



2013 ANNUAL REPORT

(2012-2013 Fiscal Year)

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Section 158-8.5

February 15, 2014

March 31, 2014

Receiving Entities:

Department of Commerce

Office of State Budget & Management

Joint Legislative Commission on Governmental Operations

**Joint Legislative Economic Development Oversight Committee (sent to
Fiscal Research)**

Fiscal Research Division of the General Assembly

Submitting Entity:

Piedmont Triad Partnership

Piedmont Triad Partnership

David Powell, President & CEO

416 Gallimore Dairy Road, Suite M

Greensboro, NC 27409

336.668.4556

www.piedmonttriadnc.com

REGIONAL ECONOMIC DEVELOPMENT COMMISSION REPORTS

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

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

Industrial Site Development: Identified and controlled multiple industrial sites suitable for large-scale economic development projects.

- Identified and began to acquire purchase options for a competitive mega-site.
- Identified several large tracts to be developed as industrial land and actively worked with local economic development offices to develop them.
- Started the redevelopment of Whitaker Park.
- Worked closely with the PTI airport authority to establish a 10-year land development plan.

Entrepreneurship: Increased the number and visibility of innovative Triad startup companies.

- Delivered a continuum of educational/network-building programs targeted for high-growth Triad ventures.
- Connected the Triad's high growth entrepreneurial community, ecosystem and assets.
- Increased the Triad's participation in regional and national forums that build funding and business development networks.
- Increased early stage funding matches for Triad entrepreneurs.
- Conducted two rounds of seed grant funding through PTP's annual business competition.

Workforce Development: Improved the workforce pipeline of high-wage, high-skill employers in the critical fields of science, technology, engineering, math, aviation and logistics.

- Created a sustainable business model for the NC Center for Global Logistics (which provides a one-stop shop for regional logistics asset information).
- Hosted an annual conference for transportation, logistics and supply chain
- Launched an initiative to map NC's current educational capabilities to support and grow the aviation industry.

Regional Marketing: Promoted the Triad region to third-party consultants and companies looking to create jobs and investment.

- Identified companies outside the region that will make a decision on a new investment, relocation or expansion in the next 3 years.
- Raised awareness of the region with third party advisors to business.
- Maintained a presence on the web to provide comprehensive, accurate and timely data for the region associated with business relocation decisions.
- Assisted state/local economic developers with research and community information in support of active projects.

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

REVENUES

Private Investor Funding	
Board Level Investors	982,420
Other Investors	142,282
County Government Funding	108,940
Municipal Government Funding	43,060
State Funding	328,556
Investment Income- net of fees	24,168
Fund Balance Transfer	-
Foreign Trade Zone Income	83,084
Other Income- PTEDC	2,831
Other Income	<u>40,062</u>
TOTAL - REVENUES	<u>1,755,403</u>

**REGIONAL MARKETING (PT
EDC)**

Personnel Expenses

Payroll Expense	102,291
Payroll Tax Expense	10,651
Employee Benefits	<u>17,756</u>
Total - Personnel Expenses	<u>130,698</u>

**Sales Trips & Client
Development**

Sales Trips, Travel & Sponsorships	51,611
Memberships	9,800

Quarterly Regional Lunches	-
Total - Sales Trips & Client Development	61,411
Reimbursable Projects for Local EDCs	68,307
Advertising, Collaterals & Public Relations	
Media Industry Event	-
Trade Publication Advertising	-
Marketing Collateral	15,866
Technology	2,834
Total - Advertising, Collaterals & PR	18,700
Administration & Finance	
Compliance	16,202
Supplies and Computer Expense	317
Meetings & Travel	1,212
Rent	10,002
PTP General Operating Obligation	37,500
Other Expenses- Reserve Fund	-
Total - Administration & Finance	65,233
SUBTOTAL - REGIONAL MARKETING	344,349

COMMUNICATIONS

Personnel Expenses

Payroll Expenses	152,600
Payroll Tax Expense	10,845

Employee Benefits	<u>22,652</u>
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Total - Personnel Expenses	<u>186,097</u>
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Programs Expense

State of Region Event	20,735
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Signature Media Program	-
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Regional Forums	<u>1,892</u>
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Total- Programs Expense	<u>22,627</u>
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SUBTOTAL - COMMUNICATIONS	<u>208,724</u>
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FOREIGN TRADE ZONE

