



## WESTERN NORTH CAROLINA REGIONAL ECONOMIC DEVELOPMENT COMMISSION ANNUAL REPORT

Citation of Law or Resolution: §158-8.5  
Due Date: February 15, 2013  
Submission Date: February 15, 2013

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

Sincerely,

A handwritten signature in black ink that reads "Scott T. Hamilton".

Scott T. Hamilton  
President & CEO

### RECEIVING ENTITIES:

#### North Carolina House of Representatives

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

#### North Carolina State Senate

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

#### North Carolina Department of Commerce

*Electronic copy of report sent to Ms. Monique Johnson ([Monique.Johnson@nccommerce.com](mailto:Monique.Johnson@nccommerce.com)) and Ms. Shannon Hobby ([Shannon.Hobby@nccommerce.com](mailto:Shannon.Hobby@nccommerce.com)).*

#### North Carolina General Assembly, Fiscal Research Division

*Electronic copy of report sent to Director of Fiscal Research, Mr. Mark Trogdon ([Mark.Trogdon@ncleg.net](mailto:Mark.Trogdon@ncleg.net)), Ms. Aubrey Incorvaia ([Aubrey.Incorvaia@ncleg.net](mailto:Aubrey.Incorvaia@ncleg.net)), Ms. Cathy Martin ([Cathy.Martin@ncleg.net](mailto:Cathy.Martin@ncleg.net)) and [reportsmanagement@ncleg.net](mailto:reportsmanagement@ncleg.net).*

#### The Joint Legislative Commission on Governmental Operations

*Electronic copy of report sent to [ncgagovops@ncleg.net](mailto:ncgagovops@ncleg.net)*

#### Office of State Management and Budget

*Electronic copy of report sent to Ms. Ametha Dickerson ([ametha.dickerson@osbm.nc.gov](mailto:ametha.dickerson@osbm.nc.gov))*

#### Joint Legislative Economic Development Oversight Committee

*Electronic copy of report sent to Speaker of the House ([Thom.Tillis@ncleg.net](mailto:Thom.Tillis@ncleg.net)) and President Pro Tempore ([Phil.Berger@ncleg.net](mailto:Phil.Berger@ncleg.net)), as well as Ms. Cindy Avrette ([Cindy.Avrette@ncleg.net](mailto:Cindy.Avrette@ncleg.net)), Mr. Rodney Bizzell ([Rodney.Bizzell@ncleg.net](mailto:Rodney.Bizzell@ncleg.net)), and Ms. DeAnne Mangum ([DeAnne.Mangum@ncleg.net](mailto:DeAnne.Mangum@ncleg.net)).*

## REGIONAL ECONOMIC DEVELOPMENT COMMISSION REPORTS

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

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

Tab 1

- i) Copy of 2011 Annual Report
- ii) Quarterly reports from programmatic areas:
  - Blue Ridge Advanced Manufacturing Initiative
  - Blue Ridge Entrepreneurial Council & Certified Entrepreneurial Community Program
  - AdvantageGreen
  - Blue Ridge Food Ventures
  - Western North Carolina Film Commission
- iii) Earned Media Summary Report

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

Tab 2 Cash basis financial statements by fund source and expenditure

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

Tab 3 "NC Economic Development Strategy" Report and North Carolina's Regional Economic Development Partnership's pamphlet

**(4) A demonstration of how the commission's or partnership's involvement in promotion activities has generated leads**

Tab 4 Annual activity report for Advanced Manufacturing (EDAC), client activity for the Blue Ridge Entrepreneurial Council, client activity for AdvantageGreen, client activity of Blue Ridge Food Ventures and a Reel Scout package report for the WNC Film Commission.

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

Tab 5 Audited financial statements for the year ended June 30, 2012 by Burleson & Earley, P.A.

**(6) A demonstration of the commission's efforts to obtain funds from local, private, and federal sources**

Tab 6 Updated "Revenue Source" for 10 year period thru 6/30/12 and schedule of Grants Received or Pursued in FY 11/12



# ||||DRIVING force

2011 AdvantageWest Annual Report

AdvantageWest shall promote and advocate the creation of improved economic opportunity in our region while encouraging stewardship of the culture, heritage and natural resources of Western North Carolina.



The 2011 annual report celebrates our accomplishments in the areas of Advanced Manufacturing, Entrepreneurship, WNC Film Commission, Agribusiness (Blue Ridge Food Ventures and WNC Natural Products) and AdvantageGreen. These accomplishments have set us on a course to drive future economic growth in our 23-county region.

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# POSITIVE ACTION



Western North Carolina is definitely in the national spotlight. 2011 brought 2,100 new jobs and over \$1 billion in taxable investment in the AdvantageWest region. Our beautiful environment, rich culture and economic opportunities make our region ideal for companies, entrepreneurs and creative professionals.

Started in 1994, AdvantageWest continues to be a model for innovative regional economic development. Our collaborative efforts with countless partners and individuals across the region have created tremendous results that will have a positive impact on our region for years to come.

I am proud of the exemplary work our organization is doing to create new opportunities across all of our program areas, including entrepreneurship, agribusiness, green energy, film and advanced manufacturing, while being honorable stewards of our spectacular region.

As Chairman of the Board, I want to recognize my fellow board members, partners and supporters for their continued commitment. I am grateful to Scott Hamilton, AdvantageWest's President and CEO, and his enthusiastic

**"The incredible efforts by our board, staff and countless partners throughout the region have made 2011 a blockbuster year for Western North Carolina and positioned us for continued growth and success."**

staff for their tireless efforts to make our region an amazing place to work and live. A special note of gratitude to Tommy Jenkins, our immediate past Chairman, for his service and dedication to the people of our region.

We are thankful for an incredible year of growth in our region. But we are mindful that we must continue to do everything we can to create positive economic opportunities for businesses, organizations and citizens across all 23 counties. This is why the entire AdvantageWest team remains dedicated to making Western North Carolina an economic and cultural force throughout the U.S. and the world.

Sincerely,

A handwritten signature in black ink that reads "W. Thomas Alexander".

W. Thomas Alexander  
Chairman of the Board

# ADVANCED MANUFACTURING INITIATIVE

**More than 2,100 new  
jobs and over \$1 billion  
in taxable investment  
in the AW region**

AdvantageWest is proud of our region's rich tradition in manufacturing. More than 1,310 firms call our region home, including Google Inc., Facebook, General Electric, Eaton Corporation, BorgWarner, Meritor, Caterpillar, Continental Teves and other leading precision metalworking, plastics and composite material companies.

We are dedicated to working with manufacturers across the country and abroad along with our partners at home – including local economic development professionals, corporate allies and the NC Department of Commerce – to increase WNC's strong manufacturing base and to create and retain jobs.

With 50,000 workers and an annual payroll of almost \$2 billion, advanced manufacturing continues to play a crucial and powerful role in the economic success of the AdvantageWest region.

For more information about advanced manufacturing opportunities in the Western North Carolina region, please contact Tom Johnson, Executive Vice President, at [tjohnson@awnc.org](mailto:tjohnson@awnc.org).



**Go Team!** From left: Tom Johnson, Executive Vice President, AdvantageWest; Gina Grossman; Brian Grossman, General Manager, Sierra Nevada; Andrew Tate, President & CEO, Henderson County Partnership for Economic Development; Scott T. Hamilton, President & CEO, AdvantageWest; Stan Cooper, Logistic Manager, Sierra Nevada; Ken Grossman, Owner & Founder, Sierra Nevada; Don Schjeldahl, Lead Site Consultant, Austin Company; Matt Raker, VP of Entrepreneurship & AdvantageGreen, AdvantageWest.

# GO EAST!

Sierra Nevada Chooses Henderson County for New East Coast Manufacturing and Distribution Operation



The 18-month journey to find the perfect site for Sierra Nevada Brewing Co.'s East Coast expansion ended with the exciting announcement on January 25, 2012 that Mills River, NC would be the location of the family-owned craft brewery.

Sierra Nevada looked at 200 sites east of the Mississippi and evaluated them on labor and utility costs, availability of fresh water, waste management, telecommunication capacity, access to transportation, renewable energy and sustainability capabilities, and much more.

"We were hoping to find a site and region that met all of our industrial manufacturing and distribution needs but satisfied the aesthetic of the Sierra Nevada brand – and Mills River and

Western North Carolina do!" says Don Schjeldahl, former Vice President of Austin Company and leader of the site search.

AdvantageWest first learned of the Sierra Nevada opportunity while attending a national site consultant renewable energy conference in Tulsa, OK. Immediately the AdvantageWest team jumped into action, contacting the local economic developers about project requirements and gathering data. Over the next several months, AdvantageWest compiled and coordinated information, developed confidence with the client, and organized numerous client visits. The NC Department of Commerce and Henderson County Partnership for Economic Development worked very hard throughout the process and especially during the final few months to put incentives in place and solidify the project to make it become a reality in Mills River.

"AdvantageWest was the perfect organization to represent the broader Western North Carolina region," says Schjeldahl. "They are well connected, well respected and very knowledgeable. They were able to transition with us as we narrowed down our search, helping us work with the Town of Mills River, Henderson County and the NC Department of Commerce."

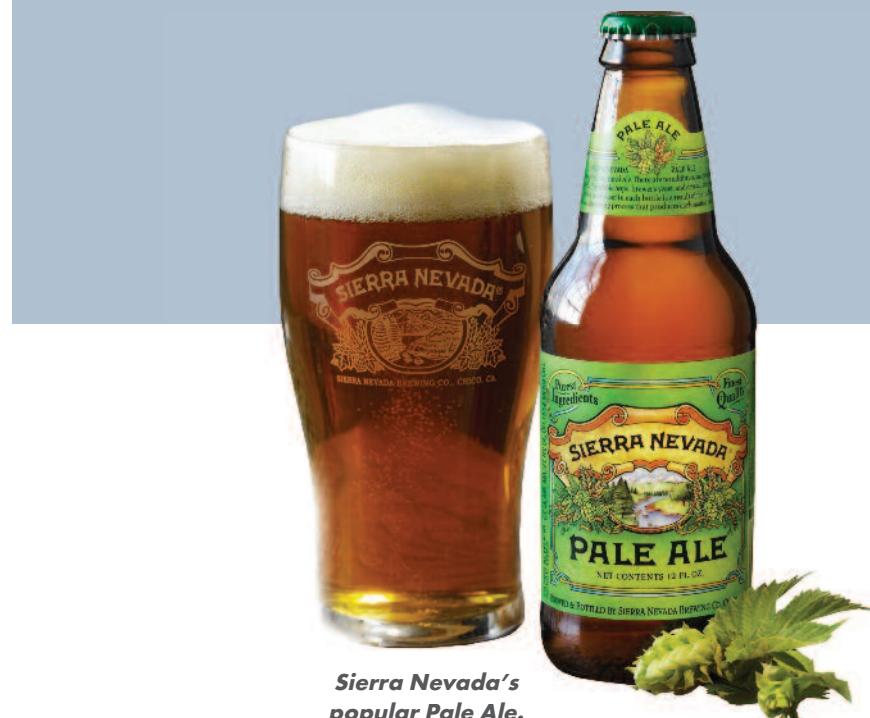
"We are thrilled to have found an ideal location in Western North Carolina for our second brewery," says Ken Grossman, founder of Sierra Nevada. "The beer culture, water quality and quality of life are excellent. We feel lucky to be a part of this community."

The second largest privately held brewery in the United States, Sierra Nevada plans to create 95 full-time jobs and 80 part-time jobs, and make a multimillion dollar investment in the region over the next five years. Sierra Nevada expects to also create about 60 construction and mechanical jobs during its 24-month building phase kicking off in mid to late 2012. In addition to the brewery, the facility will include a restaurant and gift shop.

"There is tremendous opportunity in this region," says Schjeldahl. "Western North Carolina is a popular travel destination. We hope that people from all over will come to visit Sierra Nevada too."

**"AdvantageWest was the perfect organization to represent the broader Western North Carolina region. They are well connected, well respected and very knowledgeable. We loved working with them and are thrilled that Sierra Nevada is coming to their region."**

**Don Schjeldahl**  
Former VP of Austin Company & Lead Site Consultant



**Sierra Nevada's popular Pale Ale.**

# BROADBAND REACH

## Regional Fiber Network Connects WNC to World

For the past several years, a dedicated group of non-profit organizations, private enterprises and the Eastern Band of Cherokee Indians has been working tirelessly to complete a 21st century high-capacity fiber infrastructure in Western North Carolina.

Stretching all of the way from Murphy to Wilkesboro, the broadband infrastructure has already attracted a Facebook data center in Rutherford County and a Google data center in Caldwell County, among other notable organizations such as NOAA and Immediion.

"Our region's broadband infrastructure is growing exponentially," says Ken Maxwell, General Manager, Frontier Communications. "Frontier's commitment to its more than 100,000 customers along with the commitment of other broadband partners in our region is giving WNC communities greater broadband capacity and access. Both are critical to the economic success and well-being of residents and businesses throughout our region."

The broadband expansion has been a collaborative effort among AdvantageWest and numerous telecommunication companies, including ERC Broadband, BalsamWest FiberNET, Frontier Communications, Morris Broadband, PalmettoNet, Country Cablevision and MCNC.

"MCNC's goal is to build a broadband infrastructure across North Carolina that can scale for the future," says MCNC CEO Joe Freddoso. "One of the keys to achieving this goal is creating modern infrastructure in the western part of the state."

In addition to other completed and continuing broadband expansion efforts, MCNC's \$144 million expansion of the North Carolina Research and Education Network, labeled the Golden LEAF Rural Broadband Initiative (GLRBI), is expected to be complete by mid-2013.

**"AdvantageWest really became the catalyst for bringing the various broadband partners together."**

**Joe Freddoso, CEO, MCNC**

"A high-capacity fiber network is crucial to improving the education and healthcare industries in Western North Carolina," says ERC Broadband Executive Director Hunter Goosmann. "The \$15 million we received through the American Recovery and Reinvestment Act stimulus effort to expand middle-mile fiber in Buncombe, Madison, McDowell, Mitchell and Avery Counties has created jobs and will help create better jobs in the future."

Dr. Cecil Groves, CEO of BalsamWest FiberNET, agrees. "Building a last-mile fiber network in rural areas is challenging," he says. "But our high-quality technology backbone is why businesses like Harrah's Casino in Cherokee and Drake Software in Macon are growing. It's why we're able to provide 17,000 students a day with connectivity that rivals major universities. And it's why we're attracting new businesses in all types of industries who need a high-capacity technology infrastructure and want the quality of life our beautiful region offers."



