



REPORT TO:

NORTH CAROLINA GENERAL ASSEMBLY

JOINT LEGISLATIVE COMMISSION ON  
GOVERNMENTAL OPERATIONS

JOINT LEGISLATIVE ECONOMIC  
DEVELOPMENT OVERSIGHT COMMITTEE

FISCAL RESEARCH DIVISION

NC DEPARTMENT OF COMMERCE

OFFICE OF STATE BUDGET AND  
MANAGEMENT

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SUBMITTED BY:  
CHARLES A. HAYES  
PRESIDENT & CEO

FEBRUARY 15, 2014

The purpose of this memorandum and accompanying attachments is to fulfill the reporting requirements for regional economic development organizations per G.S. 158-8.5. The Research Triangle Regional Partnership (“RTRP”) is one of seven economic development regions in North Carolina. It receives funding from the state for the purpose of marketing the 13-county Research Triangle region for new investment and jobs and setting the strategic and tactical initiatives to ensure the region’s global competitiveness. The following is the RTRP’s report for fiscal year 2012-2013 ending June 30, 2013.

**Regional Economic Development Report**

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

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

During FY 2012-2013, the RTRP’s activities were guided by a strategic plan that placed an emphasis on face-to-face, business-to-business communication with key clients that include site selection consultants, real estate brokers, company representatives, consulates and embassy representatives across the globe. This plan of action was made in conjunction with the Economic Development Advisory Committee (EDAC - 13 county economic developers, Research Triangle Park economic developer and the North Carolina Department of Commerce Regional and State Representatives), which met monthly.

**Research Triangle Regional Partnership**

**FY 2012- 2013 REPORT**

**Tradeshows & Missions**

All tradeshows or missions the Research Triangle Regional Partnership participated in from July 1, 2012 – June 30, 2013.

<b>Event</b>	<b>Location of Event</b>	<b>Participants</b>
<b>Friends of North Carolina Consultant Event</b>	Atlanta	1 RTR Staff
<b>Consultant Calls</b>	NY/NJ	1 RTRP Staff 1 Regional Representative

<i>Missions Continued...</i>		
<b>AUSA</b>	Washington, DC	1 RTRP Staff 3 Regional Representatives
<b>SIOR Fall Conference and Consultant Calls</b>	Chicago	1 RTRP Staff 1 Regional Representative
<b>Women in Economic Development Forum</b>	Chicago	1 RTRP Staff
<b>Friends of North Carolina Consultant Event</b>	New York	1 RTRP Staff
<b>Consultant Forum</b>	Austin	1 RTRP Staff
<b>Embassy Calls</b>	Washington, DC	2 RTRP Staff 1 Regional Representative
<b>NAI World Conference</b>	Las Vegas	1 RTRP Staff 1 Regional Representative
<b>Friends of North Carolina Consultant Event</b>	Dallas	1 RTRP Staff
<b>Consultant Calls</b>	Austin	1 RTRP Staff 2 Regional Representatives
<b>Company Calls</b>	Southern California	1 RTRP Staff 2 Regional Representatives
<b>Company Calls</b>	Illinois/Indiana	1 RTRP Staff 2 Regional Representatives
<b>SIOR Spring Conference</b>	Orlando	1 RTRP Staff 1 Regional Representative
<b>BIO International Convention</b>	Boston	1 RTRP Staff 3 Regional Representatives

### **Other Marketing Initiatives**

Other marketing initiatives (advertising campaigns, public relations efforts, direct mail, etc...) the Research Triangle Regional Partnership initiated from July 1, 2012 – June 30, 2013.

### **Promotional Advertising Materials**

<b>Initiative</b>	<b>Audience</b>
<a href="#"><u>State of the Research Triangle Region 2013 Report</u></a>	Site Selection Consultants, Allies, Companies & Organizations
<i>State of the Research Triangle Region 2013</i> <a href="#"><u>Collaboration Video</u></a>	Site Selection Consultants, Allies, Companies & Organizations
<i>State of the Research Triangle Region 2013</i> <a href="#"><u>Year-End Video</u></a>	Site Selection Consultants, Allies, Companies & Organizations
<a href="#"><u>“Energy Innovations”</u></a> Video (features Wake County’s NCSU FREEDM Center and Vance County’s Semprius)	Site Selection Consultants, Allies, Companies & Organizations
<a href="#"><u>“Medical Innovations”</u></a> Video (features Harnett County’s Campbell University)	Site Selection Consultants, Allies, Companies & Organizations
<a href="#"><u>“Artistic Innovations”</u></a> Video (features various artist in Chatham County)	Site Selection Consultants, Allies, Companies & Organizations
<a href="#"><u>Characterizing Smart Transportation, Smart Water and Smart Grid in the Research Triangle Region, NC</u></a> (June 2013)	Site Selection Consultants, Allies, Companies & Organizations
<a href="#"><u>Smart Grid: Core Firms in the Research Triangle Region</u></a> (May 2011)	Counties, State, Site Selection Consultants, Allies, Companies, Organizations and Clusters

<a href="#"><i>Shape of Things to Come</i></a> (July 2009)	Site Selection Consultants, Allies, Companies & Developers
<a href="#"><i>Staying on Top: Winning the Job Wars of the Future</i></a> (March 2004)	Site Selection Consultants, Allies, Companies & Organizations
<a href="#"><i>Research Triangle Regional Partnership Profile</i></a>	Counties, Site Selection Consultants, Allies, International Companies & International Organizations
<a href="#"><i>Research Triangle Region Profile</i></a>	Counties, Site Selection Consultants, Allies, International Companies & International Organizations

### **Media Relations**

Research Triangle Regional Partnership, through media placement and newsletters, produces stories about the region, companies and cutting edge technology. The following are a list of publications which printed articles on the region in July 1, 2012 – June 30, 2013 and which RTRP had a direct influence upon (initiated or coordinated).

