofit Corporation. The Schedule of Expenditures of Federal and State Awards, as required by U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments and Non-Profit Organizations and the State Single Audit Implementation Act, is presented for purpose of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal and State Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, the Schedule of Expenditures of Federal and State Awards is fairly stated, in all material respects, in relation to the basic 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 September 30, 2013 on our consideration of the Western North Carolina Regional Economic Development Nonprofit Corporation'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 the 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 internal control 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 Western North Carolina Regional Economic Development Nonprofit Corporation's internal control over financial reporting and compliance.

Burleson & Earley, P.A. Certified Public Accountants September 30, 2013



134 Wright Brothers Way, Fletcher, NC 28732, Phone (828) 687-7234, Fax (828) 687-7552

Management's Discussion and Analysis

As management of the Western North Carolina Regional Economic Development Nonprofit Corporation (the Corporation), we offer readers of the Corporation's financial statements this narrative overview and analysis of the financial activities of the Corporation for the fiscal year ended June 30, 2013. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Corporation's financial statements, which follow this narrative.

Financial Highlights

- The assets of the Western North Carolina Regional Economic Development Nonprofit Corporation *exceeded* its liabilities and deferred inflows of resources at the close of the fiscal year by \$3,004,620.
- The Corporation's total net position decreased by \$194,041, due to decreases in the governmental activities net position.
- As of the close of the current fiscal year, the Corporation's reported ending general fund balance of \$2,250,543 represents a *decrease* of \$168,220 in comparison with the prior year. Thirty-one percent of this total amount, or \$705,058, is available for spending at the government's discretion (unassigned fund balance).
- In addition to our State grant-in-aid funding, the Corporation was awarded seven new grants from federal and State funding sources during the fiscal year totaling \$1,592,959.
- There was \$638,534 in grant <u>revenues</u> recognized for eleven grants from seven different grantors during the fiscal year.

The WNC Regional Economic Development Non-Profit Corporation completed another successful yet challenging year in FY 2012/2013 under the guidance and leadership of the twenty one directors serving on our board. The Corporation also received important direction from our Board Champions for AdvantageGreen, Agribusiness, the Blue Ridge Advanced Manufacturing Initiative, the Certified Entrepreneurial Community Initiative and the Blue Ridge Entrepreneurial Council. A number of advisory committees in the region, including the Economic Developers Advisory Council, the Local Economic Developers Advisory Council, Blue Ridge Entrepreneurial Council, the Certified Entrepreneurial Community Certification Review Committee and the Advantage Opportunity Fund Investment Committee provided input and advice regarding the development of our job creation initiatives. Together, we focused on the Corporation's mission statement which says we "shall promote and advocate the creation of improved economic opportunity in our region, while encouraging stewardship of the culture, heritage and natural resources of Western North Carolina."

During the fiscal year, the WNC Regional Economic Development Non-Profit Corporation continued to comply with the 27 Uniform Accountability Standards as adopted by the North Carolina Department of Commerce in February 2008. The Standards set a common accountability matrix among the seven regional partnerships within North Carolina, for use of State funds, that include: Personnel Standards; Integrity and Ethics; Accounting Standards and Contracts, and Purchasing & Procurement.

Continued collaboration with Appalachian State University's Walker College of Business resulted in the continued publishing and distribution of the first-ever economic index for the region. This index is cosponsored by our Corporation and is distributed by Appalachian State University to media outlets across the state on a monthly basis. Independent measures of our regional economy also include the NC Department of Commerce's Monthly Economic Overview. For updated details on these regional metrics visit www.advantagewest.com and access "Research & Reports" on the main page.

During the 2012/2013 fiscal year, the Corporation's Board of Directors committed to focus on five core job creation initiatives: Advanced Manufacturing, Entrepreneurial Development, Agribusiness, the Green Economy and the WNC Film Commission.

Under the AdvantageWest Economic Development Group marketing name we expanded what is regarded as the most diversified regional EDC program in the country. Accomplishments included:

- Blue Ridge Advanced Manufacturing Initiative During the 2012/2013 fiscal year, AdvantageWest responded to 49 project inquiries, plus there were 22 visits either to the region or to a company's home location. Projects were from a variety of sources with three primary industry clusters: Manufacturing, IT/Back Office, and Distribution, with manufacturing comprising 31 of the projects. Marketing outreach efforts included contact with 93 firms and 125 individuals. These contacts took place in a variety of settings with travel to Illinois, Kentucky, Georgia, South Carolina, Louisiana and Florida, in addition to numerous trips within North Carolina. Additionally, AdvantageWest participated in the LiveExchange event held in Dallas. Texas which resulted in 22 contacts with 18 different firms. AdvantageWest continued distributing a monthly electronic newsletter of "featured" industrial buildings and sites from within the region. The distribution scope of the newsletter was to approximately 4,000 site location professionals, with featured properties from throughout the region. As for the Economic Developers Advisory Council (EDAC), the AdvantageWest again led the annual EDAC trip to Raleigh, with participation from 25 members of the Council. Meetings and presentations were coordinated by AdvantageWest on relevant economic development topics for WNC, as well as hosting a legislative breakfast, which was attended by several WNC legislators. Additionally, three other EDAC meetings were organized at AdvantageWest and two meetings for the smaller population counties were held. AdvantageWest also coordinated two training sessions on the AccessNC program in different parts of the region.
- WNC Film Commission The Commission, during the fiscal year 2012/13, worked on 256 film-related projects and inquiries; added 149 new locations to the Reel-Scout database and 60 crew/support service listings to Reel-Crew database and facilitated and/or assisted with 17 scouts to the WNC region. The Corporation also sponsored and conducted a call mission trip to Los Angeles, CA with the other NC regional film commissions to promote the WNC Film Commission. We created brochures, business and thank you cards and began creating a new film website to better market and promote our region, the WNC Film Commission name and brand, and our services. We further instituted a Film Steering Committee to oversee initiatives and long-range goals for the Commission including an Advisory Board. Sponsorships included the 48 Hour Film Project for the ninth year in a row and the 2nd annual Asheville Cinema Festival. The Film Commission provided assistance to 20 completed film projects including 4 independent

- features, 3 catalog/still photography shoots, 3 TV episodes (2 of which were pilots), 3 promotional marketing pieces, 2 ad campaigns, 1 studio feature, 1 music video, 1 documentary and 2 other film-related projects. We provided increased media/marketing assistance for numerous projects/events via crew calls, casting calls and press releases and prepared customized location packages and provided assistance for other projects looking to film/shoot in WNC in the latter part of 2013 or in 2014.
- Agribusiness The WNC Regional Economic Development Non-Profit Corporation continued to grow the agribusiness sector of the regional economy through financial support to Blue Ridge Food Ventures (BRFV), LLC. For the fourth year in a row, BRFV was once again the featured pavilion at the Annual WNC Wine & Food Festival in Asheville. BRFV hosted tours, presentations and classes for numerous visitors, organizations and students from across the region, state, USA and other countries who view BRFV as a best practice and model facility for food entrepreneurs and farmers. In over eight years of operation, the facility at BRFV has been the launching point for over 250 small food and natural products businesses, with the total value of goods and services produced reported to be over \$8 million. Last year, BRFV developed and managed, the "Big Tasty - making it to market" competition and assisted over 55 business in aspects of product conceptualization, business plan development, marketing and regulatory compliance. In its second full year, the Natural Products Manufacturing Facility has continued to add clients--4 businesses in the past six months alone. Key staff attended a major natural products expo along with other natural products service providers from the region and won the 'Best Partnership' award out of the 3,000 booths in attendance further validating the development efforts in this industry sector. This facility remains an important asset in contributing to the growth of the WNC region as a hub for the burgeoning natural products industry. BRFV received grant funds from the Golden LEAF Foundation, NC Tobacco Trust Fund Commission, Appalachian Regional Commission, the Rural Economic Development Center and the Community Foundation of Western North Carolina for the following initiatives: the making it to market competition, a winter community supported agriculture (CSA) program, natural products, marketing initiatives and equipment expansion to attract new users to the facility and to promote the businesses operating there.
- Blue Ridge Entrepreneurial Council (BREC) BREC provided direct services to 171 entrepreneurs over the course of fiscal year 2012/13--a one-third increase over the prior year. This year also included the second annual BREC Breakthrough Challenge, that was again offered through a partnership with Tech20/20 and with funding from the Citi Foundation. This year's challenge was successful, however attracted fewer entrepreneurs than the prior year's edition, likely attributable to trying a format without a cash prize this year. BREC additionally supported two major entrepreneurial networking and training events. The first was an opportunity to sponsor and participate in the statewide NC Entrepreneurial Summit held in Asheville. The second was our Venture Local conference, attended by more than 250 entrepreneurs and investors focused on WNC's emerging agriculture, energy, natural products and related industries. The Advantage Opportunity Fund had a very active year approving 10 new loans for WNC startups. Partnerships with the A-B Tech Technology Commercialization Center and Mountain BizWorks continued. Work also continued with the local angel investor group, Inception Micro-Angel Fund (IMAF) to provide deal-flow for potential investor opportunities.
- Certified Entrepreneurial Community Program (CEC) The Corporation continued working
 with participating leadership teams across the region in the 10 certified CEC
 Communities. Wilkes, Ashe & Jackson Counties officially entered the CEC Program, bringing
 our total of participating communities to 6 across the region (with Clay, McDowell & Madison

still engaged). The active CEC Communities also participated significantly in the regional Venture Local Conference which highlighted resources, opportunities and collaborative efforts to support WNC-based industry. The team secured a Research & Demonstration Grant from the North Carolina Rural Center to fund a comprehensive impact analysis of the program to date and finalize the annual CEC benchmarking model with assistance from the NC STEP committee. We continued moving forward on the CEC Expansion project due to a consistent demand for the program outside of the WNC region. Regular correspondence and bi-annual CEC Lunch & Learns kept the CEC Leadership Teams engaged and productive throughout the year and preparations began for the CEC Leadership Academy Training to be held in September 2013.