# ENTREPRENEURSHIP

**19 seed stage loans  
totaling \$694,000  
provided to startups  
through AOF**

Since 2002, the Blue Ridge Entrepreneurial Council (BREC) has been helping build a culture of entrepreneurship across WNC. BREC helps entrepreneurs connect with each other, investors and the critical resources they need to succeed. BREC also helps improve access to early stage capital and strategic mentoring for growth-oriented entrepreneurs through the Advantage Opportunity Fund (AOF).

In 2011, BREC helped 37 clients in numerous industries, including software/IT, food and beverage, natural products, clean energy, and outdoor products. The year also marked the inaugural BREC Breakthrough Challenge, an annual competition that aims to identify and accelerate WNC's best breakthrough business opportunities. Forty new and existing businesses from across the region entered the competition by developing and submitting breakthrough business plans. Blue Ridge Biofuels took first place, followed by Suspension Experts and Jack's Nut Butters.

One of the most important ways to support entrepreneurs is to provide them with entrepreneur-ready communities. That's why AdvantageWest created the Certified Entrepreneurial Community (CEC®) program in 2007. In the past four years, 10 communities in the region have obtained certification. The initiative is gaining national recognition as a new standard for entrepreneurial community growth. Explore AdvantageWest's Certified Entrepreneurial Communities at [www.awcec.com](http://www.awcec.com).

For more information about entrepreneur opportunities, BREC and AOF, contact Matt Raker, VP Entrepreneurship & AdvantageGreen, at [mraker@awnc.org](mailto:mraker@awnc.org). For information on the CEC® program, contact Emily Breedlove, Entrepreneurship Program Manager, at [ebreedlove@awnc.org](mailto:ebreedlove@awnc.org).



**Banding together:** From left: Jay Sanders, Creative Allies; Curt Arledge, Creative Allies; Sean O'Connell, Creative Allies; Matt Raker, VP of Entrepreneurship, AdvantageWest; Rachel Whaley, Creative Allies; and Troy Lehman, Creative Allies.

## OFF THE CHARTS

### Creative Allies Rocks the Music Industry

Want to design a t-shirt for The Shins? A commemorative poster for Moogfest? An iPhone case for The Black Keys? Now artists, designers and illustrators from all over the world have the chance to create artwork for their favorite bands, films and festivals — and generate powerful exposure for themselves — through Asheville-based Creative Allies.

Creative Allies, an online community that creates art and fans, is the brainchild of music industry veteran Sean O'Connell. Here's how it works: Cool design contests are held every week. Artists create and upload their designs for t-shirts, posters, album covers, skateboards and more *for free*. Entries are posted online for everyone to see. Every design contest awards cash and prizes for a winning design. Additional designs (even non-winners) also have the chance of being sold as part of official merchandise in the Creative Allies Store.

"I love and respect the creative process," says O'Connell, founder and CEO of Creative Allies and Music Allies.

"There are so many talented artists who give up doing what they love because there aren't enough opportunities. Creative Allies gives them a chance to create and share their talents with the world and hopefully get discovered! And the winning designs give bands and festivals new revenue streams."

As a BREC client, Creative Allies had access to seed funding through the Advantage Opportunity Fund and assistance with securing additional capital from the Inception Micro Angel Fund (IMAF West).

"AdvantageWest is a big supporter of entrepreneurs and creative technology companies," says O'Connell. "My co-founder, Greg Lucas, and I are very grateful for their support in helping Creative Allies grow."

In two short years, Creative Allies has hired a staff of 10 and created a busy hive of 25,000 art students, designers, illustrators, hobbyists and music fans worldwide.

"Creative Allies is a great example of a successful global company built on, and building, our regional technology and creative talent pool," says Matt Raker, VP of Entrepreneurship, AdvantageWest.

"It's all about connecting to fans and building a community," says O'Connell. "By creating hundreds of thousands of impressions through social networks and exciting new apps, Creative Allies is generating loud buzz and creative revenue for artists, musicians and festivals. I am proud that we are helping build a stronger creative class in WNC and worldwide."



*Winning designs from Creative Allies.*

**"It's much more affordable for me to run Music Allies and Creative Allies from Western North Carolina than from bigger cities. It also helps that we have great regional organizations like AdvantageWest that support creative entrepreneurs."**

Sean O'Connell  
Founder and CEO, Creative Allies and Music Allies



**Building strong support.** Alan Clark, Manager of Business Development, Burke County; Scott Darnell, President, Burke Development Inc. (BDI); Spring Williams-Byrd, Extension Director, Burke County; Eddie McGimsey Director SBC & Entrepreneurship Development, Western Piedmont Community College; Matt Rudisill, Coordinator of Growing America Through Entrepreneurship (GATE), Western Piedmont Community College; Arlene Childers, Assistant Director, NC REAL Entrepreneurship; Lee Anderson, Director of Development & Design, City of Morganton; Chuck Moseley, CEC® Chairman, Burke County; Emily Breedlove, Entrepreneurship Program Manager, AdvantageWest; and Scott T. Hamilton, President & CEO, AdvantageWest.

## NURTURING SPIRIT

Burke County Inspires and Supports Entrepreneurs

Travel down the I-40 corridor and among the rolling hills you will find beautiful Burke County. Burke has nine incorporated towns including Morganton (the county seat), Valdese and Drexel. With Lake James and South Mountain State Parks, a greenway and the spectacular Linville Gorge, it's no wonder Burke County labels itself nature's playground.

Nature's playground is also home to a skilled workforce, growing community college and thriving business environment that welcomes and supports entrepreneurs. Designated a Certified Entrepreneurial Community in 2010, Burke was the sixth county out of the 23-county Western North Carolina region to receive the honor.

To obtain certification, team members from Burke County, including CEC® Chairman Chuck Moseley and Eddie McGimsey, worked together to complete a comprehensive five-step process. These steps included assessing the community's current entrepreneurial landscape, creating

**"The CEC program has helped us develop an infrastructure that connects and supports entrepreneurs and encourages economic growth in Burke County. We are proud that Burke County is entrepreneur-ready!"**

Chuck Moseley  
CEC® Chairman, Burke County

a strategy for entrepreneurial growth, marshaling the community's entrepreneurial resources, and identifying and nurturing the community's most promising entrepreneurial talents.

"The process of getting the CEC® certification brought business leaders across the county together for the first time," says CEC® Chairman Chuck Moseley. "It created a new community of collaboration, which in turn helped us form a new business networking group called BEBO, Burke Entrepreneurs & Business Owners. BEBO helps educate, inspire and support entrepreneurs throughout Burke County."

In addition to holding regular networking events, BEBO and the City of Morganton announced a \$50,000 grant competition in early 2012 to help an entrepreneur launch a new start-up business in the county seat.

In the Town of Valdese, an entrepreneur loan fund created by VEDIC (Valdese Economic Development Investment Corporation) has been established to support its businesses. The program will be expanding to the entire county soon thanks to a Golden LEAF grant. The Town of Drexel created a business incubator by partnering with the community college and others. They purchased and refurbished an old building on Main Street to house fledgling companies.



*The official sign presented to communities that have achieved CEC® certification.*

"Burke has created so many innovative programs from the CEC® process like BEBO and VEDIC," says Emily Breedlove, Entrepreneurship Program Manager, AdvantageWest. "These new programs clearly show that CEC® certification is a catalyst for building entrepreneurship and economic growth in the region."

"Burke County has so much to offer entrepreneurs, including amazing outdoor activities, great culture, welcoming towns and a broadband network...and now entrepreneurship is a state of mind in our community," says McGimsey, who's a CEC® team member as well as Director of the Small Business Center and Entrepreneurship Development at Western Piedmont Community College. "We really have it all."

# WNC FILM **COMMISSION**

**11 film projects  
completed, with  
over \$30 million  
in regional  
economic impact**

2011 was an outstanding year for film in Western North Carolina, with 155 film-related projects and inquiries generating more than \$30 million in regional economic impact. These regional successes aided in giving North Carolina its best year in film history, with more than \$220 million spent in production and more than 26,000 talent and crew jobs created statewide.

This blockbuster year was due largely in part to the tremendous efforts of the WNC Film Commission, who helped secure our region as a primary location for "The Hunger Games."

A program of AdvantageWest, the WNC Film Commission helps facilitate numerous film projects every year, from feature films and television shows to commercials and animated productions. We work with filmmakers to scout and secure locations, find the best crew, talent and support services in the region, and serve as a liaison between state and federal organizations as well as private landowners.

With "The Hunger Games" phenomenon sweeping the nation, our breathtaking and film-friendly region is sure to be front and center for a long time to come.

To learn more about the WNC Film Commission, please contact Amanda Baranski, Executive Assistant for the WNC Film Commission, at [abaranski@awnc.org](mailto:abaranski@awnc.org).



Action! Jennifer Lawrence playing Katniss Everdeen is ready to shoot. (Photo courtesy of Lionsgate.)

## HAPPY HUNGER GAMES

WNC Makes Film History



*(Photo courtesy of Lionsgate.)*

"Project Artemis," as it was known for 18 months, started with a phone call from Lionsgate, followed by a fast and furious hunt for the right locations by former AdvantageWest senior executive Pam Lewis and location scout Michael Bigham. They teamed with countless other individuals, organizations and governmental entities in the region and state to bring production of the "The Hunger Games" to North Carolina and the AdvantageWest region.

They joined efforts with North Carolina's film incentive program, which gives production companies that spend at least \$250,000 in NC a 25 percent refundable tax credit of in-state spending for labor, goods and services. As a result, they secured North Carolina's biggest film shoot to date.

"I think that filmmakers really appreciate not only the beauty of our region, but also the incredible customer service we provide," says Lewis.

Executive Assistant for the WNC Film Commission Amanda Baranski agrees. "We are a united front. All of the organizations, entities and individuals work together to make film projects of all sizes in our region successful."

More than 80 crew, 20 talent, a dozen area vendors and hundreds of extras were part of the filming in WNC. Thousands of businesses that benefited economically during filming are experiencing even more growth as fans from all over the country head to our region to enjoy a piece of "The Hunger Games" history.

"I can honestly say that Asheville is one of the most wonderful places that I've ever filmed in. Our crew had a great time there and I know that we'd all return in a heartbeat," says "The Hunger Games" Production Designer Phil Messina.

"We shot at dozens of different locations including scenes in DuPont State Forest, Henry River in Hildebran and the North Fork Reservoir," says Assistant Location Manager, Doug Mackenzie.

"We were able to shoot at the Reservoir for five weeks," says Assistant Location Manager Lee Nesbitt. "It was great economically and logically for Lionsgate to be able to shoot so many scenes in one location."

"The decision to allow shooting at the North Fork Reservoir was carefully considered," says Sam Powers, Director of Economic Development for the City of Asheville. "We worked closely with City Council, State Legislature and the Conservation Trust of North Carolina to ensure that we were protecting it 100 percent."

"The Hunger Games" debuted with a \$155 million record-breaking weekend at the box office, including an exciting advance screening at Asheville's Regal Biltmore Grande Cinema.



*Rolling out the red carpet. "The Hunger Games" advance screening in Asheville. From left: Lee Hensley, Water Production Maintenance Supervisor, City of Asheville; Doug Mackenzie, Assistant Location Manager; Pam Lewis, former senior executive, AdvantageWest; Michael Bigham, Location Scout; Amanda Baranski, Executive Assistant, WNC Film Commission; Lee Nesbitt, Assistant Location Manager; Scott T. Hamilton, President & CEO, AdvantageWest; and Sam Powers, Director of Economic Development, City of Asheville.*

**"The Hunger Games" would not have been possible without all of the support from the local community and WNC Film Commission. The crew was incredible and Asheville is indeed a very special place."**

Gary Ross  
Director, "The Hunger Games"

# AN ENCHANTED EXPERIENCE

## "The Healer" Filmmakers Fall For WNC

When filmmaker Giorgio Serafini wrote "The Healer," he hoped he would be able to find a forest like the one he envisioned in his mind where he could shoot the film. When he arrived in Western North Carolina, he found exactly what he was looking for.

"The forest is a major character in the film. It is beautiful and wild," says Serafini. "We looked at different forests in different states for the shoot. But when I saw the vegetation and especially DuPont State Forest and the waterfalls there, I knew that was it."

"The WNC Film Commission was super fast in setting up the initial locations for us to see," says Susan Johnson, Producer. "We got in touch with Amanda Baranski, hopped on a plane and made the decision to shoot after we went to DuPont State Forest. It was easy."

A supernatural story, "The Healer" is about two teenagers who go camping with their ailing dad. All three become lost in a haunted forest and only their Father, Chris (The Healer), has the ability to control their destinies.

The entire film was shot in North Carolina, with most of the scenes being filmed in and around DuPont State Forest. More than 125 talent, crew and vendors participated in the making of "The Healer" during October 2011. Serafini also cast three important film roles locally.

"Our experience shooting 'The Healer' in Western North Carolina was fantastic!" says Johnson. "AdvantageWest, the WNC Film Commission and Amanda were very supportive and helpful during the entire filming process."

**"I found it very easy to work in Western North Carolina. The locations were great. The WNC Film Commission was very helpful. Everyone was wonderful. I can't wait to come back."**

Giorgio Serafini  
Writer and Director, "The Healer"

"No matter the size of a film project, we deliver the same level of exceptional service," says Baranski, Executive Assistant for the WNC Film Commission. "I think that's why filmmakers like Giorgio want to come back to shoot in WNC again."

"We really enjoyed shooting outside and being so close to nature," says Serafini. "One day we were at Triple Falls in DuPont and the rocks were dry. Then there was a big storm and the next day those same rocks were covered in water. By putting those two shots together in the movie, it really makes it seem like the forest is enchanted and alive, which is exactly what we wanted to capture."



*Discussing a scene at DuPont State Forest. From left: Chris Ratledge, Digital Technician; Giorgio Serafini, Writer/Director; Joel Courtney, Actor; and Isabelle Fuhrman, Actress. (Photo courtesy of Smile Production.)*

# BLUE RIDGE FOOD VENTURES

**32 new artisan  
businesses started;  
100 fledgling food  
entrepreneurs  
assisted**

Started in 2005, Blue Ridge Food Ventures is on a roll. The 11,000 sq. ft., shared-use food business incubator and natural products manufacturing facility helps cooks, farmers and natural product and dietary supplement entrepreneurs get their businesses going and their products onto tables and shelves across the country.