<b>Publication</b>	<b>Article Name</b>	<b>Article Mentions</b>
News Release (June 4, 2013)	<a href="#">Industry Competitors Collaborate to Grow Triangle Cleantech Cluster</a>	Research Triangle Cleantech Cluster
News Release (May 23, 2013)	<a href="#">Research Triangle Region Employment Grows by 36,447 in 2012, Continuing Two-year Recovery</a>	Research Triangle Regional Partnership, Companies, Partners, Allies
News Release (April 15, 2013)	<a href="#">Research Triangle Cleantech Cluster Companies Discuss North Carolina's Energy Future</a>	Research Triangle Cleantech Cluster, NC Department of Commerce
News Release (April 8, 2013)	<a href="#">Student Entrepreneurs Get Assist from Research Triangle Cleantech Cluster</a>	Research Triangle Cleantech Cluster, ABB, PowerSecure, Duke Energy, NC

	Companies	State, Power Analytics, Siemens, Schneider Electric
News Release (March 13, 2013)	Research Triangle Cleantech Cluster Launches Smart Transportation Industry Focus	Research Triangle Cleantech Cluster
News Release (February 28, 2013)	Research Triangle Cleantech Cluster Launches Research and Branding Projects, Names Officers	Research Triangle Cleantech Cluster
News Release (January 7, 2013)	Wagner Vinson Tapped to Manage Research Triangle Cleantech Cluster Marketing and Membership	Research Triangle Regional Partnership, Research Triangle Cleantech Cluster
News Release (December 18, 2012)	U.S. Foreign Trade Zone Board Approves Reorganization and Expansion of Foreign Trade Zone #93	Research Triangle Regional Partnership, US Foreign Trade Board/Zone
News Release (December 17, 2012)	Research Triangle Cleantech Cluster Recruits Partners	Research Triangle Cleantech Cluster
News Release (November 26, 2012)	Research Triangle Regional Partnership Launches Online, Social, Mobile Information Services	Research Triangle Regional Partnership
News Release (October 29, 2012)	Research Triangle Cleantech Cluster Board Adopts Acceleration Plan	Research Triangle Cleantech Cluster
News Release (September 25, 2012)	Sensus Named Founding Member of Research Triangle Cleantech Cluster	Research Triangle Cleantech Cluster, Sensus

## Major Accomplishments

Following is a list and description of major accomplishments of the Research Triangle Regional Partnership for the period of **July 1, 2012 – June 30, 2013**. These activities greatly enhance our ability to create jobs and investment in our region.

- ▲ ***Accredited Economic Development Organization:*** The International Economic Development Council (IEDC) has recognized the Research Triangle Regional Partnership (RTRP) among only 38 economic development organizations accredited by IEDC as an [Accredited Economic Development Organization \(AEDO\)](#). The accrediting review team that evaluated RTRP and conducted its on-site visit praised the organization and President and CEO Charles A. Hayes for its strategic plan, its operations and the unique culture of regional collaboration it has created.
- ▲ ***Coordination of state-supported job creation efforts:*** The state's seven regional economic development partnerships and the North Carolina Department of Commerce are full members of the North Carolina Partnership for Economic Development (NCPED). The board of directors of NCPED, in which the Secretary of Commerce is a co-chair, is a private non-profit organization that promotes best-practice sharing and collaboration among economic development organizations.
- ▲ ***Strategic Initiative:*** [The Shape of Things to Come](#) is the Research Triangle Region's strategic plan for economic growth and competitiveness during the five-year period of 2009-2014. The plan builds on the previous five-year plan, called [Staying on Top: Winning the Jobs Wars of the Future](#), which sparked creation of 100,000 jobs by promoting specific priorities, including life sciences, global competitiveness, and rural job creation. The plan is coordinated by Research Triangle Regional Partnership in cooperation with local chambers, county economic development offices, state economic development organizations, business allies and institutional partners. The plan focuses on three main strategies: business growth, product development and regional collaboration.

## Business Growth

- RTRP continues to implement a **regional marketing plan** to include targeted cluster-company recruitment, web site enhancements, site selection, real estate and company call programs, international delegations and speaking opportunities and other marketing initiatives. The regional marketing plan helped create thousands of high-paying jobs, provide national and global awareness of the region and strengthened key regional

clusters by business growth, product development and regional collaboration.

- ***Website Enhancement:*** RTRP enhanced its website to reflect a more cutting edge/modern look for the partnership and the region. This website is used to market the Research Triangle Region throughout the world and in coordination with our 13 counties and Research Triangle Park. The website emphasizes the region's counties, assets, clusters, news, accolades, investments and success stories. Our website also features the region in different way by adding [video](#), [blogs](#) and social media resources. [www.researchtriangle.org](http://www.researchtriangle.org)
- ***Social Media App:*** [RTRP](#) created a regional economic development app for the [iTunes/Google Play](#) store for citizens, clients, consultants, partners to stay up-to-date with all things Research Triangle.
- ***RTRPNC YouTube Page:*** RTRP developed a [RTRPNC](#)'s YouTube page to market and promote the Research Triangle Region. Videos added to the library focus on business, clusters, the arts and economic development.

***Videos include:***

- [“Collaboration”](#) The Triangle Region is the place where Collaboration and Competition merge to form a dynamic and prosperous place to do business.
- State of the Research Triangle Region - [2013 Year in Review](#)
- [“Energy Innovations”](#) - Features Wake County's NCSU FREEDM Center and Vance County's Semprius
- [“Medical Innovations”](#) - Features Harnett County's Campbell University
- [“Artistic Innovations”](#) - Features various artist in Chatham County
- ["Cross Pollination"](#) is the concept of working together across industries and disciplines. This video features cutting edge business leaders of the Research Triangle Region in North Carolina discussing how this area is perfect for an atmosphere of Cross Pollination and cooperation to create new and innovative products and services.



- State of the Research Triangle Region - [2012 Year in Review](#)
- **Site Selection Consultant Database:** RTRP continues to update a comprehensive database of site selection consultants from around the world. This database is not only used for RTRP marketing efforts, but also is available to economic development allies throughout our region. This database is used to make calls to market the region for business and industry.
- **Cluster Network Formation:** Research Triangle Regional Partnership has been implementing a [cluster](#)-based economic development strategy for over a decade. Cluster networks encourage interaction among companies, government and the university community in targeted clusters to promote innovation that will lead to new companies, businesses and jobs. Since July 2009 (beginning of the strategic plan), the Research Triangle Region has encountered \$6.32 billion in investment (83% from clusters and over 30,095 jobs (67% from clusters).
  - 2004: Three of the ten clusters were managed under contract by RTI International. (Advanced Medical Care, Biological Agents and Infectious Diseases, and Informatics).
  - 2007: N.C. State University's Industrial Extension Service took over management of the region's cluster networks.
  - 2009: RTRP resumed its role in helping to facilitate cluster meetings that include classroom topics for the 13-county economic developers and allies (triple helix of organizations) as well as convening meetings of the clusters.
  - 2011: RTRP joined and participated in the [NC Defense Council for Economic Development](#) that teamed with colleagues from across North Carolina to promote and provide networking for defense-related companies. The council is believed to be the first statewide alliance in the country formed to promote the growth of a defense cluster.
  - 2012: RTRP launched the newest cluster focused on cleantech and formed the [Research Triangle Cleantech Cluster](#) to better market and capitalize on opportunities around one of the fastest emerging industries in the world. Our region has been identified as a world leader in this technology that includes smart grid, smart water and smart transportation. RTRP officially launched the cluster with industry board members investing into the program to better market and respond to a growing need in our nation's future.