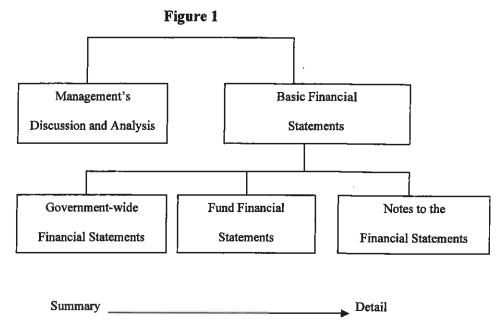
AdvantageGreen Initiative - AdvantageGreen had an extremely successful FY 2012/13 including several major new grant awards for regional green economy economic development projects. The first of these was an \$815,000 grant award from the US EDA, USDA and the Appalachian Regional Commission for the WNC AgriVentures project which will support the expansion of agriculture and natural resource based industries in WNC. This project has hit the ground running, leading to the creation of a new business accelerator, Accelerating Appalachia, focused on nature-based businesses, as well as the forming of a new outdoor industry cluster group called the Outdoor Gear Builders of Western North Carolina. Regional biofuels industry work continued with an additional \$64,703 grant award from the US EDA to support the "F3" biofuels pilot project. The program also received a \$766,256 grant from the Biofuels Center of North Carolina to further develop the region's emerging biofuels and related industries. In addition to these new awards, AdvantageGreen continued implementation of the ongoing EvolveEnergy Partnership (clean energy) and Blue Ridge Naturally (natural products) cluster development initiatives. To assist with these projects, the program added a new Director of Clean Energy Initiatives position as well as a new Director of Grants and Special Projects. The AdvantageGreen program director was also accepted to the BALLE Fellowship Program, a respected national leadership development program in sustainable economic development.

The Corporation closed FY 2012/2013 by continuing to focus on sustaining the future, recognizing the reduction in funding from public and private sources due to the challenges the national economy has had on our public and private funding partners. The Board and staff continue to focus programmatic and financial resources to assure the organization's time, talent and resources provide the greatest impact across the region with our job creation initiatives.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Corporation's basic financial statements. The Corporation's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Corporation through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Corporation.

Required Components of Annual Financial Report



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the Government-wide Financial Statements. They provide both short and long-term information about the Corporation's financial status.

The next statements (Exhibits 3 through 5) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Corporation government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements and 2) the budgetary comparison statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Corporation's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Corporation's financial status as a whole.

The two government-wide statements report the Corporation's net position and how it has changed. Net position is the difference between the Corporation's total assets and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Corporation's financial condition. The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the Corporation's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Corporation uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements. The Corporation has one governmental fund.

Governmental Funds — Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Corporation adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 19 - 29 of this report.

Interdependence with Other Entities – The Corporation depends on financial resources flowing from, or associated with, both the federal Government and the State of North Carolina. Because of this dependency, the Corporation is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.

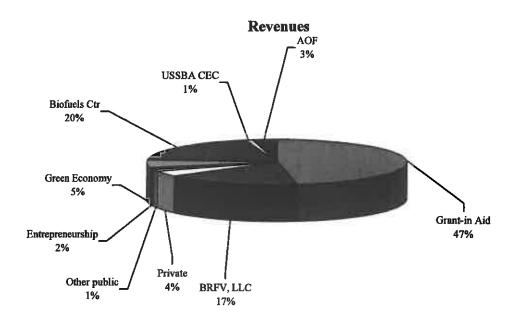
Government-Wide Financial Analysis

Western North Carolina Regional Economic Development Nonprofit Corporation's Net Position Figure 2

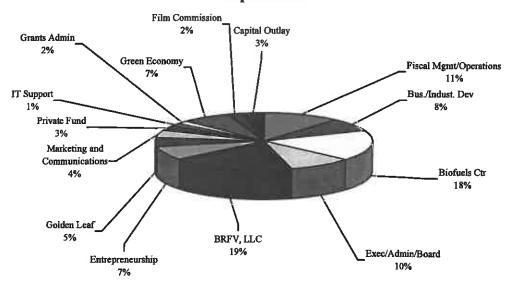
	Governmental Activities				
		2013		2012	
Current and other assets	\$	2,591,084	\$	2,571,896	
Capital assets		754,077		779,898	
Total assets		3,345,161		3,351,794	
Current liabilities		200,376		54,084	
Deferred inflows of resources		140,165		99,049	
Net position:					
Net investment in capital assets		754,077		779,898	
Restricted		791,371		860,401	
Unrestricted		1,459,172		1,558,362	
Total net position	\$	3,004,620	\$	3,198,661	

Western North Carolina Regional Economic Development Nonprofit Corporation's Changes in Net Position Figure 3

		Governme	nt A	Activities
		2013		2012
Program Revenues:				
Operating Grants and Contributions	\$	863,744	\$	798,538
Capital Grants and Contributions		29,691		16,780
Charges for Services		143,190		202,494
General Revenues:				•
Grants and Contributions not Restricted to Specific Programs		1,151,917		1,147,161
Investment Earnings		36,763		28,731
Gain (Loss) on Sale of Assets		(333)		-
Total Revenues	_	2,224,972		2,193,704
Expenses:				
Economic Development		2,419,013		1,909,774
Change in net position		(194,041)		283,930
Net position, July 1		3,198,661		2,914,731
Net position, June 30	\$	3,004,620	\$	3,198,661



Expenditures



As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Corporation exceeded liabilities and deferred inflows of resources by \$3,004,620 as of June 30, 2013. The Corporation's net position decreased by \$194,041 for the fiscal year ended June 30, 2013.

A portion of the Corporation's net position reflects its net investment in capital assets (e.g. equipment, furniture, leasehold improvements, vehicles, computer hardware, software and websites). The Corporation uses these capital assets to provide economic development services; consequently, these assets are *not* available for future spending. With the exception of the portion of net position invested in capital assets and restricted assets, all net position is considered to be unrestricted, which may be used to meet the Corporation's ongoing obligations.

AdvantageWest diversified general revenues during fiscal year 2012/2013 to supplement the grant-in-aid funding from the State of North Carolina. Major funding included the State Grant-In-Aid at \$1,059,138, Biofuels Center of North Carolina at \$438,388, and Blue Ridge Food Ventures, LLC at \$371,605.

Financial Analysis of the Governmental Funds

As noted earlier, the Corporation uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – The focus of the Corporation's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Corporation's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Corporation. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$705,058, while total fund balance reached \$2,250,543. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 29% of total General Fund expenditures, while total fund balance represents 94% of the same.

General Fund Budgetary Highlights. During the fiscal year, the Corporation revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Following are some of the more significant budget highlights:

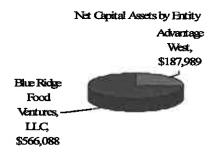
- Amendments to the General Fund during the year, decreased revenues by \$33,194 and decreased expenditures by \$171,959.
- The State's grant-in-aid to the Corporation remained consistent with prior year funding levels.
- Federal, State and foundation grants augmented State funding for our Entrepreneurship and Green Economy Programs and Blue Ridge Food Ventures, LLC.
- The Corporation focused on five core program areas and built reserves to end the fiscal year in a strong financial position.

Capital Asset and Debt Administration

Capital Assets – The Corporation's investment in capital assets for its governmental activities as of June 30, 2013, totals \$754,077 (net of accumulated depreciation). These assets include leasehold improvements, equipment and capitalized intangibles. The major capital outlay expenditures for the year were for partial payments for upgrades to the Advantage West website suite, purchases of equipment at Blue Ridge Food Ventures, LLC and purchases of computer hardware.

Western North Carolina Regional Economic Development Nonprofit Corporation's Capital Assets Figure 4

	<u>2013</u>	<u>2012</u>
Equipment and Vehicles	\$ 774,589	\$ 756,597
Leasehold Improvements	715,132	715,132
Capitalized Intangibles	<u> 180,984</u>	<u>151,203</u>
	1,670,705	1,622,932
Less: Accumulated Depreciation	<u>(916,628)</u>	(843,034)
Net Capital Assets	<u>\$ 754,077</u>	\$ 779,898



Long-term Debt

As of June 30, 2013, the Corporation had no outstanding debt.

Matters of Continuing Concern

The Corporation has received the majority of its funding from the State of North Carolina in past fiscal years. The North Carolina General Assembly reduced funding to the Corporation by approximately two thirds for FY 2013/2014 and will provide no funding in 2014/2015. The Corporation has historically and will continue to adjust its budget to reflect this change in funding from the State of North Carolina.

Requests for Information

This report is designed to provide an overview of the Corporation's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Scott T. Hamilton, President & CEO, Western North Carolina Regional Economic Development Nonprofit Corporation, 134 Wright Brothers Way, Fletcher, North Carolina 28732 or at (828) 687-7234. Other sources of information about the Corporation can be found in the Corporation's annual report to the North Carolina General Assembly and on our website, www.advantagewest.com.

BASIC FINANCIAL STATEMENTS

Western North Carolina Regional Economic Development Non-Profit Corporation Statement of Net Position June 30, 2013

	_	ary Government	
	Governmental		
		Activities	
Assets			
Current assets:			
Cash and investments	\$	1,414,837	
Grants receivable - federal and state		368,884	
Accounts receivable		63,170	
Notes receivable		291,798	
Prepaid expenses		2,051	
Inventory		19,445	
Total current assets		2,160,185	
Capital assets:			
Capital assets, net of depreciation		754,077	
Other assets:			
Notes receivable-net of allowances	=	430,899	
Total assets		3,345,161	
Liabilities			
Current liabilities:			
Accounts payable and other accrued expenses		60,821	
Grants payable		139,555	
Total current liabilities		200,376	
Deferred Inflows of Resources		140,165	
Net Position			
Net investment in capital assets		754,077	
Restricted for:		754,077	
Golden LEAF expenditures		101,160	
Advantage Opportunity Fund		690,211	
Unrestricted		1,459,172	
Total net position	\$	3,004,620	

Net (Expense)

Western North Carolina Regional Economic Development Non-Profit Corporation Statement of Activities For the Year Ended June 30, 2013

					Pr	ogram Revenues	l	_	Ch	evenue and anges in Net Position
				harges for	Op	erating Grants		Capital Grants		vernmental
Functions/Programs	Functions/Programs Expenses		Services		Contributions		Contributions		Activities	
Primary government: Governmental Activities:		•								
Economic development	\$	2,419,013	\$	143,190	\$	863,744	\$	29,691	_\$_	(1,382,388)
Total governmental activities	\$	2,419,013	\$	143,190	\$	863,744	\$	29,691		(1,382,388)
			Gene	eral revenues:						
						ns not restricted to	spe	cific programs		1,151,917
				nrestricted inve		_				7,828
					-	n program revenue	;			28,935
				oss on disposal						(333)
			Tota	l general revent	ies an	d transfers				1,188,347
			Char	ige in net positi	on					(194,041)
)			Net p	osition, beginn	ing					3,198,661
			Net p	osition, ending					\$	3,004,620