In 2011, 32 new artisan businesses began production at BRFV. They produce a wide range of culinary treats and natural products, from apple chutney and pizza kits to skin care products and natural insect repellent. Gourmet To Go clients such as caterers and food trucks more than doubled their use of the facility, and the sold-out Winter Sun Farms CSA now helps support 16 regional farmers and provides local produce throughout the winter to more than 300 families.

BRFV helps entrepreneurs with product development, provides guidance through the maze of food safety regulations, gives advice on packaging and label design and much more. Looking for new equipment and bold ideas to generate unique products will keep Blue Ridge Food Ventures growing strong.

For more information about BRFV, please contact Mary Lou Surgi, Executive Director, Blue Ridge Food Ventures at [mlsurgi@awnc.org](mailto:mlsurgi@awnc.org).



*Fire From the Mountain Feast at the Jankowski Farm in Watauga County.*

## ON FIRE

### Fire From the Mountain Packs Some Delicious Heat

When people think of where tasty hot sauces and salsas come from, they probably think of Texas, Mexico or New Orleans. But Dorene and Pete Jankowski are hoping they think of the mountains of Western North Carolina.

Their popular Fire From the Mountain hot sauces and salsas are made from their signature applewood smoked peppers grown on their farm in Zionville, NC, located in Watauga County.

In 2005, Fire From the Mountain became Blue Ridge Food Ventures' first client. Now they make and package more than 5,000 delicious bottles of hot sauces and salsa every year from BRFV.

Like many great business ideas, Fire From the Mountain hatched unexpectedly.

"Pete didn't like any of the hot sauces in the marketplace," says Dorene, a self-trained chef. "He didn't think they were hot enough or had enough flavor. So I started experimenting and eventually created our smoked habenero hot sauce which met Pete's approval."

**"We wouldn't be in business without BRFV and especially Mary Lou. She has been our champion every step of the way."**

**Dorene Jankowski**  
Owner, Fire From the Mountain



**From left:** Dorene Jankowski, Owner, Fire From the Mountain; Mary Lou Surgi, Executive Director of Blue Ridge Food Ventures; and Pete Jankowski, Owner, Fire From the Mountain.

"The Smoked Habenero Hot Sauce is the most popular," says Pete. "But all of our products have the distinct flavor of our homegrown peppers and Dorene's touch."

The product line also includes Chipotle Hot Sauce, Chipotle Salsa, Serrano Hot Sauce and Habanero BBQ Sauce. A popular favorite at the Watauga/Boone Farmer's Market, Fire From the Mountain is also available at Earth Fare, Early Girl Eatery in Asheville and online at [firefromthemountain.com](http://firefromthemountain.com).

"BRVF helps people like Pete and Dorene with physical production space, business guidance, marketing advice and connections," says Mary Lou Surgi, BRFV Executive Director. "But the drive and motivation is all theirs, and that is what makes them successful."

Each year, the Jankowskis plant 300 to 400 pepper plants, including serrano, poblano, habenero, jalapeno and bell peppers, as well as tomatoes. The season lasts 120 to 150 days, depending on weather. After the harvest in late summer/early fall, they freeze their produce so they can make their hot sauces and salsa on demand throughout the year.

"Dorene and Pete are great examples of farm to BRFV to market clients," says Surgi. "They live in Watauga County where they grow their peppers for their hot sauces and salsa, and they come to BRFV about once a month to produce and package their products."

As Fire From the Mountain embarks on their seventh successful year in business, Dorene promises that she has more than a few hot ideas up her sleeve—and that is happy news to palates everywhere.

# ADVANTAGEGREEN

## WESTERN NORTH CAROLINA

**Our region leads  
the state with 931  
MW of installed  
renewable energy**

AdvantageGreen promotes the growth of WNC's green economy in areas including clean energy, green building, sustainable agriculture, natural products and outdoor industry.

Western North Carolina now boasts the highest concentration of clean energy companies in the state and over the last five years, its clean energy industry grew over 6.9%, even while the overall economy was in a downturn.

To help continue this upward growth, AdvantageGreen and its partners introduced two important regional initiatives in 2011. The first, the EvolveEnergy Partnership, supports WNC's thriving hub of clean energy innovation and industry development. The second, the *Blue Ridge Naturally* brand, is designed to help WNC become a natural products development powerhouse.

For more information about green economy opportunities in Western North Carolina, please contact Matt Raker, VP of AdvantageGreen, at [mraker@awnc.org](mailto:mraker@awnc.org).



*Paving the way for clean energy. From left: Patrick Harper, Clean Energy Regional Planner, Land-of-Sky Regional Council; Matt Raker, VP of AdvantageGreen; Maggie Ullman, Energy Coordinator, City of Asheville; Dan Leroy, Co-Executive Director, Green Opportunities; Matt Johnson, Co-Founder & Principal, BioWheels RTS; Tyrone Harvin, Training Team Member, Green Opportunities; Gary Ball, Balls Machine; and Gordon Ball, Balls Machine.*

## LEADING THE CHARGE

### The EvolveEnergy Partnership Drives the Clean Energy Economy in WNC

The AdvantageWest region leads the way with more clean energy companies per capita than any other region in the state. In fact, a clean energy company can be found in every county in WNC, including Inc. 500 company FLS Energy. WNC is also an alternative fuels leader with biodiesel, compressed natural gas, electric vehicles and a supporting infrastructure. Helping fuel the growth of the sustainable and resilient clean energy economy in Western North Carolina is the EvolveEnergy Partnership.

The 35-member and growing coalition consists of regional public and private sector stakeholders who have joined together to deliver the innovation, finance and workforce tools needed to support the expansion of existing clean energy businesses and the formation of new ventures. In 2011, 223 new jobs were created, 42 jobs were supported/enhanced, and 21 new start-ups or expansions were supported by the EvolveEnergy Partnership.

"The EvolveEnergy Partnership is one of the first regional clean energy coalitions in the country," says Matt Raker, VP of Entrepreneurship & AdvantageGreen, AdvantageWest. "We have access to early adopters and the ability to deploy and test. We can help with financing, marketing and workforce development.

**"The Brightfield™ Charging Stations are a great example of clean energy technologies driving sustainable economic development and how the EvolveEnergy Partnership is advancing WNC's clean energy future through regional collaboration."**

Patrick Harper  
Clean Energy Regional Planner, Land-of-Sky Regional Council

We really are developing an innovative platform for new clean energy business development not only in our region, but also throughout the U.S."

AdvantageWest and Land-of-Sky Regional Council (L OSC) served as co-leaders for the development of the EvolveEnergy Partnership.

"L OSC has offered a wide variety of energy-related services dating back over 20 years," says Patrick Harper, Clean Energy Regional Planner, L OSC. "By teaming up with AdvantageWest to lead the coalition, we are able to use the expertise, resources, capacity and reach of our individual organizations collectively to bring people together to drive job creation and market development in the clean energy sector throughout the region."

The Brightfield™ is an innovative approach to an electric vehicle (EV) charging station that allows EV owners to power up from clean renewable solar energy. The success of the BioWheels RTS venture is built on a combination of fast emerging clean energy expertise from across WNC and strong community partnerships.

Each Brightfield™ uses components made in WNC from manufacturers like Balls Machine and Eaton Corporation, a workforce trained from programs like Green Opportunities (GO), and clean energy systems designed by Sundance Power Systems.

"By integrating solar power production with electric vehicle charging, the Brightfield™ charging stations help build energy-independent communities," says Matt Johnson, co-founder and principal of BioWheels RTS. "They also strengthen regional economic development in both alternative transportation and renewable energy sectors."

With four Brightfield™ Charging Stations already installed in Asheville, Western North Carolina is laying the foundation for future alternative fuel and vehicle technology market development.

"By developing WNC's renewable energy resources, we can reduce the \$3 billion that leave our region every year for the purchase of imported energy," says Raker.



***Matt Johnson, BioWheels RTS, and Gary Ball, Balls Machine, in a Nissan LEAF™ from Anderson Nissan.***

# WESTERN NORTH CAROLINA **NATURAL PRODUCTS**

**4 manufacturers in  
operation; 6 in the  
pipeline at BRFV's  
Natural Products  
Manufacturing  
Facility**

With the nation's first-of-its-kind, shared-use, Good Manufacturing Practices (GMP)-compliant Natural Products Facility, a Natural Products Industry Advisory Council, the new *Blue Ridge Naturally* brand, and an online marketplace, WNC is quickly becoming a destination for natural products entrepreneurs and makers of dietary supplements, tinctures and extracts.

The root of this natural products growth is a highly collaborative platform between AdvantageWest, Bent Creek Institute and Germplasm Repository, BioNetwork BioBusiness Center, Blue Ridge Food Ventures, NC Natural Product Association, NCSU Extension Service and Western Carolina University. The goal: to bring regional resources together to drive industry development throughout the value chain from farm to manufacturer to market.

And it's working. In 2011, with the support of a Golden LEAF grant, more than 150 natural products businesses and 579 farmers and extension agents were educated/and or assisted, four new natural products manufacturers started production at Blue Ridge Food Ventures, and 15 new full-time and several part-time jobs were created. Clearly, WNC has the tools and support entrepreneurs need to grow their natural products business.

For more information about producing and packaging natural products in WNC, please contact Chris Reedy, Blue Ridge Food Ventures Program Manager, at [creedy@awnc.org](mailto:creedy@awnc.org).



*Full speed ahead. 6,400 SkinFood tubes were produced in the first six months.*

## NATURAL POTENTIAL

SkinFood is Good for the Body and Business in WNC

When the doors to the Natural Products Manufacturing Facility at BRFV opened in late 2010, Asheville industrial design company CoCoChi was the first in line to produce a product at the facility. The result was their USDA/certified organic personal-care product: SkinFood Topical Nourishment.

"When I got pregnant with my daughter Kaia, I was surprised to find out that manufacturers in the U.S. can use any ingredient or raw material, except for certain color additives and a few prohibited substances, to market a cosmetic product without government review or approval," says CoCoChi co-owner Kara Erickson. "We believe this needs to change."

Introducing SkinFood, an all-purpose body salve made of only seven all-natural ingredients. Its innovative container is built from 90 percent recycled, unbleached paper pulp, and its well-designed packaging is made of 75% post consumer waste.

"We were so lucky that the facility was opening at the same time we were getting ready to produce SkinFood," says Erickson. "It's amazing to have a facility like this in our hometown where we can produce, package, store and ship our natural product. We sold 6,400 tubes within the first six months."

BRFV Program Manager Chris Reedy agrees. "By bringing resources together across the region, we are able to provide natural product entrepreneurs with not only an incredible facility, but also the know-how to produce their products, including how to secure funding. WNC is definitely becoming a prime development destination for the natural products industry."

In addition to using the facility, CoCoChi received \$35,000 in capital from the Advantage Opportunity Fund and a \$10,000 prize from the 2011 AdvantageWest/VERVE Magazine Business Plan Competition for Women Entrepreneurs. This capital helped SkinFood get off the ground and onto shelves of more than 100 retail locations, including EarthFare and Whole Foods Markets.

"Thanks to a recent WLOS interview at Blue Ridge Food Ventures, SkinFood will be available at all eight Walgreens locations in the Western North Carolina district starting April 2012, with a chance of hopefully expanding across the region and then the U.S.," says Erickson.

The market for natural skin care products in the U.S. is \$5.9 billion and growing. With patents pending, line extensions and three new products in the works, Erickson and her CoCoChi team are creating a very successful business while changing the natural products world from Western North Carolina.

**"We are so fortunate to have a regional resource like the Natural Products Manufacturing Facility. It's comforting to know that we are in such good hands as we develop our products and the CoCoChi brand."**

Kara Erickson  
Founder and Owner, CoCoChi



***Cool science. From left: Chris Reedy, Program Manager at Blue Ridge Food Ventures; Kyle James, CoCoChi; Kara Erickson, CoCoChi; and Tyler Erickson, CoCoChi.***

# IN FULL SWING



It's been a busy and productive year for AdvantageWest and Western North Carolina.

We helped win the hearts and business minds of Sierra Nevada, which will break ground for its new production and manufacturing facility in Henderson County in late 2012. Hollywood came calling and we answered by providing incredible access to beautiful locations and talented crew for the production of "The Hunger Games."

We created the regional broadband providers network to strengthen the partnerships between the public and private sectors. Ten counties are now designated as Certified Entrepreneurial Communities. Production is booming at Blue Ridge Food Ventures' shared-use food business incubator and natural products facility. We continue to support clean energy innovation and industry development in our region through initiatives like the EvolveEnergy Partnership.

Even with all of these amazing successes, our region is still experiencing challenging economic times. It is more important than ever that we work together as a region and use this momentum to generate future economic success.

**"Please accept our sincere appreciation for the pivotal role that AdvantageWest and its many partners have played to establish North Carolina as a major data center technology corridor."**

**J. Keith Crisco, Secretary and Dale B. Carroll, Deputy Secretary  
North Carolina Department of Commerce**

All of AdvantageWest's accomplishments and future goals would not be possible without the dedication of our board, staff, Economic Developers Advisory Council and incredible partners and supporters; for this I am grateful.

We remain committed to being one of the most innovative and diversified economic development organizations in the country. We will use all of our resources, creativity and passion to build business and to create and retain jobs throughout our 23-county region.

I am excited about working with all of you, as well as new businesses and partners, to keep us driving Western North Carolina forward.

Sincerely,

*Scott T. Hamilton*

**Scott T. Hamilton**  
President & CEO

**2,127** total jobs created in the AdvantageWest region.

**\$1,005,841,165** in taxable investment announced in the AdvantageWest region.

**\$360** million announced investment in Rutherford County by Horsehead Corporation, the largest manufacturing investment in North Carolina for 2011.