- ***International Cleantech Network (ICN):*** [RTRP](#) officially joined the [International Cleantech Network \(ICN\)](#) in March 2011. ICN comprises of global emerging Cleantech clusters, focused on developing clean technologies using the triple helix economic development model for regional economies. The [triple helix](#) refers to strategies that coordinate and leverage academic, industry and government partners and resources. ICN will create direct value for Cleantech companies through a strong global Cleantech network. The ICN is made up of Cleantech clusters from the following locations: United States (Research Triangle Region and Fort Collins), Denmark, Norway, Spain, Germany, Austria, Singapore, France, Italy, Canada, South Korea and China.
  
- **University integration with economic development** efforts is a key component of the region's economic development strategy with the UNC System. The UNC's 16 campuses continue to play in helping transform North Carolina's economy. RTRP's Hayes, who served on the UNC Board of Governors, was key to this involvement. Today, RTRP partners with our universities on numerous initiatives to marketing the region for investment and jobs as well as alignment of strategic efforts.
  
- ***Program Alignment Activities:*** RTRP works in collaboration with our 13-county developers and The Research Triangle Park. RTRP assisted the following counties in their program's work: NC Tomorrow (Triangle J COG), Warren County Lunch & Learn, Person County Day, RTP Bus Tour, Campbell University Medical School Tour, Centennial Campus Smart Grid Demonstration Summit, Wireless Research Center of North Carolina Tour, Kerr Tar Regional Economic Development Annual Meeting, Wake Forest River Place Tour, Workforce Readiness Planning Committee Meeting, NC PEV Task Force, Franklin County Annual Meeting, Wake County Economic Development Forum, Triple Helix Webinar, NC Chamber Education Forum,
  - ***Fort Bragg Regional Alliance:*** RTRP works in collaboration and coordination with the [Fort Bragg Regional Alliance](#). RTRP has three counties in the Alliance in which we assist with alignment of marketing efforts and project generation for the region. RTRP also recognizes the connection of the initiative with our region in regards to university assets, military technology and cluster development. This furthers our reach for cluster development within defense technologies as well as enhancing the partnership with state-wide programs.

- ***U.S. Department of Commerce:*** RTRP has formed a working relationship with the U.S. Department of Commerce’s trade office in the region. RTRP works in coordination with the US DOC on projects and delegations looking at the region to locate.
  - ***Triangle Film Commission:*** Efforts to promote the Research Triangle Region of North Carolina as a movie shoot location picked up steam in recent months as members of the Triangle Regional Film Commission (TRFC) expanded its contacts across the region and in Hollywood. RTRP is assisting the organization in this manner.
- ***Site Selection, Consulate & Company Calls:*** RTRP conducted over 15 trips to talk with site selection consultants, consulates and companies to market the region for inward investment. Results from these missions generate the majority of the region’s projects.

### **Product Development**

- Aggressive recruitment of **new air service** led by RDU International Airport Authority is helping meet the priority travel needs of regional business people. Air service expanded in recent months between Raleigh-Durham International Airport and key destinations desired by regional businesses.

Results Include:

- ❖ [Delta Airlines](#) announces 7-day service to Los Angeles and additional flights to Orlando and Tampa
  - ❖ [Frontier Airlines](#) returns to RDU with service to Trenton, NJ
  - ❖ [American Airlines](#) to begin daily non-stop service to Los Angeles
  - ❖ [Southwest Airline](#) announces additional daily flights to Denver and St. Louis
- RTRP’s **quality-of-life program** works closely with business and community leaders to improve the quality of life and economic competitiveness of the 13-county Research Triangle Region. The program focuses on issues of air quality, education leadership, land use, vibrant centers, open space and quality of life benchmarking. To assist RTRP with these projects, GlaxoSmithKline has assigned a fulltime ‘loaned executive’ within their PULSE program to work on this initiative.

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

- ❖ **Air Quality** - managing the Triangle Region Air Quality Coalition and Triangle Air Awareness Program to earn and sustain compliance with federal clean air standards. RTRP also has a service contract with the N.C. Division of Air Quality to promote clean air and pollution reduction in the region.
  - ❖ **Education Leadership**- researching and developing leadership models for public education
  - ❖ **Land Use** - promoting growth and development that are environmentally, socially and economically responsible.
  - ❖ **Quality of Life Benchmarking** - measuring and reporting on non-economic factors that affect the region's quality of life and competitiveness, such as health, housing, schools and child safety.
- **Biofuels Manufacturing Production Site Identification** – RTRP identified two biofuels manufacturing production sites in Research Triangle Region through criteria set by the Biofuels Center of North Carolina. Provided Phase 1, 2, and 3 analysis for Lee and Harnett County that illustrates and details sites assets for biofuel companies. Hosted Phase 3 analysis seminar with Harnett and Lee County EDC to key economic development, government and business leaders. Lee and Harnett County site promoted and endorsed as a “Certified” Biofuels Manufacturing Production site

### **Regional Collaboration**

- ***International Cleantech Network (ICN)***: Research Triangle Region is one of two regions in the United States that are members of the [International Cleantech Network](#). Through the work of the [Research Triangle Cleantech Cluster](#) (RTCC) – a program of RTRP helps advance the marketing and branding of the Research Triangle Region as a world-class location for smart grid, smart transportation and smart water. Other international members include the regions of Denmark, Spain, Austria, Italy, Singapore, France, Norway, Germany, South Korea, China, Canada and Fort Collins, Colo. Several of these clusters are ranked among the top 10 global cleantech clusters in the world.
- Founding members of the Research Triangle Cleantech Cluster (RTCC) board of directors in October 2012 adopted a [work plan](#) they hope will propel the region to global prominence in a key emerging area of technology and business development.