Western North Carolina Regional Economic Development Non-Profit Corporation Balance Sheet Governmental Fund June 30, 2013

	 General Fund
Assets	
Current assets:	
Cash and investments	\$ 1,414,837
Grants receivable - federal and state	368,884
Accounts receivable	63,170
Notes receivable	291,798
Prepaid expenses	2,051
Inventory	 19,445
Total current assets	2,160,185
Other assets:	
Notes receivable-net of allowances	 430,899
Total assets	 2,591,084
Liabilities	
Current liabilities:	
Accounts payable and other accrued expenses	60,821
Grants payable	139,555
Total current liabilities	 200,376
Deferred Inflows of Resources	140,165
Fund Balances	
Nonspendable:	
Inventory	19,445
Prepaid expenses	2,051
Restricted for:	2,001
Golden LEAF expenditures	101,160
Advantage Opportunity Fund	690,211
Assigned:	0,70,211
Winter CSA-Blue Ridge Food Ventures, LLC	29,823
Subsequent year's budgeted expenditures over revenues	702,795
Unassigned	705,058
Total fund balances	 2,250,543
Total liabilities, deferred inflows of resources and fund balances	\$ 2,591,084
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:	
Capital assets used in governmental activities are not financial	
resources and therefore are not reported in funds	 754,077
Net position of governmental activities	\$ 3,004,620
·	

The accompanying notes are an integral part of the financial statements.

Western North Carolina Regional Economic Development Non-Profit Corporation Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Fund

For the Year Ended June 30, 2013

	G	eneral Fund
Revenues:		
State Regional Economic Development	\$	1,059,138
Biofuels Center of North Carolina		438,388
Blue Ridge Food Ventures, LLC		371,605
Green Economy		111,659
Private funds		86,209
Advantage Opportunity Fund		68,726
Entrepreneurship		36,029
Other public funds		32,371
U.S. Small Business Administration - Certified Entrepreneurial Communities		19,877
Business & industry		1,302
Total revenues		2,225,304
Expenditures:		
Economic development		2,393,524
Excess (deficiency) of revenues over expenditures		(168,220)
Other financing sources (uses)		-
Net change in fund balance		(168,220)
Fund balances		
Beginning of year, July 1		2,418,763
End of year, June 30	\$	2,250,543
Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balance - total governmental funds	\$	(168,220)
Governmental funds report capital outlays as expenditures. However, in the Statements of Activities, the cost of those assets is allocated of estimated useful lives and reported as depreciation expense.	over the	ir
Capital outlay expenditures which were capitalized		79,041
Loss on disposal of fixed assets		(333)
Depreciation expense for governmental assets		(104,529)
Total changes in net position of governmental activities	\$	(194,041)
		(22 1,0 1.7)

The accompanying notes are an integral part of these financial statements.

Western North Carolina Regional Economic Development Non-Profit Corporation General Fund

Exhibit 5

Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual (Modified Cash Basis) For the Year Ended June 30, 2013

			3. 4		Variance with Final Budget
		Original	ıdget Final	Actual	Positive
R	Levenues:	Original		Amounts	(Negative)
-	State Regional Economic Development	\$ 1,000,000	\$ 1,059,138	\$ 1,059,138	s -
	Blue Ridge Food Ventures, LLC	407,200	372,575	397,179	24,604
	Biofuels Center of North Carolina	122,068	289,504	289,504	24,004
	U.S. Small Business Administration - Certified Entrepreneurial Communities	66,639	80,384	80,384	-
	Private funds	90,250	80,000	74,599	(5,401)
	Green Economy	53,450	100,312	74,335	, , ,
	Advantage Opportunity Fund	-	100,512	57,013	(25,977) 57,013
	Golden LEAF-Natural Products	247,000	90,000	50,000	(40,000)
	Other public funds	32,550	32,550	32,371	
	Entrepreneurship	78,000	3 4, 500	29,630	(179)
	Business & industry	75,000	54,500	1,302	(4,870)
T	otal revenues	2,172,157	2,138,963	2,145,455	1,302
-		2,172,137	2,130,903	2,143,433	6,492
E	xpenditures:				
	Biofuels Center of North Carolina	115,068	293,050	281,789	11,261
	Blue Ridge Food Ventures, LLC	467,070	456,914	439,698	17,216
	Business and Industrial Development	317,944	211,944	182,808	29,136
	Capital Outlay	134,020	101,298	79,041	22,257
	Entrepreneurship	250,320	172,357	160,055	12,302
	Executive/Administration/Board Support	285,711	285,711	228,509	57,202
	Film Commission	115,980	63,230	52,093	11,137
	Fiscal Management/Operations	296,769	283,419	268,811	14,608
	Golden LEAF-Natural Products	226,986	152,597	116,204	36,393
) .	Grants Administration	41,242	41,242	40,184	1,058
	Green Economy	84,585	191,114	172,500	18,614
	Information Technology Support	41,376	39,641	32,686	6,955
	Marketing and Communications	99,744	99,744	97,091	2,653
	Private Fund Expenditures	159,921	72,516	63,497	9,019
To	tal expenditures	2,636,736	2,464,777	2,214,966	249,811
Re	venues over (under) expenditures	(464,579)	(325,814)	(69,511)	256,303
Fu	nd Balance Appropriated	464,579	325,814		(325,814)
Ne	t change in fund balance - modified cash basis	\$ -	\$ -	(69,511)	\$ (69,511)
Re	conciling items to convert from budgetary basis (modified cash basis) to mod	lified accrual bas	sis:		
1	Change in Accounts and Grants Receivables			76,670	
•	Change in Fair Market Value of Investments			1,582	
(Change in Prepaid Expenses			(6,218)	
(Change in Inventory			2,865	
(Change in Notes Receivable			8,337	
(Change in Deferred Inflows of Resources			(41,390)	
(Change in Accounts and Grants Payable			(140,555)	
	Net change in fund balance			\$ (168,220)	

Western North Carolina Regional Economic Development Nonprofit Corporation Notes to Financial Statements For the Year Ended June 30, 2013

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Western North Carolina Regional Economic Development Nonprofit Corporation conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies.

Reporting Entity

The Western North Carolina Regional Economic Development Nonprofit Corporation (the Corporation), doing business as AdvantageWest Economic Development Group, was organized to assist in the economic development of the twenty-three counties in Western North Carolina.

The North Carolina General Assembly under General Statute 158-8.1 created the Corporation. While considered by the State of North Carolina as a component unit of the State, the statutory authority for the Corporation allows it to exercise its powers and duties independent of the State.

In 2004, the Corporation established a wholly owned, single member LLC, Blue Ridge Food Ventures, LLC. The purpose of the LLC is to provide technical assistance and business development services to local farmers, food and natural products entrepreneurs, including sales and marketing support, professional product development and assistance in complying with food and drug regulations. By providing these services, the Corporation along with the LLC, is assisting local farmers and food entrepreneurs with addressing the three greatest barriers to entry in the value-added foods business. As a single member LLC, all financial activity of the LLC is included in the Corporation's financial records.

Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the Corporation. These statements include the financial activities of the Corporation. These statements present governmental activities that are financed through State and federal agencies and contributions from foundations and corporations. The Corporation receives annual funding from the State of North Carolina.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Corporation's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Corporation's only governmental fund, the general fund.

The Corporation reports the following major governmental fund:

General Fund: The general fund is the general operating fund of the Corporation. The general fund accounts for all financial resources of the Corporation. The primary revenue sources are from federal and State grants. The primary expenditures are for economic development.

Measurement Focus and Basis of Accounting

Government-wide Financial Statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Corporation considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Contributions and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current period. All other revenue items are considered to be measurable and available only when the Corporation receives cash.

Cash and Cash Equivalents

The Corporation's cash and investments consist of demand deposits and time deposits, such as money market accounts, at local financial institutions. These accounts have maturities of less than one year when purchased and are considered to be cash and cash equivalents.

Grants Receivable

Grants Receivable consists of earned and unpaid balances of federal and State grants.

Accounts Receivable

Accounts receivable consists primarily of receivables due to the Corporation and Blue Ridge Food Ventures, LLC and sales tax receivables. Accounts are charged off as they are deemed uncollectible based upon periodic review of the accounts. At June 30, 2013, no allowance for uncollectible accounts was considered necessary.

Notes Receivable

Notes receivable consists of the outstanding balances at year end of all loans awarded through the Advantage Opportunity Fund. This revolving loan fund to assist start-up entrepreneurs was established in June 2007. Funding has been received in subsequent years from granting and other organizations.

Additionally, the Corporation holds a promissory note from a furniture manufacturer for equipment purchased for the manufacturer with grant funds. The Corporation recorded deferred inflow of resources for the balance of this note and recognizes revenue as each note payment is made by the manufacturer.

Outstanding notes receivable at June 30, 2013 were evaluated by management for collectibility. At June 30, 2011, two of the companies were delinquent and their balances were recorded in an allowance for uncollectible notes. During the year ended June 30, 2012, one of the company notes was written off and removed from both notes receivable and the related allowance. While the other note remains in the allowance, during the fiscal year ended June 30, 2013 judgment proceedings were initiated against the owner of this note for collection.

Prepaid Expenses and Inventory

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expense as the items are used.

The inventories are valued at cost (first-in, first-out), which approximates market.

Capital Assets

Capital assets are defined by the Corporation as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization cost is \$1,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives, which range from four to forty years.

Intangible assets are classified as capital assets when their individual cost exceeds a chosen threshold and they have a useful life of two or more years. The Corporation

has determined a \$5,000 capitalization threshold is appropriate. Under GASB 51, retroactive reporting is required for intangible assets, unless the intangible assets are internally generated. Websites are a common type of intangible asset and are considered internally generated if they are developed by a third-party contractor on behalf of the Corporation. The Corporation's websites were developed by third-party contractors and therefore were considered internally generated and thus no retroactive reporting was required.

Accounts Payable

Accounts payable consists of a payable due to a grantor for 50% of payments collected on a note receivable from a furniture manufacturer, as well as payables to vendors under typical, short-term credit arrangements.