FTZ Expenses

Professional Services/Retainers/Contracts	746
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Membership/Dues	-
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Educatn & Trainng (w/travel)	1,343
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Meetngs/Projects/Material/Travel	<u>387</u>
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Total - Foreign Trade Zone	<u>2,476</u>
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SUBTOTAL - FOREIGN TRADE ZONE	<u>2,476</u>
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**ECONOMIC DEVELOPMENT
PROJECTS**

Strategic Projects

Catalytic Projects	714,074
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Workforce Development	500
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NCCGL	<u>12,000</u>
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Total - Strategic Projects	<u>726,574</u>
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Entrepreneurship

PTP Next	10,037
Entrepreneurial Support	81,341
Professional Services	<u>258,701</u>
Total- Entrepreneurship	<u>350,079</u>

SUBTOTAL - ECONOMIC DEVELOPMENT	<u><u>1,076,653</u></u>
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ADMINISTRATION

Personnel Expenses

Payroll Expense	441,411
Payroll Tax Expense	28,029
Employee Benefits	<u>53,479</u>
Total - Personnel Expense	<u>522,919</u>

Other General Expense

General Travel Expenses	15,446
Meetings-Refreshments and Entertainment	28,352
Conferences & Training	6,057
Rent Expense--PTP	80,889
Utilities/Janitorial/Maintenance	1,098
Professional Contract Services	94,879
Insurance	5,045
Bank Charges	18
Telephone /FAX	14,772
Internet Presence	934
Copier Supplies - Computer Expense	9,243

	7,832
Service - Computer Expense	31,375
Postage/Delivery/Meter	3,394
Office Supplies	5,054
Subscriptions	3,529
Stationary/Printing Expenses	1,117
Less: PTEDC Portion of Office Expenses	<u>(37,500)</u>
Total - Other General Expense	<u>271,534</u>
 SUBTOTAL - ADMINISTRATION	 <u>794,453</u>
 Total Expenses	 <u>2,426,655</u>
 Net Income (Loss)	 <u>(671,252)</u>
 Reconciliation to audit:	
	Depreciation (9,990)
	Capital Outlay 4,823
	Loss on disposal of assets (5,552)
	Accounts Payable- difference in cash vs. accrual 125,758
	Inclusion of Single Member LLC into reports <u>355,621</u>
	Change in Unrestricted Net Assets per Audit <u>(200,592)</u>

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

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

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

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

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

Some examples of this interaction and interdependence are:

- Regional partnership presidents meet regularly to align goal objectives and leverage resources across the state.
- NCPED members meet regularly with NCDOC representatives
- Regional partnership Chairs meet quarterly with NCDOC Secretary and senior NCDOC staff
- The seven regions work closely with NCDOC on economic development prospects, including,
 - economic development marketing and recruitment,
 - marketing planning and target industry activities
- Research and communication staffs meet frequently

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

(4) Demonstration of how the partnership's involvement in promotion activities has generated leads:

- Tradeshow/Missions: 10
- States Visited: California, Florida, Georgia, New York, Ohio, South Carolina, Texas
- Direct Business Contacts Made: 45
- New Projects: 18
- Project and Client Visits: 10

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

The Piedmont Triad Partnership has solicited funds from local government and private sources since the organization's inception in 1991. We have a voluntary target of \$.10 per capita from each of the twelve counties in our region, funded by the respective county boards of commissioners. In addition, we currently have 14 municipal investors, and we have asked for all Piedmont Triad municipalities to support the PTP in their budgets. We also received approximately \$1,270,000 annually from more than 100 private sector investors. PTP continues to look for grant opportunities which match our program goals. The local government and private sector investments represented approximately 80% of our revenues.

PIEDMONT TRIAD PARTNERSHIP
CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Year Ended December 31, 2013



Davenport, Marvin, Joyce & Co., LLP

PIEDMONT TRIAD PARTNERSHIP

December 31, 2013

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated statement of assets, liabilities, and net assets-modified cash basis of Piedmont Triad Partnership (the Partnership) [a nonprofit organization] as of December 31, 2013, and the related consolidated statements of support, revenue, expenses, and changes in net assets-modified cash basis for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Partnership's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal 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 presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Partnership as of December 31, 2013, and the changes in its net assets for the year then ended, on the basis of accounting described in Note 1.