**3** communities were CEC® certified and **2** communities entered the CEC® certification process.

**40** entrants from **13** counties participated in inaugural BREC Breakthrough Challenge.

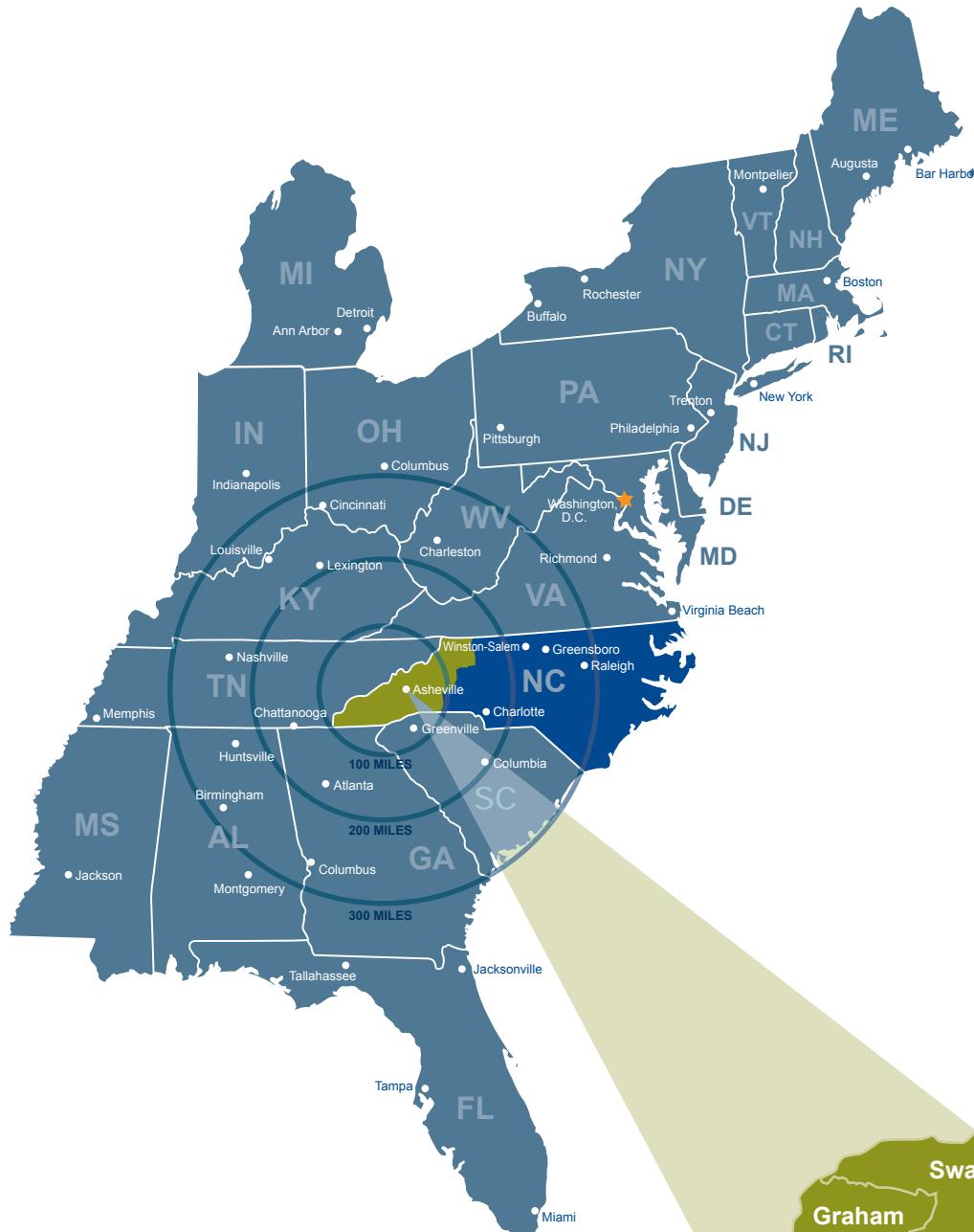
**155** film inquiries/projects generated **\$30** million in regional impact.

**8th** Carolina Connect Entrepreneur and Investor Conference drew **200+** entrepreneurs and investors from across the Southeast.

**9** permanent jobs created and **\$300,000** in energy savings already realized through AdvantageGreen Energy Internships and Fellowships Program.

**150** natural products businesses and **579** farmers and extension agents were educated/and or assisted at BRFV.

**3rd** annual Economic Summit was attended by **300+** regional, state and economic development stakeholders.



AdvantageWest serves the 23 western counties of North Carolina.

## Transportation

Region is served by I-26 and I-40, with direct interstate access to I-85, I-77 and I-81.

Asheville Regional Airport (AVL) is served by Allegiant Air, Delta, United and US Airways, with daily non-stop service to Atlanta, Charlotte, Chicago, Detroit, Houston, LaGuardia, Newark, Orlando and Philadelphia.

Atlanta (ATL), Greenville-Spartanburg (GSP) and Charlotte Douglas (CLT) International Airports within close proximity.





## AdvantageWest Board of Directors

Board Members from Left to Right (Top Row): W. Thomas Alexander (*Chairman*), Randy Banks, Mark Burrows (*Treasurer*), George Couch, Henry Doss (*Second Vice Chair*), Stephen Duncan, Eugene Ellison, Mike Fulenwider



(Second Row): Connie Haire (*Secretary*), Bert Hall, Shirley Hise, Larry Kernea (*First Vice Chair*), Wayne McDevitt, Mark Meadows, Peggy Melville, Gordon Myers (*Executive Committee*)

(Third Row): Steve Odom, Wilma Sherrill, Paul Szurek. Not pictured – Beth Miller, Tom Speed



## AdvantageWest Staff

Staff Members from Left to Right (Top Row): Amanda Baranski (*Executive Assistant & Assistant Corporate Secretary*), Emily Breedlove (*Entrepreneurship Program Manager*), Karen Davis (*Accounting Associate*), Scott T. Hamilton (*President & CEO*), Mimi Hill (*Administrative Assistant*), Tom Johnson (*Executive Vice President*), Kathy Neall (*Senior Vice President Finance*), Kathi Petersen (*Public Relations Support Contractor*)



(Second Row): Matt Raker (*Vice President Entrepreneurship & AdvantageGreen*), Chris Reedy (*Blue Ridge Food Ventures Program Manager*), Mary Lou Surgi (*Executive Director Blue Ridge Food Ventures*), Martha Vining (*Product Developer Contractor, Blue Ridge Food Ventures*)

## OUR FUNDING PARTNERS, SPONSORS AND SUPPORTERS

AdvantageWest is grateful for these public and private partners for their support in 2011.

Allegra Print & Imaging  
Alliance Consulting Engineers  
Allison Development Group  
Appalachian Regional Commission  
Appalachian State University  
Appalachian Sustainable Agriculture Project  
Asheville-Buncombe Technical Community College  
Asheville Event Company  
Asheville Radio Group  
Asheville Renaissance Hotel  
Asheville Savings Bank  
Ashe County  
AT&T  
Biltmore Farms, LLC  
Biltmore Wines  
Blue Ridge Community College  
City of Asheville  
Community Foundation of WNC  
Craggy Brewing Company

*List continued inside back cover...*

# OUR FUNDING PARTNERS, SPONSORS AND SUPPORTERS CONT'D...

Duke Energy  
ECS Carolinas  
FLS Energy  
Forest Commercial Bank  
Froehling & Robertson  
Frontier Communications  
Fulenwider Enterprises  
Golden LEAF Foundation  
Graham County  
Henderson County Partnership for Economic Development  
Highland Brewing Company  
Hilton Asheville Biltmore Park  
Jackson County  
JB Media Group  
Kickdown Consulting  
KP Communications  
Land-of-Sky Regional Council  
Macon County Economic Development Commission

Marketing Association for Rehabilitation Centers (MARC)  
Mattern & Craig  
McGill & Associates  
McMillan Pazdan Smith  
Mountain Area Workforce Development Board  
Mountain Bizworks  
Mountain Xpress  
Murphy Electric Power Board  
NC Biotechnology Center  
NC Department of Commerce, Division of Business & Industry  
NC Department of Commerce, Division of Energy  
NC Department of Commerce, Division of Tourism, Film and Sports Development  
NC Department of Commerce, Division of Workforce Development  
NC General Assembly

NC Rural Economic Development Center  
NC Small Business and Technology Development Center  
NC State University  
NC Sustainable Energy Association  
NC Tobacco Trust Fund  
Nexsen Pruet  
ourvoYce  
Parker Poe Adams & Bernstein  
Piedmont Natural Gas  
Polk County EDC  
Posana Cafe  
Printville  
Progress Energy  
PSAV  
PSNC Energy  
Sanford, Holshouser Economic Development Consulting  
Silvermine Studios

Smoky Mountain News  
Sundance Power Systems  
Swain County  
TD Bank  
Tech 2020  
The Lofts at Reynolds Village  
The Market Place  
Top Floor Studio  
Town & Country Furniture  
Town of Murphy  
UNC Asheville  
US Economic Development Administration  
US Small Business Administration  
U-Save Car & Truck Rental  
Verve Magazine  
Western Carolina University  
Yancey County  
YMI Cultural Center



NORTH CAROLINA'S MOUNTAINS

Located adjacent to the Asheville Regional Airport  
134 Wright Brothers Way • Fletcher, NC 28732  
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[www.advantagewest.com](http://www.advantagewest.com)



The AdvantageWest 2011 Annual Report is responsibly printed on paper that contains fiber from well-managed, independently certified forests with linseed based inks.

## **Blue Ridge Advanced Manufacturing Initiative**

### Quarterly Programmatic Reports -- 2012

#### **1<sup>st</sup> Quarter 2012**

- ❖ Sierra Nevada Brewing Co. announced their decision to build their East Coast manufacturing and distribution operation in Mills River, NC on January 25th. This project will create 95 full-time, 80 part-time jobs and an investment of \$107.5 million over the next 5 years.
- ❖ Numerous site location consultant visits were made throughout the quarter. In January, 2 firms and 4 consultants were visited in the Greenville, SC area and in February, 2 firms and 6 contacts were visited in the Charlotte, NC area.
- ❖ In March, an Atlanta site consultant trip resulted in 6 firms visited and 19 individual contacts made. Also in March, a Friends of NC event was attended with 35 consultants participating.
- ❖ Participated in a panel discussion during an NC Economic Developers Professional Development Seminar on case study of obstacles and challenges encountered in landing Horsehead in Rutherford County, the largest manufacturing project announced in North Carolina in 2011.

#### **2<sup>nd</sup> Quarter 2012**

- ❖ Conducted a site consultant call mission to New York in April—met with 7 firms and 2 company clients.
- ❖ Attended the Experience North Carolina event in Asheville which was attended by 38 consultants and 24 Department of Commerce personnel.
- ❖ Participated in the May SEUS/CP event and met with 12 firms.
- ❖ New Belgium Brewery, the nation's third largest craft brewer, announced plans to invest \$175 million over 7 years to build a state-of-the-art facility in Asheville. AW generated this lead in April 2011.
- ❖ Bombardier Recreational Products Inc., a leading manufacturer of motorized recreational vehicles, announced expansion operations in Mitchell County which will result in the creation of 70 new jobs and investment of \$1.1 million over the next 3 years.
- ❖ A grand opening ceremony was held at the Facebook data center in Rutherford County to celebrate the employment of 60 full-time workers.
- ❖ 7 site consultant visits and 63 site consultant contacts initiated in 2nd quarter.

### 3<sup>rd</sup> Quarter 2012

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

### 4<sup>th</sup> Quarter 2012

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



**Blue Ridge Entrepreneurial Council & Certified Entrepreneurial Community Program**  
Quarterly Programmatic Reports – FY11/12

**3<sup>rd</sup> Quarter 2011**

BREC:

- ❖ Completed and announced the 3 winners of the BREC Breakthrough Business Challenge: Blue Ridge Biofuels, Suspension Experts and Jack's Nut Butters.
- ❖ Executed a contract with Western Carolina University on launching a new Blue Ridge Angel Investor Network (BRAIN) group in the Cullowhee area.
- ❖ The AW Entrepreneurship program along with 2 BREC clients, SylvanSport and Blue Ridge Biofuels, were featured on local morning news show as part of National Entrepreneurship Week.
- ❖ Completed an Advantage Opportunity Fund loan closing for Smart Foods, a Yancey County food products company.
- ❖ Made progress on marketing the Advantage Opportunity Fund and building the pipeline.

CEC:

- ❖ Met with Clay County to review their progress towards CEC certification.
- ❖ Began updating the CEC website to include the Town of Black Mountain and Yancey County.
- ❖ Met with Haywood, Watauga, and Transylvania Counties—the first three communities that will undergo the CEC recertification process.
- ❖ Assisted CEC communities on planning networking and lunch and learn events as well as attended numerous county meetings.
- ❖ Continued to discuss and plan the CEC National Marketing Campaign.
- ❖ Hosted a delegation from Lincoln County, NC to learn about CEC program—they are interested in being the first non-AW community to engage in CEC.
- ❖ Continued to meet with counties in AW region that have not obtained CEC certification to inform and recruit them in the process.



## 4<sup>th</sup> Quarter 2011

### BREC:

- ❖ Conducted three successful and well attended BREC Events—a green building technologies focused event in Boone (100 attendees); a Business Innovation & Resource Rally in Murphy (100+ attendees); and a clean-energy focused event in Asheville (200+ attendees).
- ❖ Began promoting an upcoming BREC Forum, called Venture Local, that will focus on local and sustainable entrepreneurship opportunities across WNC.
- ❖ Partnered with the Tech 20/20 Center for Entrepreneurial Growth for the BREC Breakthrough Business Challenge, part business plan competition and part strategic assistance program aimed at entrepreneurs. The competition is open to existing businesses and startups and has cash prizes of \$10,000.
- ❖ Conducted an AOF Committee meeting to review and approve one new loan, take action to restructure an existing loan, and have an update on another existing loan.
- ❖ Completed a loan closing with a Buncombe-based electric vehicle infrastructure development startup, BioWheels RTS.

### CEC:

- ❖ Met with existing CEC communities including Burke, Polk, Macon, Watauga, Mitchell, the Eastern Band of Cherokee Indians, Transylvania and Haywood to introduce the new Entrepreneurship Director and to gain input on future opportunities to promote and support our CEC communities.
- ❖ Met with several communities working towards CEC certification including Clay, Yancey, Madison, Caldwell, McDowell, Wilkes and Ashe.
- ❖ Received word that Buncombe County may have an interest in going through the CEC certification process.
- ❖ Received a grant extension from SBA that will help us continue to support the CEC program through September 2012.
- ❖ Presented an overview of CEC at the annual meeting of the Southern Economic Development Council in Asheville; several communities (outside the AW region) inquired about the possibility of licensing the CEC program in their area.



## 1<sup>st</sup> Quarter 2012

### BREC:

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- ❖ Continued to meet with counties in AW region that have not obtained CEC certification to inform and recruit them in the process.