- [Student Entrepreneurs](#) Get Assist from Research Triangle Cleantech Cluster Companies
- Research Triangle Cleantech Cluster Companies Discuss North Carolina's [Energy Future](#)
- ***State of the Research Triangle Region Event:*** The tenth annual [“State of the Research Triangle Region”](#) event provided a national and regional assessment to over 950 business, government and community leaders. This event was hosted by RTRP and Duke Energy at the Sheraton Imperial Hotel and Convention Center in Durham. Speakers included Mike Hughes, Duke Energy’s Vice President of Community Relationships North Carolina, Jack Clayton, Wells Fargo’s Regional President for the Triangle East Region and RTRP Chairman; and Charles Hayes, President & CEO of Research Triangle Regional Partnership.
  - 2013 State of the Research Triangle Region Presentation - [Download](#)
  - 2013 State of the Research Triangle Region Speech - [Download](#)
  - 2013 State of the Research Triangle Region publication, which provides a comprehensive economic profile of the Research Triangle Region - [Download](#)
  - [News Release:](#) Research Triangle Region Employment Grows by 36,447 in 2012, Continuing Two-year Recovery
  - Collaboratition [Video](#)
- ***International Affairs Council (IAC):*** RTRP works with IAC to provide regional information to international visitors that visit the region looking for lasting linkages between Research Triangle Region and the world.
- ***International Delegations:*** RTRP hosts numerous international delegations from throughout the world. RTRP markets and brands this region globally for business and industry as well as around initiatives of our strategic plan. The following is a select list of delegations that visited the region in FY '13: France (2), China (2), Taiwan, and Botswana. In FY '12, RTRP presented to over 9 international delegations representing 200 individuals about the Research Triangle Region of North Carolina. These also include presentations to Select USA, the Canadian Ambassador and French Consul General.
- ***The Carolina China Council:*** RTRP’s Senior Vice President Lee Anne Nance served on [The Carolina China Council](#) (CCC). The CCC

is a non-profit organization in N.C. that promotes business, culture and educational exchanges between the Carolinas and China.

- ***North Carolina Commerce Trade & Development Fund:*** RTRP's Vice President of Business Development Debbie Lilly served on the [North Carolina Commerce Trade & Development Fund's](#) Board of Directors. This Fund helps market North Carolina's dynamic business environment globally and nationally. This active group coordinates private sector involvement in economic development and trade endeavors that help tell North Carolina's business story to the nation and world.
- ***Foreign Trade Zone (FTZ) #93 Board of Directors:*** RTRP's President & CEO Charles Hayes served on the FTZ Board of Directors. RTRP helped direct the [new framework to expand](#) the FTZ's benefits to all counties of the region. A new FTZ "Alternate Site Framework" will allow companies to locate a usage-driven FTZ site anywhere in the region's 13 counties in addition to the current general purpose sites located near Raleigh-Durham International Airport. An FTZ is a neutral, secured area legally outside of U.S. customs territory that offers economic advantages for businesses involved in international trade.
- ***NC Tomorrow:*** RTRP's Vice President of Information Services Bo Carson served on both the technical committee and task force of Triangle J Council of Government's NC Tomorrow's Task Force. [NC Tomorrow](#) is the collaborative partnership that assists the state with a comprehensive economic development strategy for North Carolina in which aligns efforts of the COG with Research Triangle Regional Partnership's economic development strategy [The Shape of Things to Come](#).

## **Regional Economic Development Report**

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

## **Research Triangle Regional Partnership**

Please find enclosed the Research Triangle Regional Partnership (RTRP) Schedule of Receipts and Expenditures for FY '13 at the conclusion of this document.

### **Regional Economic Development Report**

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

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

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

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

To boost coordination of state-supported job creation efforts, the North Carolina Department of Commerce has rejoined the state's seven regional economic development partnerships as a full member of the North Carolina Partnership for Economic Development (NCPED). North Carolina Department of Commerce's Secretary Keith Crisco (ending December 2012) and newly appointed Secretary Sharon Decker served as co-chairs of NCPED with Charlotte Regional Partnership's Chairman Chuck Allen (US Airways) for FY '13.

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



NCPED's newly formed Presidents Council will consist of the seven partnership presidents and the Deputy Secretary of Commerce/Chief Operating Officer. It will convene monthly. NCPED also has managed a state Marketing Council and a Research Council, which unites the marketing and business development managers and researchers of the seven partnerships and NCDOC. They also foster information-sharing among state and regional developers engaged in market intelligence and data-gathering.

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

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

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

- Presidents meet monthly at the offices of RTRP with NCDOC representatives.
- NCDOC attends NCPED as a full board member.
- Regional partnership Chairs meet quarterly at various locations around the state, with NCDOC Secretary and senior staff invited.
- Marketing Council meets quarterly and submits travel agenda to avoid confusion.
- RTRP marketing staff meets with NCDOC marketing staff to coordinate marketing activities and consultant calls to avoid duplication.
- RTRP research staff and NCDOC policy and research staff work together on projects for the region and state.
- RTRP marketing and research staff work hand-in-hand with NCDOC regional representatives to coordinate efforts in attracting investment and jobs to the region.

NCPED quarterly and monthly meetings are ideal venues for sharing information and perspective on current opportunities and challenges. The organization acts as a

clearinghouse for “best practices” in regional economic development, which redounds to the benefit of RTRP, its member counties, private allies, academic partners and investors.

Additionally, through quarterly meetings of the state Marketing Council, a group comprised of the seven regional marketing officers and NCDOC marketing executives, additional opportunities for operational collaboration are identified and executed. Their meetings yield valuable results in maximizing the state’s presence at leading national and international trade shows, major industry events such as Friends of NC Consulting Forums, AUSA, Solar Power International, BIO2013, and domestic and international outreach missions. The group also shares information, ideas and feedback on the quality of state and regional marketing and research tools, such as printed and electronic promotional materials, event planning and data management applications.

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

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

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

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

- a. Client/Project Handing: (Examples of our recruitment efforts – please note that RTRP’s main function is **not project handling**. Our organization markets this region for business and industry. Once a company is ready to visit, the project is handed over to the NC Department of Commerce’s Research Triangle Regional Office.) RTRP was involved with numerous projects in FY ’13, please find some selected ones below.

- [Ipreo](#) – RTRP worked with Wake EDC, Durham Chamber and NCDOC in attracting Ipreo from the New York area. RTRP provided key data statistics and several regional overviews on the Research Triangle Region to the clients/consultants. Located in Raleigh. (Investment: \$3 million, 250 jobs)
- [Morinaga](#) – RTRP assisted NCDOC with the international search location for this candy producing company from Japan. RTRP provided assistance, regional overview and helped coordinate the effort of providing sites and data to the client through NCDOC. The project was a joint effort between RTRP, NCDOC and Orange County EDC. (Investment: \$48 million, 90 jobs)
- [Nuvotronics LLC](#) - RTRP attracted Nuvotronics to locate a facility in Durham by providing information, presentations on the region to the client as well as connecting them to the right organizations. The project was a joint effort between RTRP, Durham Chamber, Wake County EDC, NCDOC and other partners. Located in RTP. (Investment: \$4 million, 90 jobs)
- [MetLife, Inc.](#) - RTRP provided information and a regional overview to MetLife several times as they explored locations for their future business center. This project was a joint effort between RTRP, Wake County EDC, Durham Chamber, NCDOC, Wireless Research Center and other partners. Located in Durham. (Investment: \$87 million, 1,300 jobs)
- [Sentinel Data Centers](#) – RTRP provided information, regional overviews, and support to Sentinel as they looked at various locations to bring their data center enterprise. Assisted Durham Chamber, NCDOC and others in their building search and numerous information request. This project was a joint effort between RTRP, Durham Chamber NCDOC and other partners. Located in Durham/RTP. (Investment: \$160 million, 20 jobs)
- [GKN Driveline](#) – RTRP provided information and letters of support to attract the expansion of GKN to Person County. This project was handled by Person County EDC in which RTRP was a collaborator. (Investment: \$24.1 million, 131 jobs)