Grants Payable

Grants payable consists of earned and unpaid balances to sub-grantees from federal and State grants awarded to the Corporation and sub-granted to partners.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Corporation has three items that meet the criterion for this category — prepaid sponsorships and subscriptions, grants received in advance of being earned and the balance of a note receivable not earned until payments are received.

Net Position/Fund Balances

Net Position

Net position in government-wide financial statements is classified as net investment in capital assets, debt, restricted and unrestricted. Restricted net position represents constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through State statute.

Fund Balance

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the heirarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Inventories - portion of fund balance that is <u>not</u> an available resource because it represents the year-end fund balance of ending inventories, which are not spendable resources.

Prepaids - portion of fund balance that is <u>not</u> an available resource because it represents the year-end fund balance of prepaid expenses, which are not spendable resources.

<u>Restricted Fund Balance</u> – This classification includes amounts that are restricted to specific purposes externally imposed by creditors, grantors, contributors or imposed by law.

Restricted for Golden LEAF Expenditures – portion of fund balance that is available for appropriation but legally segregated for Golden LEAF grant expenditures.

Restricted for Advantage Opportunity Fund (AOF) - portion of fund balance that is available for appropriation but legally segregated for AOF loans and expenditures.

<u>Committed Fund Balance</u> – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Corporation's board of directors (highest level of decision-making authority). Any changes or removal of specific purpose requires majority action by the governing board.

Assigned Fund Balance – portion of fund balance that the Corporation intends to use for specific purposes. Assigned funds are established by majority vote by quorum of the Corporation's board of directors (highest level of decision-making authority).

Winter CSA-Blue Ridge Food Ventures, LLC – portion of fund balance that is budgeted for that program.

Subsequent year's budgeted expenditures over revenues – portion of fund balance that is appropriated in the next year's budget for the Corporation and Blue Ridge Food Ventures, LLC that is not already classified in restricted or committed. The governing body approves the appropriation.

<u>Unassigned Fund Balance</u> – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

Compensated Absences

The Corporation allows for the accumulation of vacation throughout the year, but any unused vacation cannot be carried over into subsequent years. The Corporation does not have an obligation until vacation is actually taken. Thus at year-end, no accrual has been made. The Corporation's sick leave policy provides for an unlimited accumulation of earned sick leave. Since sick leave does not vest, the Corporation has no obligation for the accumulated sick leave until it is actually taken.

Income Taxes

The Corporation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Continuance of exemption is subject to compliance with regulations and review of activities by taxing authorities. The Corporation is not aware of any transactions that would affect its tax-exempt status.

Note 2 - Budgetary Data

The annual budget is adopted on a modified cash basis of accounting for the Corporation's governmental fund. All annual appropriations lapse at the fiscal-year end. The appropriated budget is prepared by fund and department.

Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds. The board must approve any revisions that alter total expenditures of any fund. During the year, amendments to the original operating budget were necessary.

Note 3 – Detail Notes on All Funds

Deposits

All the deposits of the Corporation are collateralized by the Pooling Method. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Corporation, these deposits are considered to be held by the Corporation in their name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Corporation or their escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Corporation under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

On June 30, 2013, the Corporation's deposits had a carrying amount of \$1,409,557 and a bank balance of \$1,419,112. Of the bank balance, \$722,668 was covered by federal depository insurance, and \$696,444 was covered under the Pooling Method.

Investments

As a result of the demutualization of the Principal Financial Group in October 2001, one of the Corporation's benefit providers, the Corporation received 141 shares of the Principal Financial Group, Inc. At June 30, 2013, the cost of these shares was \$2,961; the market value was \$5,280.

Notes Receivable

The balance in notes receivable at year-end is comprised of the following elements:

]	Balance
Loans and accrued interest - Advantage Opportunity Fund	\$	676,092
Loan and accrued interest - Genesis Furniture Industries, Inc.		83,291
		759,383
Less: allowance for doubtful accounts		36,686
		722,697
Less: current portion		291,798
Long term portion	\$	430,899

Advantage Opportunity Fund Loans:

During FY 12/13, the Advantage Opportunity Fund had:

- 10 new loans approved totaling \$348,500
- 25 loans outstanding at June 30, 2013
- 3 loans totaling \$77,000 paid off
- 1 loan totaling \$36,686 remaining delinquent—the balance of which was included in the allowance account in prior fiscal years

Since inception in June 2007, the Advantage Opportunity Fund has cumulatively had:

- \$780,000 provided or pledged to the Fund
- \$520,282 principal repaid and revolved back to the loan pool
- \$85,186 interest earned (paid and accrued) and ever greened back to the Fund
- 32 loans approved, totaling \$1,258,500
- 24 loans open; 6 loans paid off; 1 loan delinquent and 1 loan written off

Genesis Furniture Industries:

The promissory note the Corporation holds from a furniture manufacturer, Genesis Furniture Industries, Inc. for equipment purchased for them with Golden LEAF grant funds is in default. During December 2009 the Corporation re-negotiated the terms of the note, to include regular monthly payments of \$4,000, with Golden LEAF's approval. Payments totaling \$2,000 were made during FY 12/13.

Golden LEAF and the Corporation have agreed to split equally, note collections after the Corporation has recouped all attorney fees and collection costs. At June 30, 2013, the Corporation owed Golden LEAF \$47,921 for their share of the note payments which has been recorded as an account payable. The Corporation's equal share was used for Blue Ridge Food Ventures, LLC in FY 12/13, a purpose approved by Golden

LEAF. The note matured on December 31, 2010, with a plan to completely payoff the note yet to be determined. A UCC Continuation was filed with the Secretary of State in June 2011 for an additional 5 years for the remaining collateral on the loan. The Corporation recorded a deferred inflow of resources for the balance of this note to offset the note receivable and recognizes revenue as each note payment is made by the manufacturer.

Capital Assets

Capital asset activity for the Corporation for the year ended June 30, 2013 was as follows:

	Beginning Balances	Increases	Decreases	Ending <u>Bala</u> nces
Capital assets:				
Equipment and Vehicles	\$ 461,963	\$ -	\$ 18,672	\$ 443,291
Computer Equipment	12,854	4,527	12,596	4,785
Intangible Assets	151,203	29,781		180,984
Leasehold Improvements	125,768	_	370	125,768
Blue Ridge Food Ventures LLC:				•
Equipment	281,780	44,733	_	326,513
Leasehold Improvements	<u>589,364</u>	<u>-</u> _		589,364
	1,622,932	79,041	31,268	1,670,705
Less accumulated depreciation	<u>843,034</u>	104,529	30,935	916,628
Governmental activity capital assets, net	<u>\$ 779,898</u>	<u>\$ (25.488)</u>	<u>\$ 333</u>	<u>\$ 754,077</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Economic Development

<u>\$104,529</u>

General Assembly Funding

The North Carolina General Assembly appropriated \$1,059,138 for the fiscal year ended June 30, 2013, as a grant-in-aid to the Corporation for its use.

Deferred Inflows of Resources

The balance in deferred inflows of resources at year-end is comprised of the following elements:

Rutherford County Economic Development Commission Sponsorship	\$ 7,500
Winter CSA Subscriptions	14,505
Rural Economic Development Center Grant Advance - CEC	12,500
Community Foundation of WNC Grant Advance – BRFV LLC	25,000
Genesis Furniture Industries, Inc.	80,660
	\$140,165

Retirement Plan

The Corporation has created a Simplified Employee Pension Plan for its employees. All employees at least twenty-one years of age who are employed as of January 1 of each year are eligible to participate in this discretionary single employer plan. A total of \$37,734 was contributed to the plan by the Corporation during the fiscal year ended June 30, 2013.

Risk Management

The Corporation is exposed to various risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Corporation carries general liability and auto liability coverage and all other risks of loss through a commercial provider. The Corporation has general liability and auto liability coverage of \$1,000,000 per occurrence, umbrella liability coverage up to \$5,000,000 per occurrence, directors and officers coverage of \$2,000,000 and employment practices liability coverage of \$1,000,000 per occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage with an unlimited lifetime limit. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the last three fiscal years.

Further, wholly owned, single member LLC, Blue Ridge Food Ventures, LLC, in order to protect itself from exposure to various risks, carries general liability and all other risks of loss through another commercial provider. Blue Ridge Food Ventures, LLC has business liability coverage of \$2,000,000 per occurrence and umbrella liability coverage up to \$1,000,000 per occurrence. The LLC also has property coverage up to the total insurance values of the property policy and workers' compensation coverage up to statutory limits.

Fund Balance

The following schedule provides management and readers of the financial statements with information on the portion of the General fund balance that is available for appropriation:

Total Fund Balance - General Fund		2,250,543
Less:		
Appropriated Fund Balance in 13/14 Budget		702,795
Winter CSA-Blue Ridge Food Ventures, LLC		29,823
Golden LEAF expenditures		101,160
Advantage Opportunity Fund		690,211
Inventory		19,445
Prepaid expenses		2,051
Remaining Fund Balance		705,058

Operating Leases

The Corporation is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations and, therefore, the results of the lease agreements are not reflected in the Corporation's accounting records.

Beginning July 1, 2009, the Corporation entered into a five year lease for office space at \$6,604 per month with an option to terminate the lease by either party with a six month notice. At July 1, 2013, the monthly required payment increased to \$6,828.

There was a one year lease renewal for kitchen space for Blue Ridge Food Ventures, LLC beginning November 1, 2012 with monthly installments of \$3,562.

The Corporation entered into two new leases for office equipment at a combined total of \$521 per month. Both leases have terms of thirty-six months and include early termination clauses if the annual state appropriation revenue is not received by the Corporation.

The following is a schedule by year of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2013:

The Corporation sub-leases a portion of its office space to the N.C. Department of Commerce. The annual sub-lease income was \$10,380.

The Corporation sub-leases a portion of its office space to a non-profit corporation. Annual sub-lease income totaled \$7,320.

Note 4 - Related Party Transactions

North Carolina Partnership for Economic Development, Inc.

The Chairman of the Board and the CEO of the Corporation are members of the board of the North Carolina Partnership for Economic Development, Inc., a 501(c)(3) organization. During the year ended June 30, 2013, the Corporation contributed \$1,000 to the Partnership.

North Carolina Economic Development Group, Inc.

The Chairman of the Board and the CEO of the Corporation are members of the board of the North Carolina Economic Development Group, Inc., a 501(c)(6) organization. During the year ended June 30, 2013, the Corporation contributed \$20,000 to the Organization.