## 2<sup>nd</sup> Quarter 2012

### BREC:

- ❖ Continued progress on developing BRAIN-Cullowhee angel group and discussed plans for a possible BRAIN-Boone angel group.
- ❖ New AOF loans were given to Mother Earth Produce and Boggs Collective and a second loan was given to CoCoChi.
- ❖ Sponsored and attended the “Becoming an Investor-Ready Entrepreneur” workshop offered by the SBTDC.
- ❖ With regional partners, began planning the Entrepreneurship Summit in Asheville and the Business Innovation Resource Rally in Murphy.
- ❖ Completed and submitted a grant application to the USDA/EDA/ARC Rural Jobs Accelerator & Innovation Challenge to scale the Technology Commercialization Center (TCC) that provides AOF vetting and coaching services.
- ❖ Completed a survey of the current AOF loan recipient clients and designed an AOF Marketing Brochure to display findings as well as attract new potential clients.

### CEC:

- ❖ Participated in Watauga CEC’s Lunch-N-Learn in which 6 CEC communities were present and an entrepreneur networking forum with the Yancey CEC team in which over 60 business owners were in attendance.
- ❖ Finalized CEC website to include the Town of Black Mountain, Macon County and Yancey County.
- ❖ Finalized the marketing strategy and materials for the CEC Co-op National Marketing Campaign; launched the National Campaign with advertisements in targeted trade publications.
- ❖ Continued supporting the Venture Local initiative through working closely with Venture Local Franklin and planning for the November Venture Local Conference in Asheville.
- ❖ Outlined the CEC Business Plan Executive Summary for the CEC Expansion Plan Request for Proposals (RFP).
- ❖ Garnered interest in pursuing CEC certification from Wilkes, Ashe, Alleghany, Jackson, Swain, Cherokee and Graham Counties.

**AdvantageGreen**  
Quarterly Programmatic Reports – FY11/12

**3<sup>rd</sup> Quarter 2011**

- ❖ Completed development of a new regional brand, the EvolveEnergy Partnership, to focus and better communicate the region's clean energy assets and initiatives.
- ❖ Completed a regional clean energy economic development strategy with our consulting group, Angelou Economics. We will be publicly releasing this report at the October 17 project launch event.
- ❖ Participated in a 3-day training course in Denver to learn about sustainable economic development best practices along with several other WNC individuals.
- ❖ As many of our interns and fellows are approaching or have reached the end of their positions, we have received word that all of our interns to-date have been placed in full time positions, either at their existing business or in another clean energy business.
- ❖ Hosted the Director from the Natural Capital Investment Fund and a delegation of economic development officials from West Virginia that were in the region to learn about our clean energy efforts and how they could replicate them in WV.

**4<sup>th</sup> Quarter 2011**

- ❖ Attended the GreenBuild Conference & Expo in Toronto, Canada. This conference is the largest international green building event with over 100 countries represented, 750 exhibitors, and 20,000 attendees.
- ❖ Held the official public launch event of the EvolveEnergy Partnership, a regional clean energy economic development strategy.
- ❖ Hosted a very successful meeting of the Natural Products Industry Advisory Council that focused on a branding workshop towards development of a WNC natural products brand.
- ❖ Submitted a letter of intent to the Biofuels Center of North Carolina for a grant to support feasibility work towards a new 300,000 gallon/year biofuels production facility in WNC. Several regional organizations and businesses are partnering with AdvantageWest on this proposal
- ❖ Began work with the GroWNC sustainable economic development project on a value-added food products market analysis.

## 1<sup>st</sup> Quarter 2012

- ❖ Supported ribbon-cutting of first Brightfield™ solar powered electric vehicle charging station, a project of BioWheels RTS, and also an AOF client.
- ❖ Submitted a grant application to support the expansion of the biofuels industry in WNC.
- ❖ Completed the design for the new WNC natural products quality seal of approval.
- ❖ Submitted a funding request to support the second year of the *Realizing the Natural Products Industry Project*.
- ❖ Participated in a roundtable discussion with WNC manufacturers on energy efficiency and clean manufacturing hosted by the Deputy Administrator for EPA.
- ❖ Continued to develop proposal for WNC revolving clean energy loan fund with EvolveEnergy partners.

## 2<sup>nd</sup> Quarter 2012

- ❖ Selected two consultants to perform parts of a Value-Added Food and Natural Products Analysis that will study market potential of at least 10 potential food or natural products.
- ❖ Attended and presented at the Business Alliance for Local Living Economies (BALLE) annual conference in Grand Rapids, Michigan.
- ❖ Received a \$130,000 grant award from the NC Biofuels Center to test and support the development of a third-generation biodiesel production facility in WNC, to demonstrate a “field to fryer to fuel” business model and to conduct an end-user market survey.
- ❖ Continued to advance a proposal for a clean energy revolving loan fund.
- ❖ Attended the annual NC Sustainable Energy Conference hosted by NC DOC.
- ❖ Completed and submitted a grant application to the USDA/EDA/ARC Rural Jobs Accelerator & Innovation Challenge to advance sustainable agriculture and natural resource-based industries in rural WNC.



## Blue Ridge Food Ventures Quarterly Programmatic Reports – FY11/12

### 3<sup>rd</sup> Quarter 2011

- ❖ BRFV staff and several business owners attended the NC Specialty Foods Meeting in Raleigh to learn about cooperative marketing opportunities available from the NC Department of Agriculture. Staff also met with the international trade representative from the NCDA to explore the possibilities of exporting specialty food products from WNC.
- ❖ BRFV was awarded \$40,000 by the Tobacco Trust Fund to continue its product development and marketing activities.
- ❖ The President of the GoldenLeaf Foundation visited the NPMF at BRFV to see how present funding is being used, and discuss continuation of that funding in 2012.
- ❖ BRFV and /or businesses that work there were featured in the *Wall Street Journal* on-line edition; the *Asheville Citizen-Times*, *Mountain Express*; *Carolina Epicurean*; *Verve Magazine*; *Our State Magazine*; and others.
- ❖ The value of production, year-to-date, equals \$936,000.

### 4<sup>th</sup> Quarter 2011

- ❖ Organized and completed the 5-week “Starting your Specialty Food Business” class helping over 50 aspiring food entrepreneurs.
- ❖ Developed and submitted a grant proposal to the Rural Center to implement a marketing strategy and purchase additional equipment for the Natural Products Manufacturing Facility to create more jobs, prepare workers, and attract companies to the region.
- ❖ Over 300 individuals attended the popular and successful Holiday Market to promote the small businesses that work out of or have graduated from BRFV.
- ❖ Held a successful first distribution of Winter Sun Farms shares with over 300 subscribers and individuals on a waiting list.
- ❖ Completed a very successful Red Box season with sales far exceeding expectations. Over 350 boxes were sold and/or shipped to area across and outside of the US.
- ❖ Began discussions with the Appalachian Regional Commission to hold a conference in Asheville next year on the economic impact of strong local/regional food systems.



## 1<sup>st</sup> Quarter 2012

- ❖ BRFV continued work with the Appalachian Regional Commission on an upcoming conference to be held in Asheville during April.
- ❖ 171 client productions in the BRFV facility and assisted 36 other businesses.
- ❖ Awarded a grant for economic innovation from the NC Rural Center to expand services and provide worker training.
- ❖ Working with Macon, Haywood, Clay, Cherokee, Rutherford, Mitchell and Jackson Counties who want to start up community kitchens.
- ❖ Featured on *North Carolina Rising* episode.
- ❖ Facility will serve as a case study for a publication coming out of Virginia Tech on Regional Kitchen Incubators.
- ❖ TV coverage of an entrepreneur and the product she makes in BRFV's Natural Products Manufacturing Facility, which we arranged, resulted in immediate placement of the product in 8 Walgreens stores across the region.

## 2<sup>nd</sup> Quarter 2012

- ❖ Helped organize and host the Appalachian Regional Commission (ARC) conference in Asheville in early April. The event focused on Appalachian Food Systems and was attended by 345 individuals. Tours were given of local farms and of the BRFV facility.
- ❖ Organized meeting for communities all over NC and WNC for entities exploring options around community kitchens or incubators to spur economic development in rural areas.
- ❖ Began working with local farms on growing produce for this year's Winter Sun Farms CSA and had discussions about expanding program out of the WNC region.
- ❖ Worked with all clients on good manufacturing practices and standard operating procedures as well as ramped up food safety policies in place at the facility.
- ❖ Began planning "Big Tasty—Makin' It To Market Contest" to find the best new product ideas in WNC.
- ❖ 177 client productions in the BRFV facility and assisted 55 other businesses in the past 3 months.



**WNC Film Commission**  
Quarterly Programmatic Reports – FY11/12

**3<sup>rd</sup> Quarter 2011**

- ❖ Production began on two independent features in the WNC region—*The Healer* and *Brown Mountain Abduction*.
- ❖ Provided assistance for a Fruit of the Loom 2012 catalog shoot done at J.H. Stepp Orchard and the Orchard at Altapass.
- ❖ Facilitated a two day scout with a location manager for a large Universal Pictures feature.
- ❖ Worked extensively with the Rutherford TDA and NC Film Office on a Lionsgate feature. A scout with the location manager is planned for early October.
- ❖ Continued work on a major motion picture for the region.
- ❖ Attended training for and obtained Reel-Crew platform to organize regional crew and support services and have activated 55 new listings in the directory.
- ❖ Added 44 new locations to the Reel Scout database.

**4<sup>th</sup> Quarter 2011**

- ❖ The independent feature, *The Healer*, wrapped a 24 day shoot in October. Key production individuals had nothing but positive feedback about their experience in WNC.
- ❖ The independent feature, *Brown Mountain Abduction*, wrapped shooting in October as well.
- ❖ *The Odd Life of Timothy Green*, a Disney feature, came to WNC in October to capture fall foliage scenes to complete their film which was shot in Georgia.
- ❖ Worked with the Rutherford TDA and the NC Film Office on a location scout for a Lionsgate feature still interested in shooting in WNC in 2012.
- ❖ The WNC Film Commission was a bronze sponsor at the first annual Asheville Cinema Festival, organized by the Asheville Cinema Society.
- ❖ Added 20 new locations to the Reel-Scout database and activated 24 new listings in the Reel-Crew directory.



## 1<sup>st</sup> Quarter 2012

- ❖ Co-coordinated an advance screening of *The Hunger Games* for approximately 300 local individuals that helped make the film possible. This movie is the largest to date for the state of North Carolina and it broke opening weekend box office records bringing in \$155 million.
- ❖ An episode of Investigation Discovery Channel's documentary series *Disappeared* shot in Asheville area for 2 days.
- ❖ Assisted and participated in 2 scouts in WNC region for a proposed \$10.2 million independent feature and a proposed \$20 million studio feature.
- ❖ Began discussions with Madison and Yancey Counties for overhaul of location photos in Reel-Scout for better promotion of their respective counties.
- ❖ Added 10 new locations to the Reel-Scout database from recent scouting trips and requests for photos.
- ❖ Added 21 new crew and support service listings to the WNC Resource Directory.

## 2<sup>nd</sup> Quarter 2012

- ❖ Assisted with a VW catalog shoot and an NC Education Lottery commercial that shot for a day each on the Blue Ridge Parkway.
- ❖ Provided lodging and location assistance to a Dutch reality TV show that shot in the Asheville area for 2 days.
- ❖ Worked with a production company for several months on a Chaco Shoes catalog shoot that took place for four days.
- ❖ Provided location assistance to low-budget independent short that shot in region for 6 days.
- ❖ Was a sponsor of the Asheville 48 Hour Film Project for the eighth year in a row. Also participated in screenings of the 22 submitted films.
- ❖ Added 19 new locations to the Reel-Scout database from recent scouting trips and requests for photos.
- ❖ Added 22 new crew and support service listings to the WNC Resource Directory.

## Summary of Earned Media for AdvantageWest in 2012

Prepared by Kathi Petersen, Senior VP Corporate & Public Relations

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

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

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

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

\* Calculations are based on the rate cards available to AW at this time.

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

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

\*Values assigned to social media are not reflected here, either.

\*Some of the items included are a reflection of AW's work overall, not necessarily our direct contact with media.

**PR Value (PRV)** is a standard calculation in the PR industry to determine the intrinsic value of the media coverage.

It is believed that a "news story" versus an "advertisement" has 5-times the credibility; thus, PRV is calculated by multiplying the AVE by 5.

In the case of an actual ad (we had several in 2012 that we achieved for no charge), we do not use the 5x multiplier.