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

## **Events:**

- b. *BIO International Convention 2013*: RTRP participated with the North Carolina Biotechnology Center in coordination with the North Carolina Department of Commerce in the BIO International Conference 2013 in Boston on June 17-20, 2013. The North Carolina Pavilion was a major focus of the conference, and all 100 counties were represented by panels in the pavilion, printed material distributed to attendees, and by representatives from each partnership. Research Triangle Regional Partnership promoted the region and conversed with interested companies looking to expand their operations in the United States. RTRP was able to leverage the region's attendance with key allies that include the Greater Durham Chamber of Commerce, The Research Triangle Park and Wake County Economic Development. RTRP also coordinated efforts to market the region to life sciences companies and met with international partners.
- c. *AUSA 2012*: RTRP participated with the North Carolina Department of Commerce as well as the North Carolina Defense Council in the AUSA 2012 Annual Meeting and Exposition in Washington, DC on October 22-24, 2012. The North Carolina Pavilion was a major focus of the conference in which our state used to market our state's assets to defense/military companies and contractors. The booth was also made possible through our key allies including Wake County Economic Development to help better promote our region and our defense technologies cluster to companies looking to expand.
- d. *Consultant/Company Missions*: The North Carolina Department of Commerce and the seven regional partnerships coordinate consultant and company missions in domestic cities and abroad. It is important that no two regions or NCDOC overlap or try to recruit in the same city at the same time. While it is infrequent that the regions in North Carolina compete with each other, it would send a confusing message to consultants and companies if they received multiple visits from multiple regions back-to-back.
- e. *Friends of North Carolina events, NCDOC and USDOC foreign missions and investment trips; assistance with the programs associated with these trips and events*
  - i. Atlanta, GA Consultant Event with site selection consultants
  - ii. AUSA Reception and booth
  - iii. New York, NY Consultant Event with site selection consultants
  - iv. Dallas, TX Consultant Event with site selection consultants
  - v. BIO Reception and booth

## **II. Website:**

- a. Support of [AccessNC](#) website through building and site inventory and research.

- b. In FY '13, RTRP continued providing new content for the regional website. The website has been redesigned with a new appearance that reflects the region's key assets, cluster and news. RTRP continues to receive feedback from internal and external representatives that have helped increase the visibility of the Research Triangle Region. New focus was giving toward county and cluster highlights and regional videos. Social media applications and delivery systems have been installed through the website and on the iTunes/Google Play markets to better enhance the regional marketing message.

### **III. Collaterals:**

- a. Combined research and information about cluster sectors to be used for development of brochures, mailers and general collateral pieces.
- b. RTRP distributes marketing documents about our organization, the region, and services offered. A note card was also produced highlighting our strategic plan.
- c. RTRP in coordination with our partners have put out marketing pieces around our clusters of innovation.
- d. RTRP in cooperation with the Institute for Emerging Issues funded a cleantech report titled [Smart Grid: Core Firms in the Research Triangle Region, NC](#). The study was performed by Duke University's Center for Global Competitiveness.
- e. [2013 State of the Research Triangle Region](#) report has been distributed to key allies and companies. This piece of information helps market the Research Triangle Region to business and industry.
- f. [Collaboration Video](#): The Research Triangle Region Partnership proudly presents its theme for 2013's State of the Region. "Collaboration" is the concept of being a place where Collaboration and Competition merge to form a dynamic and prosperous place to do business. This video features cutting edge business leaders of the Research Triangle Region in North Carolina discussing how this area is the perfect collaborator even though ideas/products may be in competition of one another.
- g. Research Triangle Regional Partnership's May [2013 State of the Research Triangle Region](#) full conference video featuring Duke Energy's Mike Hughes, Wells Fargo's Jack Clayton and Charles Hayes, President and CEO of Research Triangle Regional Partnership. Find out why this region consistently ranks as one of the best in the world for doing business.
- h. Highlights from the Research Triangle Regional Partnership's May 2013 State of the Research Triangle Region [highlights](#) featuring Wells Fargo's Jack Clayton and Charles Hayes, President and CEO of RTRP. Get all the highlights and talking point for what helps make this region one of the best in the world for doing business.
- i. Research Triangle Region's [Year in Review 2013](#) video.

### **IV. Advertising:**

## **V. Shared Resources**

- a. RTRP and 13 county economic development offices share resources for research and analytical software to cut cost. This includes Site To Do Business Online analytical and demographic software and publications.

## **VI. Regional Cohabitation:**

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

## **Regional Economic Development Report**

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

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

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

RTRP has several activities that it conducts through marketing the region. Please find on the following pages some of these and how they have generated qualified leads for the whole region. Through our missions, events, marketing, strategic partnerships, cluster facilitation and calls program, the RTRP has promoted the Research Triangle Region both nationally and internationally. As of June 30, 2013, RTRP has 22 active projects with potential investment of over \$600 Million and over 6,500 potential jobs to start fiscal year 2013-2014.

### **Expected Results**

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

When that interest becomes a specific request to RTRP that suggests there is a possibility of the company relocating or expanding to our area it becomes a project and is tracked as such. Projects either decide to locate in the region, decide on another location, or over time or some situations cease to be a project. RTRP staff has to evaluate each project and provide those services and follow-up warranted. Determining when an inquiry becomes a

project is not an exact science and therefore RTRP will only project results for inquiries and projects.

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

The Research Triangle Region of North Carolina through its joint marketing efforts with the North Carolina Department of Commerce, the 13-county economic development offices, Research Triangle Foundation and allies has resulted in 120 announcements totaling 8,879 jobs with an investment of over \$863.6 Million in FY '13.



**Regional Economic Development Report**

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

**Research Triangle Regional Partnership**

Please find enclosed the Research Triangle Regional Partnership (RTRP) Schedule of Receipts and Expenditures for FY '13 at the conclusion of this document.