Note 5 - Concentration of Credit Risk

The majority of the Corporation's financial activities are with the federal and State governments. This constitutes a concentration of credit risk with respect to receivables from grantors.

Note 6 - Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The Corporation has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds would be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

Note 7 – Changes in Accounting Principles

The Corporation implemented Governmental Accounting Standards Board (GASB) Statement 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and Statement 65, Items Previously Reported as Assets and Liabilities, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classifed into Assets, Liabilities, Deferred Inflows of Resources and Net Position. Additionally, GASB Statement 65 requires that revenues previously presented as deferred revenue, be presented as deferred inflows of resources.

Note 8 - Requirement of North Carolina Session Law 2012-142

The following information details the hours and cost of the audit of the financial statements for the year ended June 30, 2013:

	<u>Hours</u>	Cost
Conducting the audit	67.00	\$7,032
Preparing the report	<u>18.75</u>	<u>1,968</u>
Total	85.75	\$9,000

COMPLIANCE SECTION

BURLESON & EARLEY, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report

To the Commission Members Western North Carolina Regional Economic Development Nonprofit Corporation Fletcher, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities of the Western North Carolina Regional Economic Development Nonprofit Corporation (the Corporation), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprises the Corporation's basic financial statements, and have issued our report thereon dated September 30, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Western North Carolina Regional Economic Development Nonprofit Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Western North Carolina Regional Economic Development Nonprofit Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

902 SAND HILL ROAD ♦ ASHEVILLE, NC 28806 TELEPHONE: (828) 251-2846 ♦ FAX: (828) 251-1144

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Western North Carolina Regional Economic Development Nonprofit Corporation'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 or other matters 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 control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control 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 control and compliance. Accordingly, this communication is not suitable for any other purpose.

Burleson & Earley, P.A. Certified Public Accountants September 30, 2013

BURLESON & EARLEY, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance in Accordance with OMB Circular A-133; and the State Single Audit Implementation Act

Independent Auditor's Report

To the Commission Members Western North Carolina Regional Economic Development Nonprofit Corporation Fletcher, North Carolina

Report on Compliance for Each Major State Program

We have audited the Western North Carolina Regional Economic Development Nonprofit Corporation's compliance with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of the Corporation's major State programs for the year ended June 30, 2013. The Corporation's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Corporation's major State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in and applicable sections of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, as described in the Audit Manual for Governmental Auditors in North Carolina, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major State program. However, our audit does not provide a legal determination of the Corporation's compliance.

902 SAND HILL ROAD ♦ ASHEVILLE, NC 28806 TELEPHONE: (828) 251-2846 ♦ FAX: (828) 251-1144

Opinion on Each Major State Program

In our opinion, the Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on a major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major State program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combiniation of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Burleson & Earley, P.A. Certified Public Accountants September 30, 2013

Western North Carolina Regional Economic Development Non-Profit Corporation Schedule of Findings and Questioned Costs For the Year Ended June 30, 2013

Section I. Summary	of Auditor's I	Results
Financial Statements		35
Type of auditor's report issued: Unqualified		
Internal control over financial reporting:		
Material weakness(es) identified?	yes	Xno
Significant deficiency(ies) identified		
that are not considered to be		
material weaknesses	yes	X_none reported
Noncompliance material to financial		
statements noted	yes	<u>X</u> no
State Awards		
Internal control over major State programs:		
Material weakness(es) identified?	yes	Xno
Significant deficiency(ies) identified		
that are not considered to be		
material weaknesses	yes	X_none reported
Type of auditor's report issued on compliance for major Stat	e programs: U	Inmodified.
Any audit findings disclosed that are required		
to be reported in accordance with the section		
510 (a) of Circular A-133 and the State Single Audit Act.	yes	X no
dentification of major State programs:		
State Program Names		
North Carolina General Assembly-Regional Ed	conomic Devel	opment
Pollar threshold used to distinguish between Type A		
and Type B programs		\$ 300,000
Auditee qualified as low-risk auditee?	Xyes	no
Section II. Financial S	tatement Fin	dings
Ione		
Section III. State Awards Find	ings and Oue	stianed Costs
Section III. State Awards fillu	mgs and Ane	2110HEA C0313

Western North Carolina Regional Economic Development Non-Profit Corporation Schedule of Expenditures of Federal and State Awards For the Year Ended June 30, 2013

Grantor/Pass-th roug h Grantor/Program Title	Federal CFDA Number	Contract			_	
deral Awards	CFDA Number	Number		Receipts	Ex	penditures
US Department of Commerce						
Economic Development Administration						
Accelerating WNC, Biofuels Industry	11.302	04-86-06696	\$	17,245	\$	17,877
WNC Agriventures - Cultivating Jobs and Innovation	11.307	04-79-06685	up.	16,292	Ψ	26,884
US Small Business Administration						
Direct Grant:						
Certified Entreprenuerial Community Program	59.059	SBAHQ-09-I-0086		80,384		19,877
US Department of Housing & Urban Development						
Passed Through the Land-of-Sky Regional Council						
GroWNC Project	14.703	12-028		\$3		16,584
Appalachian Regional Commission						
WNC Agriventures - Cultivating Jobs and Innovation	23.011	CO-17286		1 7,097		24,671
Blue Ridge Food Ventures Equipment	23.011	NC-17442		9,033		25,289
Total Federal Awards			\$	140,051	\$	131,182
State Awards						
North Carolina General Assembly						
Direct Grant:						
Regional Economic Development		G40431002112EDC	\$	5.5	\$	548,339
Regional Economic Development		40303		1,059,138		675,968
Passed Through the Golden LEAF Foundation						
Realizing the Potential of the WNC Natural Products Industry-Phase I		2010-439		30		15 ,113
Realizing the Potential of the WNC Natural Products Industry-Phase II		2012-161		-		104,233
Rural Economic Development Center, Inc.						
Project Advantage Opportunity Fund		2008-174-30301-107		35,000		40,000
Enhancing WNC's Capacity to Grow & Attract Natural Products Manufacturers		2012-175-30301-107		33,339		40,912
Third Party Evaluation of the Certified Entrepreneurial Communities Program		2013-129-30101-102		12,500		35
North Carolina Tobacco Trust Fund Commission						
Building Food Businesses (Blue Ridge Food Ventures)		2011-002-01		34,178		29,116
otal State Awards				1,174,155		1,453,681
415 1						
otal Federal and State Awards				1,314,206	\$:	,584,863

Notes to the Schedule of Expenditures of Federal and State Awards

(1) The information on this schedule has been prepared using the cash basis of accounting. Receipts are recognized when received rather than when earned, and expenditures are recognized when paid rather than when the obligations are incurred. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Western North Carolina Regional Economic Development Commission (AdvantageWest Economic Development Group)

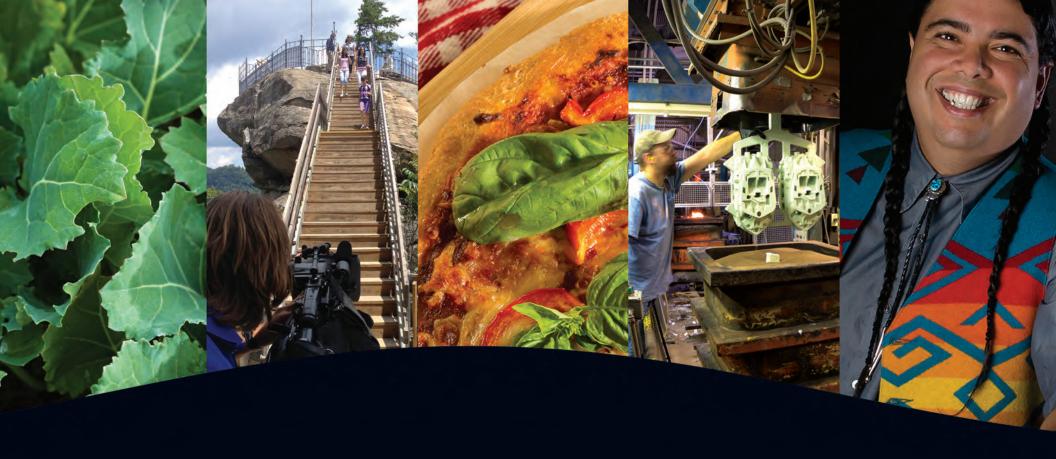
GRANTS AWARDED OR PURSUED IN FY 12/13

Grants Awarded:

BioFuels Center of North Carolina	\$	766,256
Economic Development Administration – WNC AgriVentures Project		500,000
Appalachian Regional Commission – WNC AgriVentures Project		100,000
Appalachian Regional Commission – Blue Ridge Food Ventures Equipment		100,000
Economic Development Administration – Planting the Seeds for a		
Robust WNC Biofuels Industry Project		64,703
NC Rural Center- CEC Economic Impact Analysis Program		37,000
Community Foundation of WNC – Asheville Merchants Fund		25,000
BioFuels Center of North Carolina – Woody Biomass Grant		23,700
North Carolina Community Foundation, Inc.		3,000
Total Grants Awarded in FY 12/13	\$ 1	L,619,659
	==:	=====
ts Pursued not yet Awarded:		

Grants

North Carolina Tobacco Trust Fund – Opening Doors for Growers		
And Businesses Project	\$	90,000
	-	******
Total Grants Pursued not yet Awarded in FY 12/13	\$	90,000
	==:	



TRADITION OF INNOVATION

2012 AdvantageWest Annual Report



Since 1994, AdvantageWest has been a model for innovative regional economic development. The 2012 annual report celebrates our *Tradition of Innovation* in the areas of Advanced Manufacturing, Entrepreneurship, Film, Green Economy, Food and Natural Products. We share these rich and diverse accomplishments with you and invite you to help us continue developing new and sustainable economic opportunities across our 23-county region.

2	A LETTER FROM OUR CHAIRMAN
3	ADVANCED MANUFACTURING
6	ENTREPRENEURSHIP
11	FILM COMMISSION
14	GREEN ECONOMY
17	FOOD & NATURAL PRODUCTS
22	LOCATION
23	A LETTER FROM OUR PRESIDENT & CEO
24	BOARD OF DIRECTORS & STAFF

TABLE OF CONTENTS

Creative Direction, Design & Writing provided by Twang (www.twangcreative.com) Photography provided by Warner Photography (www.warnerphotography.com)

Tradition Of Innovation

A Letter from our Chairman



For almost 20 years, AdvantageWest has worked to build a tradition of innovation in economic development throughout Western North Carolina. We believe that by encouraging and supporting fresh opportunities, breakthrough ideas and new initiatives in the areas of advanced manufacturing, entrepreneurship, food, natural products, green economy and film, we can create positive and sustainable growth for our region.