<u>2012 ESTIMATES OF COVERAGE</u>			<u>YEAR TO YEAR COMPARISONS</u>		
<b>Month</b>	<b>AVE</b>	<b>PRV</b>	<b>Year</b>	<b>AVE</b>	<b>PRV</b>
January	\$236,935	\$1,185,180	2012	\$28,470,554	\$142,341,311
February	\$46,915	\$234,675	2011	\$1,930,836	\$9,592,638
March	\$17,991,374	\$89,932,270	2010	\$389,031	\$1,898,835
April	\$9,504,252	\$47,528,712			
May	\$41,402	\$207,010			
June	\$41,851	\$209,255			
July	\$313,058	\$1,575,288			
August	\$57,729	\$288,645			
September	\$33,394	\$166,970			
October	\$32,683	\$164,720			
November	\$74,375	\$370,630			
December	\$96,586	\$477,956			
<b>TOTAL</b>	<b>\$28,470,554</b>	<b>\$142,341,311</b>			

### NOTES TO CONSIDER FOR 2012

There were factors that made a significant impact on the coverage achieved in 2012, including:

- \* Sierra Nevada and New Belgium
- \* The Hunger Games

<b>Western North Carolina Regional Economic Development Commission</b>		
d/b/a Advantage West		
<b>NORTH CAROLINA STATE GENERAL ASSEMBLY</b>		
<b>CASH BASIS Financials</b>		
<b>For the Fiscal Year July 1, 2011 thru June 30, 2012</b>		
<b>REVENUES:</b>		
Regional Economic Development - Grant-In-Aid		\$ 1,062,806
	<b>TOTAL REVENUES</b>	\$ 1,062,806
<b>EXPENDITURES:</b>		
<b>PERSONAL SERVICES</b>		
Salaries & Wages	\$ 283,377	
Social Security & Other Benefits	104,738	
	<b>Sub-Total Personal Services</b>	388,115
<b>PURCHASED SERVICES</b>		
Travel	29,090	
Communications/Data Processing	17,460	
Postage/Freight/Deliveries	2,734	
Printing/Advertising	39,324	
Repairs/Maintenance/Utilities	8,997	
Contracted Services	199,686	
Other Services	7,809	
	<b>Sub-Total Purchased Services</b>	305,100
<b>SUPPLIES &amp; MATERIALS</b>		
General Administrative Supplies	1,725	
Other Administrative Expenses	16,420	
	<b>Sub-Total Supplies &amp; Materials</b>	18,145
<b>FIXED CHARGES &amp; EXPENSES</b>		
Rent/Leases	61,090	
Insurance/Bonding	13,804	
	<b>Sub-Total Fixed Charges &amp; Expenses</b>	74,894
<b>CAPITAL OUTLAY</b>		
Other Capital Outlay (< \$5,000)	6,890	
Other Capital Outlay (Intangibles-Website)	35,123	
	<b>Sub-Total Capital Outlay</b>	42,013
<b>OTHER EXPENDITURES</b>		
Prospect Dev & Sponsorships	29,313	
Event Costs	2,283	
	<b>Sub-Total Other Expenditures</b>	31,596
	<b>TOTAL EXPENDITURES</b>	859,863
<b>EXCESS REVENUES OVER EXPENDITURES</b>		\$ 202,943

<b>Western North Carolina Regional Economic Development Commission</b>		
<b>d/b/a Advantage West</b>		
<b>FUNDS - ADVANTAGEWEST - OTHER</b>		
<b>CASH BASIS Financials</b>		
<b>For the Fiscal Year July 1, 2011 thru June 30, 2012</b>		
<b>REVENUES:</b>		
State Energy Office - AdvantageGreen Internships Project	\$ 307,654	
U.S. SBA Grant #2 - Certified Entrepreneurial Community Program	15,370	
Golden LEAF - Natural Products Project	118,000	
Land-of-Sky Clean Energy Economy Project	39,500	
Land-of-Sky GrowNC Project	13,043	
Entrepreneurial Program Event Registrations & Support Income	13,690	
Sub-Lease Income	17,700	
Investment Income	6,480	
Other Income	3,312	
<b>TOTAL REVENUES</b>	<b>\$ 534,749</b>	
<b>EXPENDITURES:</b>		
Salaries	117,972	
Social Security & Other Benefits	1,238	
State Energy Office AdvantgeGreen Internships Project Expenses	196,207	
U.S. SBA Certified Entrepreneurial Community (CEC) Grant #2 Exp	4,721	
Land-of-Sky Clean Energy Economy Project Expenses	13,873	
Land-of-Sky GrowNC Project Expenses	11,000	
Golden LEAF - Natural Products Project	152,191	
Building Rents	26,425	
Contracted Services	26,250	
Lead Generation Costs	9,802	
Office Supplies	6,381	
Other Expenses	2,880	
<b>TOTAL EXPENDITURES</b>	<b>568,940</b>	
<b>EXCESS EXPENDITURES OVER REVENUES</b>	<b>\$ (34,191)</b>	

<b>Western North Carolina Regional Economic Development Commission</b>	
<b>d/b/a Advantage West</b>	
<b>FUNDS - PRIVATE</b>	
<b>CASH BASIS Financials</b>	
<b>For the Fiscal Year July 1, 2011 thru June 30, 2012</b>	
<b>REVENUES:</b>	
Corporate Contributions	\$ 64,000
Economic Summit Registrations & Sponsorships	18,350
Income - Genesis Furniture Project	31,000
Golden LEAF - Madison Co. CIS	5,625
Other Income	568
<b>TOTAL REVENUES</b>	<b>\$ 119,543</b>
<b>EXPENDITURES</b>	
Economic Summit Expenses	16,008
Support BR Food Ventures fr Genesis Revenues	14,913
Professional Services	15,000
Golden LEAF - Madison Co CIS Expense	5,625
Company Vehicle	39,640
Private Fund Other Expenses	7,554
Prospect Development	6,325
Travel Expenses	5,201
Sponsorships	5,500
<b>TOTAL EXPENDITURES</b>	<b>115,766</b>
<b>EXCESS REVENUES OVER EXPENDITURES</b>	<b>\$ 3,777</b>

<b>Western North Carolina Regional Economic Development Commission</b>		
d/b/a Advantage West		
<b>FUNDS - BLUE RIDGE FOOD VENTURES</b>		
<b>CASH BASIS Financials</b>		
<b>For the Fiscal Year July 1, 2011 thru June 30, 2012</b>		
<b><u>REVENUES:</u></b>		
Golden LEAF - Natural Products	23,459	
Kitchen Rentals	123,559	
AdvantageWest Support	80,000	
Winter CSA Subscription Income	38,693	
Red Box Sales	19,536	
ARC Food Forum	5,975	
Miscellaneous Other Revenues	2,855	
<b>TOTAL REVENUES</b>		<b>\$ 294,077</b>
<b><u>EXPENDITURES:</u></b>		
Salaries	79,045	
Social Security & Other Benefits	26,531	
Golden LEAF Grant Exp - Natural Products	20,507	
Tobacco Trust Fund Expenses	7,915	
Winter CSA Subscription Expenses	28,992	
Red Box Expenses	15,987	
Building Rents	41,215	
Contracted Services	35,045	
Repairs and Maintenance	12,173	
Equipment Purchases & Leasehold Improvements	7,805	
ARC Food Forum Costs	5,296	
Supply Costs	7,015	
Communication Expenses	3,817	
Insurance	2,656	
Travel	4,712	
Other Administrative Expenses	2,169	
<b>TOTAL EXPENDITURES</b>		<b>300,880</b>
<b>EXCESS EXPENDITURES OVER REVENUES</b>		<b>\$ (6,803)</b>

<b>Western North Carolina Regional Economic Development Commission</b>		
<b>d/b/a Advantage West</b>		
<b>FUNDS - ADVANTAGE OPPORTUNITY FUND</b>		
<b>CASH BASIS Financials</b>		
<b>For the Fiscal Year July 1, 2011 thru June 30, 2012</b>		
<b><u>REVENUES:</u></b>		
NC Rural Center Grant	\$	115,000
Interest Income		17,796
<b>TOTAL REVENUES</b>	\$	132,796
<b>TOTAL EXPENDITURES</b>		-
<b>EXCESS REVENUES OVER EXPENDITURES</b>		\$ 132,796



## Strategy Alignment

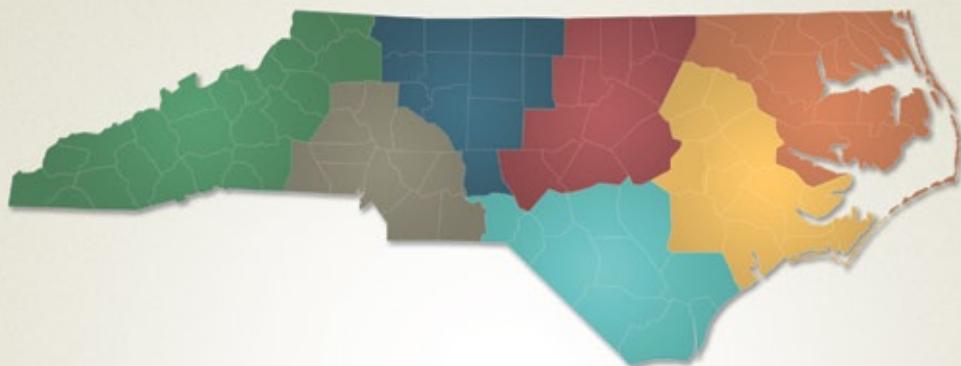
The Western North Carolina Regional Economic Development Commission (AdvantageWest Economic Development Group) works to align our regional marketing efforts with the state of North Carolina and the six other commissions or partnerships across the state in several ways.

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

# NORTH CAROLINA'S

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## REGIONAL ECONOMIC DEVELOPMENT PARTNERSHIPS



# FORGING STATEWIDE COMPETITIVENESS THROUGH REGIONAL COLLABORATION

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

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

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

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

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



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

JIM CHESNUTT, President and CEO  
National Spinning Company, Washington, N.C.

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

JEFF FINKLE, President and CEO  
International Economic Development Council, Washington, D.C.

# THE REGIONAL APPROACH: A VALUE PROPOSITION

## North Carolina's Regional Partnerships Believe:

- That North Carolina's ongoing accolades from publications such as *Forbes*, *Site Selection* and *Industry Week* are the result of a statewide economic development framework that is the nation's best;
- that effective regional economic development organizations working in tandem with a strong central lead agency, the N.C. Department of Commerce, form the basis for the state's enviable track record for business development and job creation success;
- that well-crafted regional solutions in economic development are increasingly vital to communities and states as they compete in the 21st Century global economy;
- that regional economic development organizations, working in coordination with state and local authorities and private allies (i.e., utilities, banks, etc.), offer the flexibility needed to effectively address regional branding, marketing and promotional needs;
- that consistent, meaningful funding from the North Carolina General Assembly, along with appropriate monitoring and oversight, has proven itself as the basis for a sound, uniform regional economic development policy benefiting the entire state;
- that public-private regional development partnerships are the ideal way to augment government support and guidance with private and philanthropic funding, leadership and technical expertise;
- that privately organized regional partnerships offer fleet, flexible and results-oriented management of economic development solutions at the regional level;
- that North Carolina's public and private universities and community colleges are key resources for regional job growth and business development strategies in the Knowledge Age;
- that economic progress should be measured not just by job creation headcounts, but through increased wage levels and community wealth formation (i.e. tax-base);
- that regionally-based marketing to, and recruitment of, out-of-state businesses remain the most effective means for introducing new investment and quality jobs into the state;
- that tourism promotion, film marketing, entrepreneurial development, retiree recruitment and other tools are promising avenues toward job growth and economic stability for many communities and regions.

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

HON. JAMES B. HUNT, JR., *Former Governor of North Carolina*  
*Partner, Womble Carlyle Sandridge & Rice, PLLC, Raleigh, N.C.*

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

BRENDA DANIELS, *Manager of Economic Development*  
*ElectriCities of NC, Inc., Raleigh, N.C.*



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

ADVANTAGEWEST ECONOMIC DEVELOPMENT GROUP  
134 Wright Brothers Way  
Fletcher, NC 28732  
Tel: 828-687-7234  
[www.advantagewest.com](http://www.advantagewest.com)

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

CHARLOTTE REGIONAL PARTNERSHIP  
1001 Morehead Square Drive, Suite 200  
Charlotte, NC 28203  
Tel: 800-554-4373  
[www.charlotteusa.com](http://www.charlotteusa.com)

## OUR REGIONAL PARTNERSHIPS: STATEWIDE CONSISTENCY WITH REGIONAL DIVERSITY

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

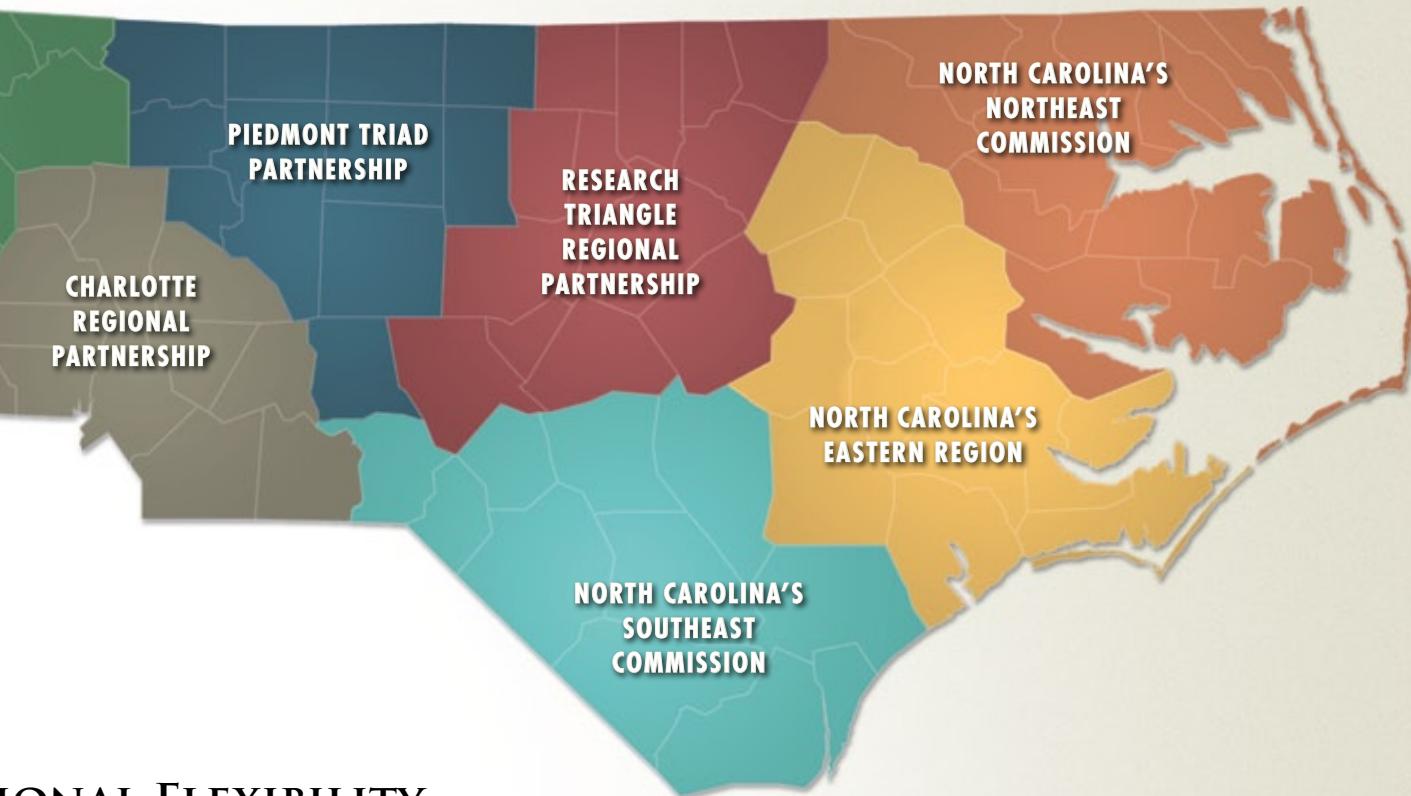
PIEDMONT TRIAD PARTNERSHIP  
7025 Albert Pick Rd., Suite 303  
Greensboro, NC 27409  
Tel: 336-668-4556  
[www.piedmonttriadnc.com](http://www.piedmonttriadnc.com)

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

NORTH CAROLINA'S SOUTHEAST COMMISSION  
P.O. Box 2556  
Elizabethtown, NC 28337  
Tel: 910-862-8511  
[www.ncse.org](http://www.ncse.org)

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

RANDALL KEMPNER, Vice President for Regional Innovation  
Council on Competitiveness, Washington, D.C.