Davenport, Marvin, Joyce & Co., LLP

703 Green Valley Road, Suite 201, Greensboro, NC 27408 • PO Box 9258, Greensboro, NC 27429-0258
T 336-275-9886 • F 336-275-1129 • W dmj.com

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Basis of Accounting

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

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedule 1 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Davenport, Marvin, Joyce & Co., LLP

Certified Public Accountants
Greensboro, North Carolina

February 26, 2014

PIEDMONT TRIAD PARTNERSHIP
CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2013

PIEDMONT TRIAD PARTNERSHIP

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

December 31, 2013

ASSETS

Current Assets

Cash and cash equivalents	\$ 1,223,768
Prepaid expenses	<u>6,692</u>

Total Current Assets	<u>1,230,460</u>
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Investments	<u>705,944</u>
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Property and Equipment

Land Options	106,233
Furniture and fixtures	80,030
Computer equipment	48,986
Leasehold improvements	<u>58,581</u>
	293,830
Less: accumulated depreciation	<u>(173,252)</u>
	<u>120,578</u>

Total Assets	<u><u>\$ 2,056,982</u></u>
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LIABILITIES AND NET ASSETS

Liabilities

Long-term debt	\$ 150,000
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Net Assets

Unrestricted net assets	<u>1,906,982</u>
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Total Liabilities and Net Assets	<u><u>\$ 2,056,982</u></u>
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See accompanying notes to financial statements.

PIEDMONT TRIAD PARTNERSHIP

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

Year Ended December 31, 2013

Public Support and Revenue - Unrestricted

Private investor funding	\$ 982,420
Other investors	142,282
County government funding	108,940
Municipal government funding	43,060
State funding	328,556

Total Public Support and Revenue - Unrestricted	1,605,258
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Other Revenue (Expense)

Release from restrictions	30,000
Other income	163,146
Interest, dividends and capital gains	24,298
Loss on disposal of property and equipment	(5,552)
Unrealized gain	63,750

Total Other Revenue (Expense)	275,642
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Total Public Support and Revenue	1,880,900
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Expenses

Regional marketing	341,582
Communications	206,621
Economic development projects	682,602
Administration	810,697
Depreciation	9,990

Total Expenses	2,051,492
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Change in Unrestricted Net Assets	(170,592)
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Temporarily Restricted Net Assets

Release from restrictions	(30,000)
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Change in Temporarily Restricted Net Assets	(30,000)
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Change in Net Assets	(200,592)
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Net Assets, beginning	2,107,574
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Net Assets, ending	\$ 1,906,982
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See accompanying notes to financial statements.

PIEDMONT TRIAD PARTNERSHIP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

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

On October 2, 2012, the Partnership formed a separate company, NC Megasites, LLC, with the Partnership as its sole member. NC Megasites, LLC was organized to support the operation of the Partnership.

Principles of Consolidation

The consolidated financial statements include the accounts of the Partnership and the NC Megasites LLC. All material intercompany balances and transactions have been eliminated.

Basis of Accounting

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

Basis of Presentation

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

Income Tax Status

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

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

As of December 31, 2013 and including the previous three years considering extensions, the Partnership's income tax returns are open and subject to examination by tax authorities with relevant jurisdiction. Should such an examination take place, management does not anticipate any significant issues related to the open years.

PIEDMONT TRIAD PARTNERSHIP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2013

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

Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization are computed on the straight-line method over the estimated useful lives of the related assets which range from 5 to 10 years. Depreciation expense was \$9,990 for the year ended December 31, 2013.

Donated Materials, Facilities, and Services

Services, materials, and facilities are donated to the Partnership by various individuals and organizations. There were no donated materials, facilities, and services for the year ended December 31, 2013.