Our collaborative efforts with countless partners and individuals since 1994 has produced incredible results. In 2012, 2,764 new jobs were created in WNC and more than \$412 million in investment was announced in the AdvantageWest region. It was also another record-breaking year for the North Carolina film industry – thanks in large part to "The Hunger Games," which grossed more than \$686 million worldwide. With manufacturing on the rise in the south, our region is attracting new companies like Linamar and enjoying \$40 million expansions from manufacturers like Horsehead Corporation.

I am proud to say that on a per capita basis we have the highest concentration of clean energy companies in the state, and AdvantageWest is playing a part in that achievement. In 2012, we helped secure funding for a pilot project to create an innovative model for producing biodiesel. If successful, the project will reduce our region's dependence on imported fuels and help achieve North Carolina's clean energy goals.

As Chairman of the Board, I want to recognize my fellow board members, partners and supporters for their continued commitment. I am thankful to Scott Hamilton, AdvantageWest's President and CEO, and his dedicated staff for their enthusiastic efforts to remain one of the most innovative and diversified economic development organizations in the country.

We are grateful for all of our region's successes. We will continue to a be a model for innovative regional economic development by creating exciting new opportunities for businesses, individuals and organizations, which will have a positive impact on the economy, environment and citizens of Western North Carolina for years to come.

Sincerely,

W.Thomas Alexander Chairman of the Board



ADVANCED MANUFACTURING

14 MAJOR PROJECTS
announced in the
AdvantageWest region,
each with more than
100 JOBS and/or
\$10 MILLION
INVESTMENT

Western North Carolina has a long tradition of innovation, especially when it comes to advanced manufacturing. AdvantageWest continues to champion its evolution year after year.

In 2012, AdvantageWest focused its manufacturing development efforts on achieving two main goals. One, to gain a better understanding of our counties in the region by becoming better acquainted with its products, local developers and plans for moving forward economically. Two, to present the AdvantageWest region to site location consultants and others who could assist by bringing projects to the region. We conducted 63 visits to our 23 counties, organized four Economic Developers Advisory Council functions and had contact with 106 site consultant firms in NC, GA, SC, KY, TX and NY.

More than 1,316 advanced manufacturing companies, employing almost 50,000 workers with an annual payroll of nearly \$2 billion, call Western North Carolina home. We will continue to work with manufacturers across the country and abroad as well as our partners in North Carolina – including the NC Department of Commerce, corporate allies and local economic development professionals – to strengthen and evolve WNC's manufacturing base to create and retain quality jobs in our region.

2012

2,764 new jobs in WNC

60 projects and **26** total client visits coordinated

More than \$412 million total investment announced in AdvantageWest region



Leaders of the pack.

Ready to roll on BRP's popular recreational vehicles are, from left: BRP Spruce Pine Plant Manager Henry Street, Materials Coordinator Dale Hall and Maintenance and Facilities Coordinator Blake Smith.

Z0000000m! BRP Spruce Pine Facility Takes the Lead



Machinist Steven E. Robinson works on casting at the BRP Spruce Pine facility.

Tucked away in Mitchell County is the Spruce Pine facility of BRP, a leading lost foam casting manufacturer and a global producer of Ski-Doo and Lynx snowmobiles; Sea-Doo watercraft; Can-Am ATVs, side-by-sides and roadsters; Evinrude outboard engines; and Rotax engines.

The BRP Spruce Pine facility produces almost 50 different complex lost foam castings for BRP products and the automotive, trucking, rail, construction, marine and emerging alternative energy industries, as well as components for BRP's Evinrude E-TEC outboard engines.

BRP Spruce Pine's innovative process enables the manufacturer to create lost foam castings that are in one piece – rather than creating several individual die-cast pieces – which is more efficient and cost-effective for customers.

"We need to continue to innovate so we can increase our value to our customers," says Henry Street, Plant Manager, BRP. "AdvantageWest is helping us do that by bringing local and regional resources together for us to call on for support as we grow."

BRP Spruce Pine currently employs 186 people mostly from Yancey, Mitchell and Avery Counties. In 2012, the facility received a "Best in Class" award from the American Foundry Society Inc. and Metalcasting Design and Purchasing, and expanded to 112,000 sq. ft. to help enhance its machining capacity.

"Innovation is key for our long-term growth," says Street, "It is also critical that

"Innovation is key for our long-term growth," says Street. "It is also critical that we support and educate the next generation of manufacturers and suppliers in our region, whether that's establishing new curriculums at local colleges, creating apprenticeship programs or offering on-the-job training. These are the people who will help create future economic growth for Spruce Pine and WNC."

Want more information about Advanced Manufacturing? Contact: Tom Johnson, Executive Vice President tjohnson@awnc.org www.advantagewest.com

"AdvantageWest was critical in bringing together local and regional resources that were crucial to the success of our business."

> — Lisa Bryant Human Resources Director BRP Spruce Pine

ENTREPRENEURSHIP

162 ENTREPRENEURS assisted; 6 COMMUNITIES currently engaged in Certified Entrepreneurial Community® process

AdvantageWest has been instrumental in developing a successful culture of entrepreneurship across Western North Carolina through its Blue Ridge Entrepreneurial Council (BREC) and innovative Certified Entrepreneurial Community® (CEC) initiative.

Since 2002, BREC has helped hundreds of entrepreneurs flourish by connecting them with critical resources and investors. In 2012, BREC provided seven seed-stage loans to startups through the Advantage Opportunity Fund (AOF). Since 2007, AOF has provided \$985,000 to WNC companies that have gone on to create over 100 quality jobs and attract more than \$9.5 million in additional investment to our region. More than 800 people attended BREC's networking events and conferences in 2012, including Venture Local, which focuses on WNC's emerging agriculture, energy, natural products and related industries.

Created in 2007, the CEC program helps communities develop a clear strategy, strong infrastructure and powerful resources for encouraging entrepreneurial growth. Five years later, 10 communities in our 23-county region have obtained certification, and six more are in the pipeline. Clearly, Western North Carolina is open for business.

2012

7 new startups funded through the Advantage Opportunity Fund

10 Certified
Entrepreneurial
Communities®
since 2007

5 new communities started the CEC process



Feeling good.

Native Touch owners Joseph and Laralyn RiverWind proudly produce a line of all natural skincare products that are healthy and affordable. (Photo by Frontier Group)

Within Reach

Native Touch Creates Affordable, All Natural Herbal Body Care Products

In 2008, Native Touch business owners Joseph and Laralyn RiverWind realized sales for their all natural skin cream, Rooting Bear Rub, were climbing, while sales for their native arts and crafts were dropping. They decided it was time to turn Native Touch into an herbal body care company offering affordable, all natural products.

A key ingredient in developing Native Touch's herbal body care line, which saw a 276 percent increase in 2012, was purchasing high-volume equipment to keep up with demand. The equipment was funded in large part by a loan from the Sequoyah Fund, with outside funding support facilitated by AdvantageWest through a loan from the Advantage Opportunity Fund.

All of Native Touch's 28 products are original formulations of herbal biologist Laralyn RiverWind, who began learning the healing power of plants from her father at a young age. The RiverWinds manufacture, package and ship all of their products – the majority of which are priced at \$10 and below – from Andrews, NC. Native Touch can be purchased online and at retail locations nationwide.

"There are a lot of herbal body care products on the market that are expensive," says Joseph RiverWind, Native Touch Co-Owner and Chief of the Jaguar Clan of the Turabo Taino Indian Nation. "Our goal is to provide people with high quality, all natural body care products that are healthy and affordable, respect the environment and honor the sacred ways of our ancestors."

"We feel fortunate that our lives took us to Western North Carolina," says Laralyn RiverWind, Co-Owner and CEO of Native Touch and North Carolina Natural Products Association board member. "The support we've received here is amazing. We are excited to work together with businesses and organizations like AdvantageWest to make our region a national leader in natural products production."

Want more information about the Blue Ridge Entrepreneurial Council? Contact: Matt Raker, VP of Entrepreneurship & AdvantageGreen mraker@awnc.org
www.brecnc.com

"The loan from the Advantage
Opportunity Fund from
AdvantageWest helped us
continue growing during a
critical time. They continue
to provide us with valuable
exposure to potential investors
and the media so we can grow
our company and the natural
products industry in Western
North Carolina."

— Laralyn RiverWind CEO, Co-Founder and Co-Owner Native Touch



Native Touch's Popular Rose Petal Gift Set.



The Town of Black Mountain welcomes businesses of all kinds.

Members of the Town of Black Mountain Certified Entrepreneurial Community® Leadership Team include, from left: Bob McMurray, Black Mountain Chamber of Commerce Executive Director; Mayor Carl Bartlett, CEC Leadership Team Co-Chair; Mary Leonard White, past CEC Leadership Team Co-Chair; and Ames Tryon, new CEC Leadership Team Co-Chair.

On The Road To Success

The Town of Black Mountain Builds a Strong Community for Entrepreneurs



Carl Bartlett, Black Mountain Mayor and Co-Chair of the CEC Leadership Team, visits with Jo Ann Smith McCollum, Showroom Manager at Song of the Wood, one of the town's seven musical instrument businesses.

Want more information about Certified Entrepreneurial Communities? Contact: Emily Breedlove, Entrepreneurship Program Manager ebreedlove@awnc.org www.awcec.com With its spectacular views and bustling downtown, the Town of Black Mountain has lived many lives since 1893. Now it's reinventing itself as a Certified Entrepreneurial Community® (CEC), welcoming entrepreneurs and businesses of all kinds. In 2012, 24 new businesses opened, several existing operations expanded and 500 new jobs were created.

"We're more about community than competition," says the Town of Black Mountain Mayor and CEC Leadership Team Co-Chair Carl Bartlett. "As a Certified Entrepreneurial Community, we have the infrastructure to continue to support existing businesses like international manufacturer Parameter Generation & Control, while attracting new entrepreneurs who want to work and live in a lively place with amazing people."

The open-for-business spirit is loud and clear when you walk the streets of downtown. On West State Street alone you will see Song of the Wood, a musical instrument "design and build" enterprise started by Jerry Read Smith in 1975, next to the booming three-year-old Black Mountain Yarn Shop. A few doors down is bustling local hangout Dripolator Coffeehouse and across the street is the new Black Mountain Running Co. and the eclectic Merry Wine Market.