## IONAL FLEXIBILITY

### RESEARCH TRIANGLE REGIONAL PARTNERSHIP (RTRP)

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

#### RESEARCH TRIANGLE REGIONAL PARTNERSHIP

P.O. Box 80756  
RDU International Airport, NC 27623  
Tel: 919-840-7372  
[www.researchtriangle.org](http://www.researchtriangle.org)

### NORTH CAROLINA'S EASTERN REGION

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

#### NORTH CAROLINA'S EASTERN REGION

3802 Highway 58 North  
Kinston, NC 28504  
Tel: 252-522-2400  
[www.nceast.org](http://www.nceast.org)

### NORTH CAROLINA'S NORTHEAST COMMISSION

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

#### NORTH CAROLINA'S NORTHEAST COMMISSION

119 West Water Street  
Edenton, NC 27932  
Tel: 888-872-8562  
[www.ncnortheast.com](http://www.ncnortheast.com)

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

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

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

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



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

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

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



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

Regional partnerships provide clients and consultants with what they need in the early stage of the site selection process, primarily transparency, as well as the factors they desire in the later stages of the process: multiple resources, options, consistency—and results.

CLARK SUTTON GILLESPIY, Director of Economic Development  
Duke Energy Carolinas, Charlotte, N.C.

Complementing the work of the N.C. Department of Commerce, the partnerships provide globally oriented research, industry outreach and other programs tailored to fit the specific needs of each region. Our economic development team highly values the collaboration, leadership, expertise and professionalism that the partnerships contribute.

KATHERINE THOMAS, Director of Economic Development  
Progress Energy, Raleigh, N.C.



# Advanced Manufacturing Activity Report

*Comparison of 2010, 2011 & 2012*

# Advanced Manufacturing

## *Leads/Opportunities*

### 2010

Q1 – 19

Q2 – 9

Q3 – 23

Q4 – 10

*2010 Total: 61*

*Project Visits: 21*

### 2011

Q1 – 18

Q2 – 7

Q3 – 4

Q4 – 10

*2011 Total: 39*

*Project Visits: 11*

### 2012

Q1 – 17

Q2 – 20

Q3 – 13

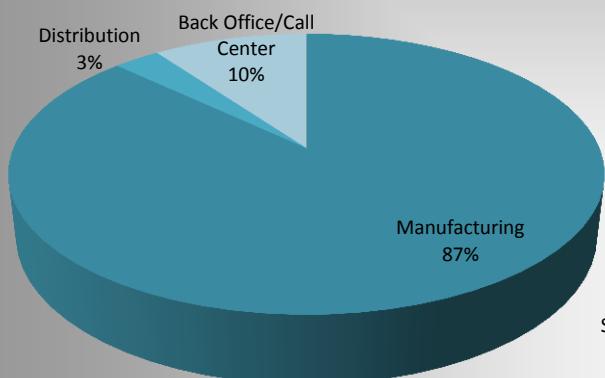
Q4 – 10

*2012 Total: 60*

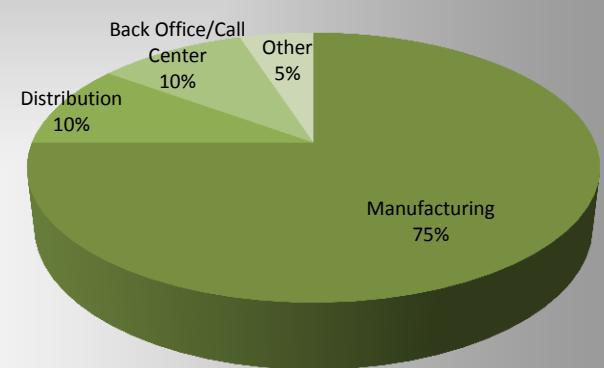
*Project Visits: 23*

# Project Type

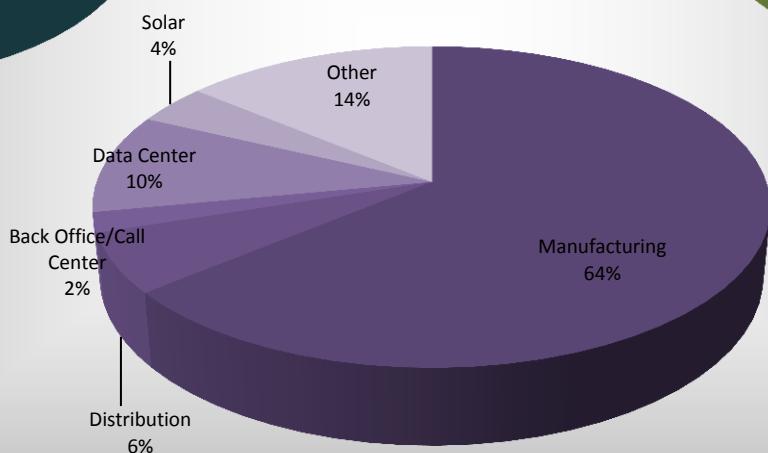
2010



2011



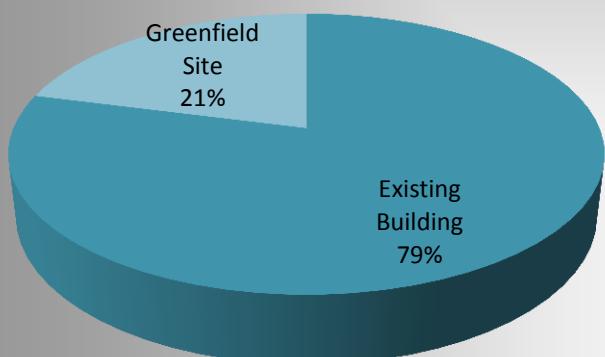
2012



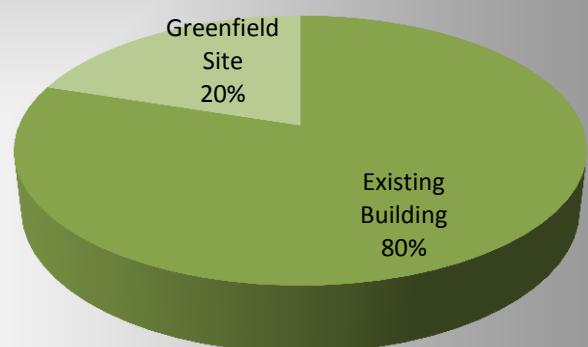
The project types of 2010 and 2011 remained about the same with the highest concentration in the manufacturing sector. During 2012, manufacturing still has the highest percentage but an increase in other sectors also took place.

# Project Need

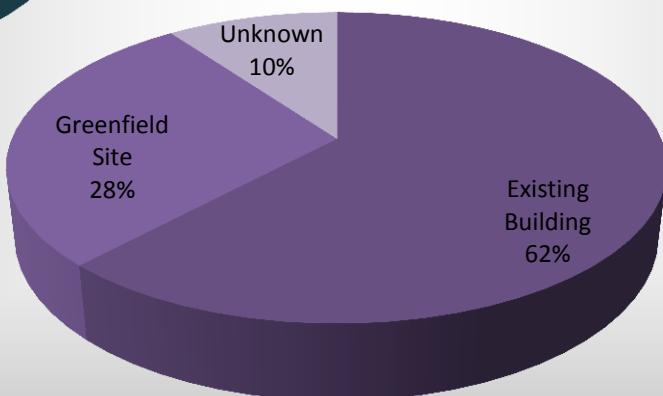
2010



2011

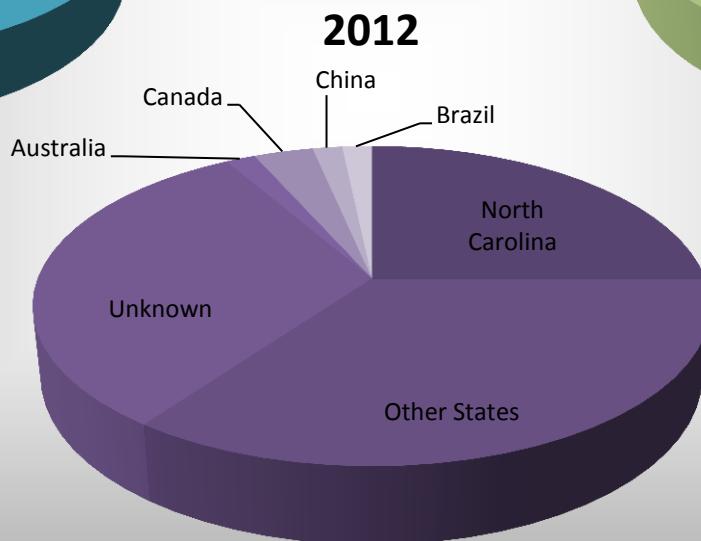
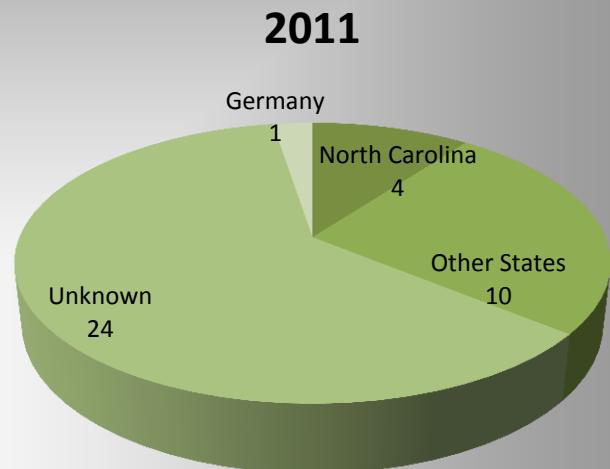
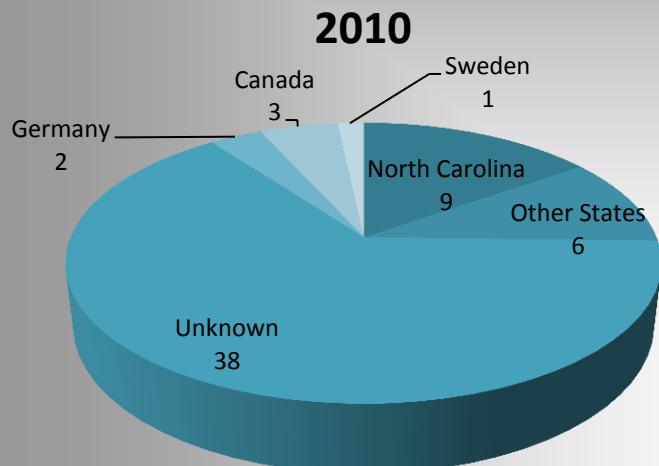


2012



The percentage of companies preferring an existing building as compared to a site has decreased from 80% to 62% in 2012. This decrease may be a result of the increase in non-manufacturing projects considering the region.

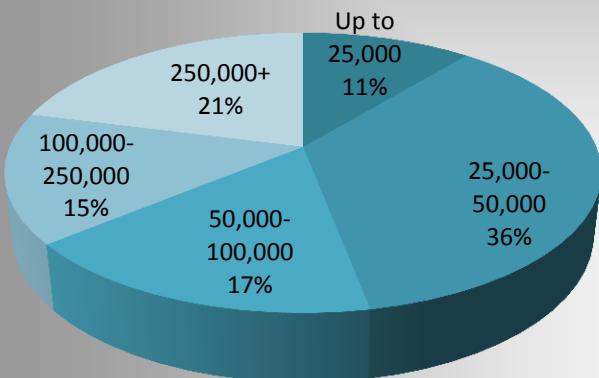
# Project Origin



In 2012, activity from other states has increased. Some of the other states involved in projects this year include Wisconsin, Colorado, Pennsylvania, South Carolina (2), Texas (2), California (3), New York (3), Georgia (3) and Florida (4).

# Existing Building Requirements

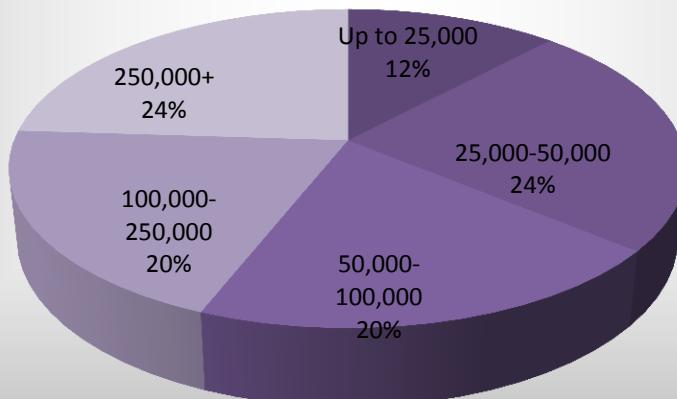
**2010**



**2011**



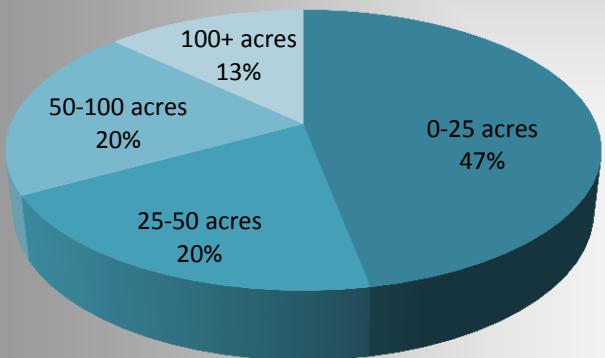
**2012**



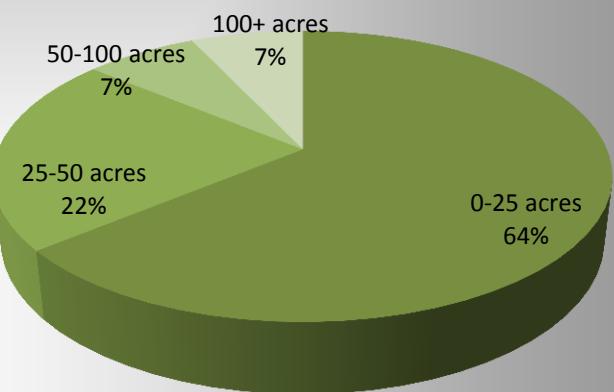
For those inquiries requesting existing buildings, in 2010, 36% requested 100,000 or greater, in 2011, 53% requested 100,000 or greater, and in 2012, 44% requested 100,000 or greater.