## **Regional Economic Development Report**

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

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

- Greater Raleigh Chamber of Commerce's main initiatives are in collaboration with the Research Triangle Regional Partnership's strategic plan. [The EDGE4](#) – Growing Great plan has five initiatives, with goals and supporting programs designed to keep our economy strong... regional competitiveness and cooperation; new business attraction and career creation; existing industry retention and support; talent recruitment; and talent retention and community quality. The EDGE4 campaign builds on the success of the region's strategic plan in regards to its marketing efforts, goals and programs.
- Greater Durham Chamber of Commerce's main initiatives are aligning the region as a single region with a major focus. [The Vision 3D campaign](#) is designed to bolster business development, job creation and community image, ensure economic prosperity for Durham.

Report Conducted by:



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

Research Triangle Regional Partnership and Research Triangle Regional  
Partnership Foundation

Consolidated Financial Statements and Supplemental Information

*Years ended June 30, 2013 and 2012  
with Report of Independent Auditors*

Research Triangle Regional Partnership and Research Triangle Regional  
Partnership Foundation

Consolidated Financial Statements and Supplemental Information

Years ended June 30, 2013 and 2012

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## Report of Independent Auditors

Board of Directors  
Research Triangle Regional Partnership and Research Triangle Regional Partnership Foundation  
Durham, North Carolina

We have audited the accompanying consolidated financial statements of Research Triangle Regional Partnership and Research Triangle Regional Partnership Foundation (collectively "the Organization") which comprise the consolidated statements of financial position as of June 30, 2013 and 2012 and the related consolidated statements of activities and cash flows for the years then ended and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free 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 entity'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 entity's internal control over financial reporting. 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 Research Triangle Regional Partnership and Research Triangle Regional Partnership Foundation as of June 30, 2013 and 2012 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidated schedules of functional expenses on page 14-15 and the schedule of receipts and expenditures of state awards (cash basis) on page 18, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The schedule of receipts and expenditures of state awards (cash basis) on page 18 is required by the North Carolina General Statutes. 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.

A handwritten signature in cursive script that reads "Johnson Lambert LLP". The signature is written in black ink and is positioned in the lower right quadrant of the page.

Raleigh, North Carolina  
December 11, 2013

Research Triangle Regional Partnership and Research Triangle Regional  
Partnership Foundation

Consolidated Statements of Financial Position

As of June 30, 2013 and 2012

	2013	2012
<b>Assets</b>		
Cash and cash equivalents	\$ 416,923	\$ 283,336
Accounts receivable	103,634	96,402
Prepaid expenses	10,612	11,439
Property and equipment - net	55,232	45,097
Trademarks - net of accumulated amortization	367	407
Total assets	\$ 586,768	\$ 436,681
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 75,147	\$ 28,182
Accrued vacation	58,099	45,579
Debt	28,767	13,127
Deferred rent	3,737	7,474
Total liabilities	165,750	94,362
<b>Net Assets</b>		
Unrestricted	418,001	339,302
Temporarily restricted	3,017	3,017
Total net assets	421,018	342,319
Total liabilities and net assets	\$ 586,768	\$ 436,681

*See accompanying notes to the consolidated financial statements.*

Research Triangle Regional Partnership and Research Triangle Regional

Partnership Foundation

Consolidated Statement of Activities

For the Year Ended June 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenues</b>			
Corporate contributions	\$ 449,470	\$ -	\$ 449,470
North Carolina Department of Commerce	432,472	-	432,472
Greater Raleigh Chamber of Commerce	352,518	-	352,518
State of the region	160,521	-	160,521
Economic development agencies	114,242	-	114,242
Air Quality Program	61,415	-	61,415
Durham Chamber of Commerce	57,500	-	57,500
Service contracts	45,568	-	45,568
Research Triangle Park	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Total revenue	1,698,706	-	1,698,706
<b>Expenses</b>			
Program	1,408,100	-	1,408,100
General and administrative	<u>211,907</u>	<u>-</u>	<u>211,907</u>
Total expenses	<u>1,620,007</u>	<u>-</u>	<u>1,620,007</u>
Change in net assets	78,699	-	78,699
Net assets - beginning of year	<u>339,302</u>	<u>3,017</u>	<u>342,319</u>
Net assets - end of year	<u>\$ 418,001</u>	<u>\$ 3,017</u>	<u>\$ 421,018</u>

Continued...



Research Triangle Regional Partnership and Research Triangle Regional

Partnership Foundation

Consolidated Statement of Activities

For the Year Ended June 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenues</b>			
North Carolina Department of Commerce	\$ 430,730	\$ -	\$ 430,730
Greater Raleigh Chamber of Commerce	352,518	-	352,518
State of the region	161,017	-	161,017
Corporate contributions	109,267	-	109,267
Economic development agencies	100,922	-	100,922
Air Quality Program	79,320	-	79,320
Durham Chamber of Commerce	57,500	-	57,500
Service contracts	17,083	-	17,083
Research Triangle Park	25,000	-	25,000
In-kind donations	11,001	-	11,001
Net assets released from restriction	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>
Total revenue	1,354,358	(10,000)	1,344,358
<b>Expenses</b>			
Program	1,269,783	-	1,269,783
General and administrative	<u>221,290</u>	<u>-</u>	<u>221,290</u>
Total expenses	<u>1,491,073</u>	<u>-</u>	<u>1,491,073</u>
Change in net assets	(136,715)	(10,000)	(146,715)
Net assets - beginning of year	<u>476,017</u>	<u>13,017</u>	<u>489,034</u>
Net assets - end of year	<u>\$ 339,302</u>	<u>\$ 3,017</u>	<u>\$ 342,319</u>

*See accompanying notes to the consolidated financial statements.*

Research Triangle Regional Partnership and Research Triangle Regional  
Partnership Foundation

Consolidated Statements of Cash Flows

For the years ended June 30, 2013 and 2012

	2013	2012
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 78,699	\$ (146,715)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	15,873	18,548
Loss on disposal of equipment	8,776	1,424
Change in operating assets and liabilities:		
Accounts receivable	(7,232)	(31,516)
Employee advances	-	4,743
Prepaid expenses	827	4,063
Accounts payable	46,965	(26,661)
Accrued vacation	12,520	26,368
Deferred rent	(3,737)	(3,737)
Net cash provided by/(used in) operating activities	152,691	(153,483)
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(71,908)	(2,263)
Sales of property and equipment	37,164	-
Net cash used in investing activities	(34,744)	(2,263)
<b>Cash flows from financing activities</b>		
Proceeds from debt	39,300	-
Repayment of debt	(23,660)	(10,802)
Net cash provided by/(used in) financing activities	15,640	(10,802)
Net change in cash and cash equivalents	133,587	(166,548)
Cash and cash equivalents, beginning of year	283,336	449,884
Cash and cash equivalents, end of year	\$ 416,923	\$ 283,336
<b>Supplemental disclosures of cash flow information</b>		
Cash paid for interest	\$ 1,612	\$ 985