"Going through the CEC process with AdvantageWest has changed our mindset," says Mayor Bartlett. "We now see the Town of Black Mountain not only as an incredible place to live, but also as an ideal location for all types of small businesses, especially those that cater to the desires of our residents and the thousands of tourists who visit the Town of Black Mountain every year."

"Through their Certified Entrepreneurial Community® program, AdvantageWest has really helped us think outside of the box. We now look at the Town of Black Mountain as an economic development community fostering long-term positive growth."

- Mayor Carl Bartlett, Town of Black Mountain

FILM COMMISSION

"The Hunger Games" grossed MORE THAN \$152 MILLION in its record-breaking March 2012 opening weekend

"The Hunger Games" phenomenon shook the world in 2012, grossing more than \$686 million worldwide. The ripple effects of the film's staggering economic success are still felt throughout our region, which starred in the blockbuster.

With epic scenery, charming locations, a strong crew base and a 25 percent refundable tax credit for in-state spending for labor, goods and services, the WNC Film Commission continues to play a major role in North Carolina's thriving film industry. In 2012, we assisted with the completion of 14 projects, coordinated numerous scouts and added 50 new locations and more than 70 crew and support service listings to the WNC Resource Directory. All of these efforts contributed to the record-breaking \$376 million spent in production in North Carolina and 4,100 crew positions created statewide.

By working hand-in-hand with filmmakers to scout and secure locations, find the best crew, support services and talent, and serve as a liaison between state and federal organizations and landowners, the WNC Film Commission ensures our region is always ready to roll.

2012

Assisted with completion of 14 film productions

More than \$376 million in direct in-state spending

More than **4,100** crew positions created statewide



Awestruck

Chimney Rock State Park Inspires Filmmakers Around the World



The cast and crew of a Dutch TV reality series on location at Chimney Rock. (Photo courtesy Endemol Nederland)

"Without the assistance from the WNC Film Commission, we wouldn't have been able to shoot a key narrative in our Dutch TV reality series Love Is in the Air. It was a pleasure working with the WNC Film Commission, and capturing the epic beauty of Chimney Rock is something we will never forget."

— Caspar Geelhoed Producer, *Love Is in the Air* The summer of 2012 marked the 20th anniversary of the film "The Last of the Mohicans" and the history-changing moment when Chimney Rock took center stage. To this day, tourists and filmmakers from all over the world come to Chimney Rock State Park to experience and capture its breathtaking views for themselves.

In 2012, Dutch filmmaker Caspar Geelhoed and his crew from Endemol Nederland made the trip to WNC to shoot for their TV reality series *Love Is in the Air* about reuniting Dutch people with their loved ones and soul mates in distant foreign countries. The WNC Film Commission worked closely with the filmmakers to secure shoot locations and lodging, and introduced them to Chimney Rock State Park management.

"The WNC Film Commission made our shoot happen in Western North Carolina," says Geelhoed. "They helped us secure several locations in a short amount of time including Chimney Rock and Lake Lure. Western North Carolina is truly a magical place for film."

The WNC Film Commission assisted several other production projects in 2012, including a John Deere national ad campaign, scenes in the feature film "Safe Haven," a Volkswagen shoot on the Blue Ridge Parkway, Chaco Shoes photography, a commercial for the NC Education Lottery, a Discovery Channel episode of *Disappeared* and a reality pilot called *Road to Love* – a homegrown version of the TV series *The Bachelor*.

"We know firsthand that the film industry can have a very positive, long-term economic impact on the region," says Mary Jaeger-Gale, General Manager, Chimney Rock Mgmt., LLC. "We have a great relationship with the WNC Film Commission. We do our best to always make filming at Chimney Rock State Park easy and inspiring."

Want more information about the WNC Film Commission? Contact: Amanda Baranski, Director of the WNC Film Commission abaranski@awnc.org www.wncfilm.com



GREEN ECONOMY

\$1.3 MILLION in green economy grants facilitated

The green economy in Western North Carolina is growing strong and AdvantageGreen is cultivating its development. In 2012, AdvantageGreen assisted 66 green economy businesses and secured \$1.3 million in green economy grants, including an \$815,000 grant awarded to WNC AgriVentures by the Economic Development Administration (EDA), Appalachian Regional Commission (ARC) and US Department of Agriculture (USDA), as part of the the national Rural Jobs and Innovation Accelerator Challenge.

A regional partnership between AdvantageWest, Land-of-Sky Regional Council, the Community Foundation of WNC and NC State, WNC Agriventures is a platform for accelerating high-impact projects within emerging or expanding agriculture and natural resource based industries. Its goal is to increase job creation, innovation and wealth retention across rural Western North Carolina.

In 2012, AdvantageWest also partnered with the North Carolina Natural Products Association to launch *Blue Ridge Naturally*, a regional brand and quality seal for WNC-made natural products.

2012

66 green economy businesses assisted

223 new jobs created in the green economy sector

738 members in the AdvantageGreen Network



Field of dreams.

Members of a team collaborating on a project to plant seeds for a clean energy industry in WNC include, from left: Kevin Payne, Farm Manager, Biltmore; Carson Payne, Farmer Developer, Biltmore; Chuck Pickering, President of Agriculture, Government Relations and Land Planning, Biltmore; Ted Katsigianis, Vice President of Agricultural Sciences, Biltmore; Woodrow Eaton, General Manager, Blue Ridge Biofuels; Melita Kyriakoy, Business Administrator, Blue Ridge Biofuels; Katie Estridge, Analytical Consultant, A-B Tech; and Vanessa King, Executive Assistant, Biltmore.

Powering Up Biodiesel Project Fuels WNC's Clean Energy Future

A pilot project called Field to Fryer to Fuel (F3) is creating an innovative model for producing biodiesel from locally grown feedstock, which will help reduce WNC's dependence on imported fuels and help achieve North Carolina's clean energy goals of replacing 10 percent of the state's imported oil with local biofuels by 2017.

The project was the brainchild of Blue Ridge Biofuels General Manager Woodrow Eaton. In 2011, F3 won 1st place in the BREC Breakthrough Business Challenge, a competition conducted by AdvantageWest's Blue Ridge Entrepreneurial Council (BREC) that aims to identify and accelerate WNC's most innovative business opportunities. Fast forward one year later and F3 is off and running, thanks to the support of "seed" grants from the Biofuels Center of North Carolina and the US Economic Development Agency, facilitated by AdvantageWest.

Key to the project's implementation is a partnership with Appalachian State University, A-B Tech and Biltmore. As part of its involvement, Biltmore funded the planting of 50 acres of canola, including five different varieties of non-GMO canola, so that the growth, harvest and production economics of locally sourced cooking oil and biofuel can be researched and developed. The goal is to have area restaurants use the local food-grade oil, then recycle the used fryer oil into biofuel, which can then be used to power tractors, farm equipment and other vehicles. The pressed plants can also be used as feed for livestock.

"We are pleased to partner with AdvantageWest and the Biofuels Center of North Carolina on the F3 initiative," says Chuck Pickering, President of Agriculture, Government Relations and Land Planning for Biltmore. "Projects like this are core to our mission of preserving the environment, and we have a dedicated focus on sustainability. This focus benefits our company's bottom line, supports a healthy community and is the responsible way to conduct business at a time when the environment is a top concern for everyone."

Want more information about our biofuels and clean energy projects? Contact: Ron Townley, Director of Clean Energy Initiatives rtownley@awnc.org www.advantagegreen.org

"AdvantageWest helped secure an initial \$194,603 in 'seed' grants to start the F3 project. They have been instrumental in bringing together partners including Biltmore and the Biofuels Center of North Carolina to move the F3 initiative forward, and with it, the opportunity to create a new clean energy industry that will have an enormous economic and environmental impact on our region and state."

— Woodrow Eaton General Manager, Blue Ridge Biofuels



In bloom. A field of canola promises a new clean energy source.



FOOD & NATURAL PRODUCTS

62 TOTAL BUSINESSES
operate out of Blue Ridge
Food Ventures, including
14 new food companies
and 4 new natural
products manufacturers

Any day of the week at Blue Ridge Food Ventures (a wholly owned, single member LLC of AdvantageWest), one may see bamboo pickles or botanically powered skincare products being produced and packaged in its 11,000 sq. ft., shared-use food business incubator and first-of-its-kind Natural Products Manufacturing Facility.

Blue Ridge Food Ventures assists food and natural products entrepreneurs with product development, processing, food and safety regulation compliance, business development, and more. Since 2005, Blue Ridge Food Ventures has helped hundreds of cooks, caterers, farmers and natural products entrepreneurs manufacture their items at Blue Ridge Food Ventures and bring them to market, while educating, assisting and connecting thousands more.

The WNC region is growing as a food and natural products destination and Blue Ridge Food Ventures and its Natural Products Manufacturing Facility are here to fuel its development every step of the way.

2012

182 food or natural products businesses received technical assistance

58 new food business ideas submitted for the Big Tasty — Makin' It To Market contest

New automated equipment helped 6 companies improve efficiency and lower costs



GalloLea Pizza Kits owners Susan Devitt and Tom Gallo make their food business dreams come true at Blue Ridge Food Ventures.

Homemade. Home Grown.

GalloLea Pizza Kits Rise to the Top



GalloLea Pizza Kits come in three varieties: whole wheat, gluten free and low sodium whole wheat. Just add your favorite toppings and enjoy!

What do you get when you mix a PhD ceramics engineer with a marketing and package design expert, combine that with a passion for creating healthy food and cook it all up at Blue Ridge Food Ventures? GalloLea Pizza Kits – the only artisan-crafted pizza kits on the market.

Started in 2010 by husband and wife team Tom Gallo and Susan Devitt, GalloLea's Pizza Kits are a healthy and easy way to enjoy delicious homemade pizza in 30 minutes. The pizza kits include Tom's grandmother's famous sauce, crust mix to make a 12-inch pizza and a high temperature cooking paper to build and cook the pizza on.

Tom and Susan perfected their pizza kits at Blue Ridge Food Ventures and package the kits at the innovative A-B Tech incubator. Sales were up 60 percent in 2011 and 90 percent in 2012. They hope to produce more than 4,000 GalloLea Pizza Kits a month in 2013.