Investments

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

Cash and Cash Equivalents

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

Estimates

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

2. OPERATING LEASES

The Partnership leases its office facilities and certain equipment under noncancelable operating leases which expire at various dates through 2015. Rent expense under these leases was \$101,631 for the year ended December 31, 2013. Beginning June 1, 2011, the Partnership has a sublease with an unrelated entity. Rental income from this sublease was \$40,062 for the year ended December 31, 2013. Future minimum lease payments under noncancelable operating leases as of December 31, 2013, are as follows:

For the Years Ending December 31:

2014	\$ 101,724
2015	<u>71,796</u>
	<u>\$ 173,520</u>

3. CONCENTRATION OF CREDIT RISK

The cash balance includes funds in a money market account, an operating account, and certificates of deposit. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At various times during the year ended December 31, 2013, the Partnership exceeded the maximum amount insured by the FDIC.

PIEDMONT TRIAD PARTNERSHIP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2013

4. ADVERTISING

Advertising costs are charged to operations when incurred. There was no advertising expense for the year ended December 31, 2013.

5. RETIREMENT PLAN

The Partnership adopted a SEP-IRA contribution agreement in 1999. The plan covers all employees. The Partnership makes contributions to the plan equal to 7% of all participants' compensation per year. Total expense was \$49,507 for the year ended December 31, 2013.

6. SUBSEQUENT EVENTS

The Partnership evaluated events occurring subsequent to the statement of assets, liabilities, and net assets—modified cash basis date through February 26, 2014, the date the financial statements were available to be issued.

7. LONG-TERM DEBT

Long-term debt as of December 31, 2013, consisted of the following:

Note payable, no interest accrues until maturity date of December 31, 2015, when interest rate will be 4.00% until all principal has been paid.

\$ 150,000

8. FAIR VALUE MEASUREMENTS

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

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

Level 2 Inputs to the valuation methodology include:

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

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

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

PIEDMONT TRIAD PARTNERSHIP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2013

8. FAIR VALUE MEASUREMENTS [cont'd]

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

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

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

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

Alternative investments: valued at the net asset value (NAV) of capital account held by the Partnership at year end.

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

The following table sets forth by level, within the fair value hierarchy, the Partnership's assets at fair value as of December 31, 2013:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 263,514	\$ ---	\$ ---	\$ 263,514
Certificate of deposit	132,000	---	---	132,000
Unit investment trusts	608,836	---	---	608,836
Alternative investments	---	---	78,879	78,879
Private investment equity ownership	---	18,100	---	18,100
Total assets at fair value	<u>\$ 1,004,350</u>	<u>\$ 18,100</u>	<u>\$ 78,879</u>	<u>\$ 1,101,329</u>

9. INVESTMENTS

The Partnership currently invests in a diversified portfolio of investments. The following table summarizes the relationship between the carrying value and cost of investments as of December 31, 2013:

Carrying amount at fair value:	
Unit investment trusts	\$ 608,836
Money market funds	263,514
Certificate of deposit	132,000
Alternative investments	78,879
Private investment equity ownership	18,100
	<u>1,101,329</u>
Less cost	<u>1,062,954</u>
Unrealized gain	<u>\$ 38,375</u>

PIEDMONT TRIAD PARTNERSHIP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2013

9. INVESTMENTS *[cont'd]*

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

The Partnership's investment returns for the year ended December 31, 2013, were as follows:

Interest, dividends, and capital gains	\$ 24,298
Unrealized gains on investments	<u>63,750</u>
	<u>\$ 88,048</u>

SUPPLEMENTARY INFORMATION

PIEDMONT TRIAD PARTNERSHIP

SCHEDULE OF FUNCTIONAL EXPENSES -
MODIFIED CASH BASIS

Year Ended December 31, 2013

Regional Marketing

Personnel expenses	\$ 130,698
Sales trips and client development	58,564
Reimbursable projects for Local EDCs	68,307
Collaterals and public relations	18,700
Administration and finance	65,313

Total Regional Marketing - Program	341,582
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Communications

Personnel expenses	183,994
Program expenses	22,627

Total Communications - Program	206,621
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Economic Development

Strategic projects	338,854
Entrepreneurship	343,748

Total Economic Development Projects - Program	682,602
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Administration

Personnel expenses	515,555
Foreign trade zone	2,475
Other general expense	292,667

Total Administration	810,697
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Total Expenses before Depreciation	2,041,502
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Depreciation	9,990
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Total Expenses	\$ 2,051,492
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See accompanying notes to financial statements.