*See accompanying notes to the consolidated financial statements.*

Research Triangle Regional Partnership and Research Triangle Regional  
Partnership Foundation

Notes to Consolidated Financial Statements

Years ended June 30, 2013 and 2012

**Note A - Summary of Significant Accounting Policies**

*Organization*

Research Triangle Regional Partnership (RTRP) is a not-for-profit organization whose primary focus is to promote economic development of the Research Triangle region. The Research Triangle region consists of Chatham, Durham, Franklin, Granville, Harnett, Johnston, Lee, Moore, Orange, Person, Vance, Wake, and Warren counties. RTRP's projects develop economic information, as well as provide marketing services and materials for the Research Triangle region. RTRP's project serves as a forum to the common interests of the Research Triangle region and acts as a catalyst for creating a regional consensus among business interests. RTRP's primary sources of revenue consist of grants with the State of North Carolina and corporate contributions.

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

*Basis of Consolidation*

The consolidated financial statements include the accounts of Research Triangle Regional Partnership and Research Triangle Regional Partnership Foundation (the "Organization"). All inter-organizational transactions have been eliminated.

*Basis of Accounting*

The Organization prepares its consolidated financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Information regarding its financial position and activities are classified according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ vary from estimates that were assumed in preparing the consolidated financial statements.

Research Triangle Regional Partnership and Research Triangle Regional  
Partnership Foundation

Notes to Consolidated Financial Statements

Years ended June 30, 2013 and 2012

**Note A - Summary of Significant Accounting Policies (continued)**

*Cash and Cash Equivalents*

The Organization considers amounts held in interest bearing checking accounts as cash and cash equivalents for cash flow purposes.

*Accounts Receivable*

Accounts receivable consists mainly of unconditional grants and contributions. Management continually monitors the collectibility of accounts receivable, and establishes an allowance for doubtful accounts to offset any amounts that may be uncollectible. During fiscal years 2013 and 2012, the Organization reported no allowance, as all of the balances are expected to be collected within the next operating year.

*Property and Equipment*

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

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

*Intangible Assets*

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

Research Triangle Regional Partnership and Research Triangle Regional  
Partnership Foundation

Notes to Consolidated Financial Statements (Continued)

**Note A - Summary of Significant Accounting Policies (continued)**

*Net Assets*

For financial reporting purposes the consolidated statements of financial position classify net assets into one of three categories: unrestricted, temporarily restricted, or permanently restricted.

Unrestricted - Assets that are not classified as either permanently or temporarily restricted.

Temporarily restricted – Assets subject to donor-imposed restrictions which either expire upon the passage of time or once specific actions have occurred. These assets are then released and reclassified to unrestricted support.

Permanently restricted - Assets are subject to donor-imposed restrictions that the principal be invested in perpetuity. The Organization does not have such net assets as of June 30, 2013 and 2012.

*Revenue Recognition*

Revenue is recognized in the period in which the unconditional promise is made. Conditional promises are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Revenues that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are received. All other donor-restricted revenues are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization receives various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The total value of these donated services and materials that are included in the consolidated financial statements and the corresponding expenses for the years ended June 30, 2013 and 2012, were \$0 and \$11,001, respectively. These donations consist of services for the Air Quality program, magazines and editorials.

Research Triangle Regional Partnership and Research Triangle Regional  
Partnership Foundation

Notes to Consolidated Financial Statements (Continued)

**Note A - Summary of Significant Accounting Policies (continued)**

*Revenue Recognition (continued)*

Volunteers and members of the community perform various services for the Organization. These services are significant and form an integral part of the efforts of the Organization. Because the Organization does not control the activities of the volunteers as it would paid employees, there is not a clearly measurable basis for a value of contributed services to be recorded. Therefore, the Organization does not record the amount of volunteer services rendered as contributions and a corresponding amount as expense.

*Advertising Costs*

The Organization expenses advertising costs as incurred. Advertising costs for the years ended June 30, 2013 and 2012 were \$0 and \$38,513, respectively. Advertising costs are reported as program activities on the consolidated statements of activities.

*Allocation of Functional Expenses*

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

*Income Taxes*

RTRP is a not-for-profit organization, recognized as tax exempt under Section 501(c)(6) of the Internal Revenue Code. The Foundation is a publicly supported not-for-profit organization, recognized as tax exempt under section 501(c)(3) of the Internal Revenue Code. In addition, the Internal Revenue Service has determined that the Foundation is not a private foundation. Management has concluded that the Organization has properly maintained their exempt status and has no uncertain tax positions as of June 30, 2013. In addition, all revenue within the consolidated statements of activities has been properly classified as exempt for the years ended June 30, 2013 and 2012. The prior three tax years through the current year are subject to examination by federal and state authorities; there are currently no examinations being conducted.

*Subsequent Events*

The Organization has evaluated subsequent events for disclosure and recognition through December 11, 2013, the date on which these financial statements were available to be issued, and considered any relevant matters in the preparation of the consolidated financial statements and footnote disclosures.

Research Triangle Regional Partnership and Research Triangle Regional  
Partnership Foundation

Notes to Consolidated Financial Statements (Continued)

**Note B - Concentrations**

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of cash and cash equivalents. The Organization maintains its cash and cash equivalents in various bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts.

During the years ended June 30, 2013 and 2012, approximately 25% and 32%, respectively, of the Organization's support was derived from grants with the State of North Carolina. The Organization also received support from the Greater Raleigh Chamber of Commerce during 2013 and 2012, which was approximately 21% and 27% of total support received, respectively.

**Note C - Property and Equipment**

The primary components of property and equipment at June 30, 2013 and 2012 are as follows:

	2013	2012
Computers and equipment	\$ 189,446	\$ 182,338
Furniture and fixtures	63,390	63,390
Automobiles	39,300	37,164
Leasehold improvements	1,597	1,597
	293,733	284,489
Less accumulated depreciation and amortization	(238,501)	(239,392)
	\$ 55,232	\$ 45,097

**Note D - Operating Leases**

The Organization leases office space and a copier under non-cancelable operating lease agreements expiring in June 2014 and December 2015, respectively. Rent expenses relating to these leases were \$50,302 and \$43,423 for the years ended June 30, 2013 and 2012, respectively. Additionally, the Organization leases a phone system and computer equipment on a month-to-month basis.