"Tom and Susan are a great example of how Blue Ridge Food Ventures helps people create new careers and successful businesses at any point in life," says Mary Lou Surgi, Blue Ridge Food Ventures Executive Director. "Our facilities enabled them to make a leap into production that they may not have made otherwise."

"We started selling our GalloLea Pizza Kits at local and regional farmers' markets," says Susan Devitt, Co-Owner, GalloLea Pizza Kits. "Earth Fare was the first retail location to put our product on their shelves. Now 30 Earth Fares throughout the eastern United States, as well as 85 other food retailers as far away as California, carry us. And the list keeps growing."

"Blue Ridge Food Ventures really showed us the ropes to crafting an artisanal food product. They have been with us since the beginning and we wouldn't be in business without them."

— Tom Gallo, Co-Owner, GalloLea Pizza Kits

Want more information about Blue Ridge Food Ventures? Contact: Mary Lou Surgi, Blue Ridge Food Ventures Executive Director mlsurgi@awnc.org www.blueridgefoodventures.com

Just What The Doctor Ordered

BotaniPharm Is Establishing Standards for Making Botanical Medicines

When Randy and Cindi Beavers made the decision to leave their careers and save Cindi's grandfather's Sleepy Hollow Farm in Georgia in 1996, little did they know they would one day create a growers' cooperative called BotaniPharm and develop a patented production process for producing botanical medicines with goldenseal as the primary ingredient. According to the National Institutes of Health (NIH), this process "may become an industry standard for future standardization protocols."

The Beavers discovered that goldenseal, designated an internationally protected species by the end of the 20th century, could be cultivated on their farm. Like Sleepy Hollow, they knew they had to do their part to preserve goldenseal and its numerous anti-infective and digestive benefits. They also realized their farm couldn't protect goldenseal alone and that other family farmers dedicated to protecting the earth for future generations could cultivate the plant and make a profit. BotaniPharm was born.

With the support of the Natural Products Manufacturing Facility at Blue Ridge Food Ventures and other regional partners, BotaniPharm has received millions of dollars through numerous USDA and NIH grants to develop the best way to grow and process goldenseal, including a \$1 million grant from NIH and the National Center for Complementary and Alternative Medicine (NCCAM) to produce 250,000 to 300,000 doses for various clinical trials. BotaniPharm operates a full-time lab and produces and packages all of its products, including those for clinical trials, at the Natural Products Manufacturing Facility at Blue Ridge Food Ventures.

With 16 growers and counting located in NC, GA, AL and TN, BotaniPharm is setting the standards for producing a pure goldenseal product that delivers consistent performance despite variations in raw material, while preserving the traditions and shared values held by previous generations.

Want more information about producing and packaging natural products in WNC?

Contact: Chris Reedy, Blue Ridge Food Ventures Program Manager creedy@awnc.org
www.blueridgefoodventures.com

"We wouldn't have received the \$1 million grant from the National Institutes of Health and the National Center for Complementary and Alternative Medicine without Blue Ridge Food Ventures' Natural Products Manufacturing Facility and our other partners. Their collective support has been invaluable in preserving goldenseal, developing production standards and supporting sustainable farming."

— Randy Beavers Founder and Co-Owner BotaniPharm



In good hands. Randy and Cindi Beavers help preserve goldenseal.



A big production.

Members of the BotaniPharm team on a recent production day at the Natural Products Manufacturing Facility at Blue Ridge Food Ventures include, from left: Randy Beavers, President and Co-Owner; Alyssa Sacora, Production Manager; Rebecca Vann, Production Assistant; Cindi Beavers, Co-Owner; and Katie Ferrell, Production Assistant.



Diversified Development

A Letter from our President & CEO



From a leader in the logging industry to a robust textile hub to an agriculture center, Western North Carolina has a storied history of economic change. Now our region is home to a new crop of manufacturers, entrepreneurs, agribusiness professionals, creatives and green economy companies that are charting new paths for economic growth. AdvantageWest continues to strategically adapt and diversify our programs to meet the region's unique needs, earning us a reputation as one of the most progressive economic development commissions in the nation.

We now have 1,316 advanced manufacturing companies with an annual payroll of \$2 billion in our region. In 2012, we hosted our largest and most successful Economic Summit ever, with 400 businesspeople, policymakers, educators and economic developers in attendance. Our Blue Ridge Entrepreneurial Council networking events and conferences in 2012 drew more than 800 attendees, while Blue Ridge Food Ventures' shared-use food business incubator and its first-of-a-kind Natural Products Manufacturing Facility provided technical assistance to 182 businesses during the year. Once again, the WNC Film Commission's tireless efforts contributed to another record-breaking year for film in North Carolina.

We're proud of our Certified Entrepreneurial Community® program, which is setting the standard for entrepreneurial community growth across the country. We are thrilled to be at the forefront of developing a new biofuels industry with tremendous economic and environmental potential for the region. We are also excited to launch our new organizational website in the spring of 2013.

I am grateful to the dedication of our board, staff, Economic Developers Advisory Council and incredible partners and supporters. They make our accomplishments and future goals for the region possible.

Our vision for economic growth in our region will always be driven by innovation and diversification. I look forward to working together with all of you, and new businesses and organizations, to create exciting opportunities and jobs in our region. As the next chapter of Western North Carolina history unfolds, AdvantageWest will be there to champion its economic growth and continue our tradition of innovation.

Sincerely,

Scott T. Hamiet

Scott T. Hamilton President & CEO

AdvantageWest Board of Directors



Board Members from left to right (Top Row): W. Thomas Alexander (*Chairman*), Randy Banks, Mark R. Burrows (*Treasurer*), C. Philip Byers, George J. Couch, Henry Doss (*Second Vice Chair*), Stephen G. Duncan, Eugene W. Ellison, Charles M. Fulenwider, Connie M. Haire (*Corporate Secretary*)

(Second Row): Bert Hall, Shirley Hise, Larry Kernea (First Vice Chair), Wayne McDevitt, Mark Meadows, Gordon S. Myers, Steve Odom, Vince Rees, Wilma Sherrill, Paul Szurek. Not Pictured: Tom Speed

AdvantageWest Staff



Staff Members from left to right (Top Row): Amanda Baranski (Executive Assistant, Assistant Corporate Secretary & Director of the WNC Film Commission), Emily Breedlove (Entrepreneurship Program Manager), Karen Davis (Accounting Associate), Scott T. Hamilton (President & CEO), Tom Johnson (Executive Vice President), Anna Levitsky (Administrative Assistant)

(Second Row): Jason McDougald (*Director – Grants & Special Projects*), Kathy Neall (*Senior Vice President – Finance*), Kathi Petersen (*Senior Vice President – Corporate & Public Relations*), Matt Raker (*Vice President – Entrepreneurship & AdvantageGreen*), Ron Townley (*Director – Clean Energy Initiatives*)

Blue Ridge Food Ventures Staff







Staff Members from left to right: Chris Reedy (*Program Manager*), Mary Lou Surgi (*Executive Director*), Martha Vining (*Product Developer*)

OUR FUNDING PARTNERS, SPONSORS AND SUPPORTERS

AdvantageWest is grateful for these public and private partners for their recent support

Allegra Print & Imaging
Alliance Consulting Engineers, Inc.
Appalachian Regional Commission

Ashe County

Ashe County Chamber of Commerce

Ashevillage Institute

Asheville Event Company

Asheville Radio Group

Asheville Savings Bank

Asheville-Buncombe Technical

Community College

Ashley Furniture

AT&T

Biltmore Estate
Biltmore Farms, LLC

Biltmore Wines

Biofuels Center of North Carolina

BioNetwork BioBusiness Center

Blipstudio

Blue Ridge Electric Membership Corp.

Blue Ridge Mountain Electric

Membership Corporation

BobbyMark's Designs

Carolina Mountains Credit Union

City of Asheville

Classic Event Rental

Community Foundation of

Western North Carolina
Dnet Internet Services

Duke Energy

Economic Development Coalition for Asheville-Buncombe County

Forest Commercial Bank

FreshPoint

Froehling & Robertson, Inc.

Frontier Communications

Frontier Group

Fulenwider Enterprises

Golden LEAF Foundation

Hickory Nut Gap Farm

Highland Brewing Company

Immedion

Jackson County

JB Media Group

Kickdown Consulting KP Communications

Land-of-Sky Regional Council

Lenoir-Rhyne University Center for Graduate Studies of Asheville

Link'd Video

Macon County Economic

Development Commission

Marketing Association for

Rehabilitation Centers, Inc.

Mattern & Craig, Inc.

McGuire, Wood & Bissette, P.A.

Mountain 1st Bank & Trust

Mountain BizWorks

Mountain Xpress

Murphy Electric Power Board

Nexsen Pruet

NC Biotechnology Center

NC Department of Commerce,

Division of Business & Industry

NC Department of Commerce,

Division of Energy

NC General Assembly

NC Rural Center

NC Small Business and Technology

Development Center

NC Sustainable Energy Association

NC Tobacco Trust Fund Commission

Parker Poe Adams & Bernstein L.L.P.

Polk County Economic Development

Commission

Progress Energy

Prosperity Collective

PSAV

PSNC Energy

Regal Entertainment Group

Renaissance Asheville Hotel

Rug & Home

Rutherford County Economic

Development Commission

Sandra Stambaugh Photographer

Sanford Holshouser Economic

Development Consulting

Self-Help Credit Union

SiteDart Hosting

SkyLine Membership Corporation

Support from the Charles W. Gaddy &

Lucy Finch Gaddy Endowment

Fund administered by the North

Carolina Community Foundation

Swain County

TD Bank

Tech 20/20

The Market Place Restaurant

The Music Specialist

Top Floor Studio

Town of West Jefferson

Tri-County Community College

U-Save Car & Truck Rental

UNC Asheville

US Economic Development

Administration

US Small Business Administration

Vannoy Construction

VDO2NET

WCI, Inc.

Wilkes Community College

Womble Carlyle

WZGM Radio

Yancey County

BLUE RIDGE FOOD VENTURES

Appalachian Regional Commission
Caroline Allured Catering
Community Foundation of Western North Carolina

Golden LEAF Foundation John E. Rushing, Ph.D.

Mountain BizWorks

NC Department of Agriculture

NC Rural Center

NC Tobacco Trust Fund Commission

The Fresh Market





Located adjacent to the Asheville Regional Airport 134 Wright Brothers Way • Fletcher, NC 28732 • 828.687.7234

advantagewest.com