The minimum lease payments required under all current operating leases as of June 30, 2013 are as follows:

2014	\$	44,110
2015		43,971
2016		3,300
Total	\$	91,381

Research Triangle Regional Partnership and Research Triangle Regional  
Partnership Foundation

Notes to Consolidated Financial Statements (Continued)

**Note E - Note Payable**

At June 30, 2013, the Organization had a note payable to a financial institution with an interest rate of 4.986% due in September 2015. Monthly principal and interest payments payable on the note are \$1,129 and the note is secured by a vehicle. As of June 30, 2013, the note had a \$28,767 balance outstanding.

At June 30, 2012, the Organization had a note payable to a financial institution with an interest rate of 5.95% due in May 2013. Monthly principal and interest payments payable on the note are \$1,129 and the note is secured by a vehicle. As of June 30, 2012, the note had a \$13,127 balance outstanding, which was paid off during the year ended June 30, 2013.

Future principal payments on debt as of June 30, 2013 are as follows:

June 30, 2014	\$ 12,394
June 30, 2015	13,026
June 30, 2016	<u>3,347</u>
Total	<u>\$ 28,767</u>

**Note F - Temporarily Restricted Net Assets**

Temporarily restricted net assets as of June 30, 2013 and 2012 consisted of the following:

	2013	2012
Kerr-Tar Regional	\$ 2,823	\$ 2,823
NC Rural Center Reimbursement Grant	<u>194</u>	<u>194</u>
Total temporarily restricted net assets	<u>\$ 3,017</u>	<u>\$ 3,017</u>

**Note G - Employee Benefits**

RTRP maintains a 401(k) defined contribution retirement plan. The 401(k) plan is administered by the management of RTRP and is funded exclusively with annuity contracts. RTRP contributes a discretionary amount to the plan each year. Participants may also elect to defer compensation on a pretax basis. All employees are eligible to participate in the plan and are 100% vested. RTRP's retirement plan expense was \$72,401 and \$76,568 for the years ended June 30, 2013 and 2012, respectively.

RTRP maintains a \$400,000 whole life insurance policy for its President and CEO. Total expense paid for this policy for the years ended June 30, 2013 and 2012 was \$18,694 each year.



Research Triangle Regional Partnership and Research Triangle Regional  
Partnership Foundation

Notes to Consolidated Financial Statements (Continued)

**Note H - Conditional Agreement**

The Organization entered into a 3 year agreement to support air quality on a cost-reimbursement basis in January 2012 for \$259,038. Amounts are reflected in the consolidated financial statements as reimbursable activities as incurred. As of June 30, 2013 and 2012, \$60,863 and \$74,406, respectively, related to this contract has been recognized and recorded as service contracts revenue.

Research Triangle Regional Partnership and Research Triangle Regional  
Partnership Foundation

Consolidated Schedule of Functional Expenses

Year ended June 30, 2013

	<u>Programs</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 507,061	\$ 89,481	\$ 596,542
Foundation programs	166,042	-	166,042
Travel and recruitment	156,067	-	156,067
Health insurance - employees	79,743	14,072	93,815
Contract services	86,577	-	86,577
Market research	84,124	-	84,124
Retirement	60,817	11,584	72,401
Professional fees	12,754	38,262	51,016
Rent	37,726	12,576	50,302
Payroll taxes	38,634	6,290	44,924
Collaboration	25,457	4,493	29,950
Consulting	7,092	21,275	28,367
Office supplies	26,033	-	26,033
Telephone and communications	19,403	6,468	25,871
NCPED/NCEDG contributions	19,750	-	19,750
Website	16,144	-	16,144
Depreciation and amortization	11,904	3,969	15,873
Auto and mileage	15,646	-	15,646
Insurance - other	8,290	2,764	11,054
Loss on retired assets	8,776	-	8,776
Membership dues	7,968	-	7,968
Interest and finance charges	5,723	-	5,723
Staff training and development	3,793	-	3,793
Postage	2,018	673	2,691
Miscellaneous	558	-	558
	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>\$ 1,408,100</u>	<u>\$ 211,907</u>	<u>\$ 1,620,007</u>

Research Triangle Regional Partnership and Research Triangle Regional  
Partnership Foundation

Consolidated Schedule of Functional Expenses

Year ended June 30, 2012

	<u>Programs</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 538,326	\$ 94,999	\$ 633,325
Foundation programs	156,952	-	156,952
Travel and recruitment	98,267	-	98,267
Health insurance - employees	78,281	13,814	92,095
Contract services	11,449	-	11,449
Market research	3,190	-	3,190
Retirement	64,317	12,251	76,568
Professional fees	13,663	40,987	54,650
Rent	32,567	10,856	43,423
Payroll taxes	36,809	5,993	42,802
Collaboration	36,659	6,469	43,128
Consulting	6,792	20,375	27,167
Office supplies	15,976	-	15,976
Telephone and communications	22,688	7,562	30,250
NCPED/NCEDG contributions	19,750	-	19,750
Website	21,670	-	21,670
Depreciation and amortization	13,911	4,637	18,548
Auto and mileage	13,879	-	13,879
Insurance - other	9,082	3,028	12,110
Loss on retired assets	1,424	-	1,424
Membership dues	6,290	-	6,290
Interest and finance charges	3,864	-	3,864
Staff training and development	5,374	-	5,374
Postage	959	319	1,278
Miscellaneous	8,130	-	8,130
RTRP - in kind	11,001	-	11,001
Advertising	38,513	-	38,513
	<u>38,513</u>	<u>-</u>	<u>38,513</u>
Total	<u>\$ 1,269,783</u>	<u>\$ 221,290</u>	<u>\$ 1,491,073</u>

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

Board of Directors

Research Triangle Regional Partnership and Research Triangle Regional Partnership Foundation  
Durham, North Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to consolidated financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of the Research Triangle Regional Partnership and Research Triangle Regional Partnership Foundation (collectively the Organization), which comprise the consolidated statement of financial position as of June 30, 2013 and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 11, 2013.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Organization'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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Compliance and Other Matters***

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

***Purpose of this Report***

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

A handwritten signature in cursive script that reads "Johnson Lambert LLP".

Raleigh, North Carolina  
December 11, 2013

Research Triangle Regional Partnership and Research Triangle Regional  
Partnership Foundation

Schedule of Receipts and Expenditures of State Awards (Cash Basis)

For the Year Ended June 30, 2013

<b>State Grantor</b>	<b>Contract Number</b>	<b>Receipts</b>	<b>Expenditures</b>
North Carolina Department of Commerce:			
Regional Economic Development Commissions Allocations	G20431002609EDC	\$ 432,472	\$ 451,093
North Carolina Department of Environment and Natural Resources:			
Division of Air Quality	1987	61,415	60,863
Total State Funds		\$ 493,887	\$ 511,956

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