# Greenfield Site Requirements

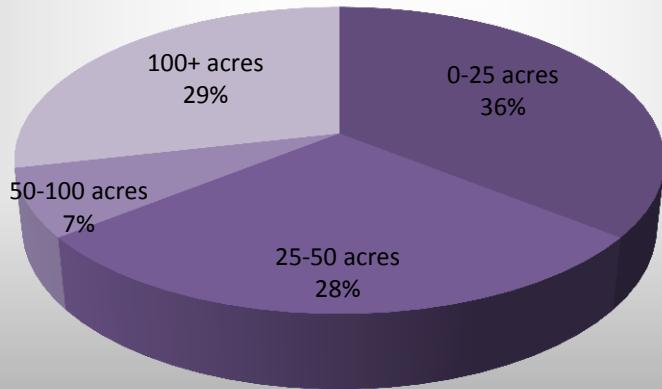
2010



2011



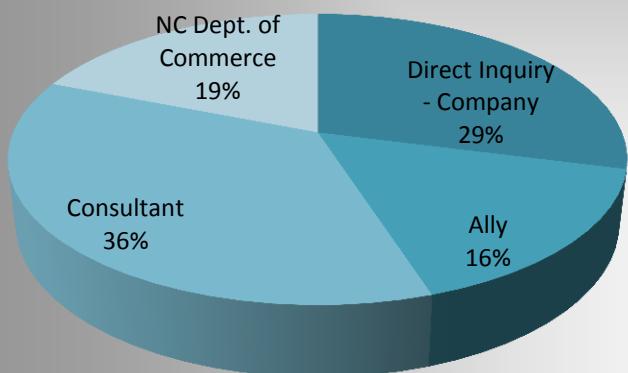
2012



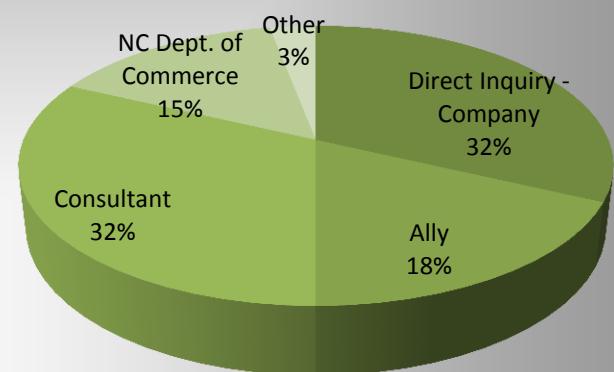
Regarding greenfield sites, there appears to be no consistent pattern in size requested.

# Inquiry Source

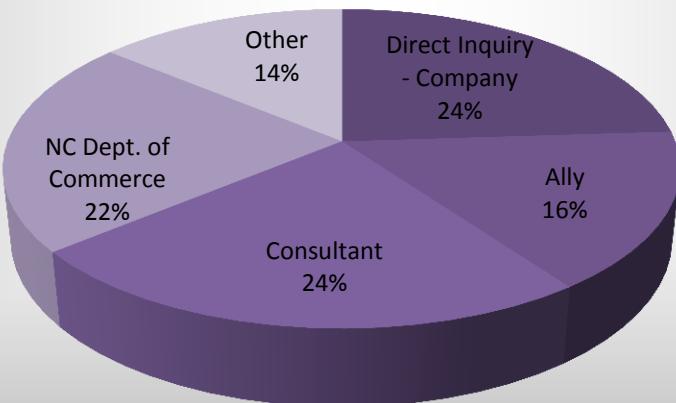
2010



2011



2012

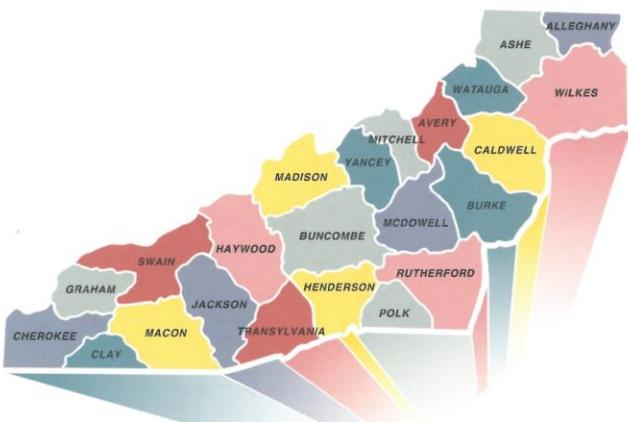


The inquiry source remained consistent in 2010 and 2011 with site location consultants being the greatest source of leads. Consultants and direct company inquiries were tied for the greatest source of leads in 2012.

# AW Counties

## Opportunities to Respond to

### Project Inquiries



2010

Alleghany	19
Ashe	18
Avery	17
Buncombe	34
Burke	28
Caldwell	20
Cherokee	20
Clay	20
Graham	20
Haywood	21
Henderson	31
Jackson	19
Macon	20
Madison	20
McDowell	28
Mitchell	20
Polk	19
Rutherford	27
Swain	20
Transylvania	21
Watauga	17
Wilkes	20
Yancey	19

2011

Alleghany	11
Ashe	11
Avery	11
Buncombe	25
Burke	14
Caldwell	12
Cherokee	12
Clay	11
Graham	12
Haywood	13
Henderson	20
Jackson	12
Macon	11
Madison	12
McDowell	16
Mitchell	11
Polk	13
Rutherford	17
Swain	10
Transylvania	17
Watauga	12
Wilkes	13
Yancey	12

2012

Alleghany	19
Ashe	21
Avery	19
Buncombe	29
Burke	26
Caldwell	23
Cherokee	25
Clay	21
Graham	22
Haywood	24
Henderson	32
Jackson	20
Macon	22
Madison	22
McDowell	30
Mitchell	21
Polk	24
Rutherford	35
Swain	22
Transylvania	27
Watauga	20
Wilkes	25
Yancey	20



## Blue Ridge Entrepreneurial Council & Certified Entrepreneurial Community Program

### Client Activity Report - 2012

	<u>BREC Clients</u>	<u>CEC Communities</u>
	<u>Served</u>	<u>Certified</u>
2011 Q3	9	0
2011 Q4	7	1
2012 Q1	62	0
2012 Q2	34	0
2012 Q3	37	0
2012 Q4	37	3
<b>Total 2012</b>	<b>170</b>	<b>3</b>



**AdvantageGreen**  
Client Activity Report - 2012

<u>New Clients</u>	
2011 Q3	7
2011 Q4	45
2012 Q1	19
2012 Q2	29
2012 Q3	10
2012 Q4	8
<b>Total 2012</b>	<b>66</b>



**Blue Ridge Food Ventures**  
A Program of AdvantageWest

**Blue Ridge Food Ventures**  
Client Activity Report - 2012

**New Facility Clients**

2011 Q3	7
2011 Q4	6
2012 Q1	7
2012 Q2	7
2012 Q3	3
2012 Q4	4
<b>Total 2012</b>	<b>21</b>



## Reel-Scout Project Activity/Leads for FY 2011-2012

<b>PROJECT</b>	<b>SOURCE</b>	<b>TYPE</b>	<b>DATE</b>	<b>LOCATIONS</b>
Fruit of the Loom – 2012 B2C Catalog	email	Still Photo Shoot	7/1/2011	4
Untitled Horror Film – JC	NCFO	Feature (Independent)	7/6/2011	3
Grass Stains	NCFO	Feature (Independent)	7/8/2011	27
Untitled Teen Camp Movie	NCFO	Feature (Studio)	7/28/2011	79
The Goats	NCFO	Feature (Independent)	8/2/2011	19
Schnadig International Furniture	email	Still Photo Shoot	8/25/2011	3
Wessel Duval Commercial	phone call	Commercial	8/29/2011	11
Mary and Martha	NCFO	Feature (Independent)	9/1/2011	34
National Geographic Untamed America	NCFO	Documentary	9/1/2011	8
A Giant	NCFO	Feature (Independent)	9/2/2011	31
No Turning Back	NCFO	Feature (Independent)	9/14/2011	19
I Forgive You	NCFO	Feature (Independent)	9/20/2011	23
Untitled DreamWorks Fox Feature	NCFO	Feature (Studio)	9/20/2011	25
Untitled Post-Apocalyptic	NCFO	TV Pilot	9/21/2011	30
Untitled Alaska Feature	NCFO	Feature (Independent)	10/10/2011	43
Eddie Bauer Catalog	email	Still Photo Shoot	10/12/2011	48
Fractured	NCFO	Feature (Independent)	10/27/2011	14
Furniture Sales Catalogue	NCFO	Still Photo Shoot	11/1/2011	1
Untitled DreamWorks Teen Racing Project	NCFO	Feature (Studio)	11/4/2011	39
CMT's Sweet Home Alabama	NCFO	TV Miniseries	11/8/2011	8
Ford Commercial 2011	NCFO	Commercial	11/15/2011	9
Beautiful People	NCFO	TV Pilot	11/17/2011	35
Walking With Dinosaurs 3D	NCFO	TV Miniseries	11/17/2011	33
Untitled Roger Corman Remake	NCFO	Feature (Independent)	11/23/2011	3
CWFY	NCFO	Feature (Independent)	11/29/2011	17
The Munsters	NCFO	TV Pilot	11/29/2011	11
Untitled Post Apocalyptic Reality Series	NCFO	TV Reality	12/12/2011	2
Bill	NCFO	Feature (Independent)	1/5/2012	1
Commune	NCFO	Feature (Independent)	1/5/2012	17

The Plantation	NCFO	Feature (Studio)	1/5/2012	3
American Biograph Films Project	phone call	Feature (Independent)	1/12/2012	16
Fiat Commercial	phone call	Commercial	1/12/2012	8
MA Women's Catalog	email	Still Photo Shoot	1/17/2012	26
The Frontier	NCFO	TV Pilot	1/27/2012	17
Rules of the Game	NCFO	Feature (Independent)	1/27/2012	23
Archery Lessons	phone call	Feature (Independent)	2/2/2012	46
Busch Gardens Plate Shoot	phone call	Still Photo Shoot	2/2/2012	17
Astro Yogurt Commercial	NCFO	Commercial	2/8/2012	7
Skinny and Cat	NCFO	Feature (Independent)	2/13/2012	27
Carrie (Remake)	NCFO	Feature (Studio)	2/17/2012	37
Queen of Crashes	NCFO	Feature (Independent)	2/17/2012	3
Tommy Hilfiger Fall Campaign	NCFO	Still Photo Shoot	2/20/2012	9
Random House Promo Video	email	Other	2/28/2012	1
East of the Mountains	NCFO	Feature (Independent)	3/5/2012	32
HBO'S Banshee	email	TV Episode	3/6/2012	1
Venison Eaters	email	Short	3/13/2012	26
Alyssa	email	Short	3/14/2012	2
Chaco Catalog Shoot	phone call	Still Photo Shoot	3/16/2012	51
Invisible Prisons	phone call	Feature (Independent)	3/22/2012	10
Singapore Clothing Line Photo Shoot	email	Still Photo Shoot	3/26/2012	3
Nightlight	NCFO	Feature (Independent)	3/27/2012	19
Go With Me	NCFO	Feature (Independent)	3/28/2012	25
John Deere Commercial	phone call	Commercial	3/29/2012	20
Scary Old House	phone call	Feature (Independent)	3/29/2012	1
Honey Bee	phone call	Feature (Independent)	3/30/2012	16
PBS Civil War Documentary Pilot	NCFO	TV Pilot	3/30/2012	24
The Ultimate Challenge	NCFO	Feature (Independent)	4/2/2012	8
Drifting with Harvey	NCFO	Feature (Independent)	4/4/2012	4
Untitled Gated Neighborhood Feature	NCFO	Feature (Studio)	4/5/2012	3
Anna Nicole Smith	NCFO	TV Movie / MOW	4/16/2012	20
Night Terrors	email	Short	4/16/2012	5
Secret of Jeremiah	NCFO	Feature (Independent)	4/18/2012	16
Boobytrap	NCFO	Feature (Independent)	4/20/2012	16
Travel Agency Commercial & Web Content	phone call	Commercial	4/24/2012	11
L.L. Bean Catalog Shoot	email	Still Photo Shoot	5/1/2012	44
Every April	NCFO	Feature (Independent)	5/14/2012	21
Webisode Series	phone call	Webisodes	5/21/2012	24
2012 Untitled DreamWorks Action	NCFO	Feature (Studio)	5/24/2012	35
Hotel 33	phone call	Feature (Independent)	5/24/2012	13

Revolution	NCFO	TV Series	5/31/2012	42
War Dogs	NCFO	Feature (Independent)	5/31/2012	32
Kristy	NCFO	Feature (Studio)	6/4/2012	4
Rock the Mic	NCFO	Feature (Independent)	6/12/2012	26
Untitled Eugene Feature	NCFO	Feature (Studio)	6/12/2012	42
Interference	NCFO	Feature (Studio)	6/21/2012	24
Low & Outside: The Jim Brockmire Story	NCFO	Feature (Independent)	6/22/2012	13
Lotus	NCFO	Feature (Independent)	6/28/2012	32

**Total Customized Reel-Scout Packages Created for FY 2011-2012: 77**

**Western North Carolina Regional Economic Development Nonprofit  
Corporation**



**Financial Statements  
For the Year Ended June 30, 2012**

# **Western North Carolina Regional Economic Development Nonprofit Corporation**

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# BURLESON & EARLEY, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

## **INDEPENDENT AUDITORS' REPORT**

To the Commission Members

Western North Carolina Regional Economic Development Nonprofit Corporation  
Fletcher, North Carolina

We have audited the accompanying financial statements of the governmental activities and the major fund of the Western North Carolina Regional Economic Development Nonprofit Corporation (the Corporation), as of and for the year then ended June 30, 2012, which collectively comprise the Corporation's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund of the Corporation, the aggregate remaining fund information of the Corporation as of June 30, 2012, and the changes in financial position, and the budgetary comparison of the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 26, 2012 on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3-12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the Corporation. The budgetary schedule is presented for the purpose of additional analysis and is not a required part of the basic 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 basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for the purpose of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, and is also not a required part of the basic financial statements. The accompanying budgetary schedule and schedule of expenditures of federal and state awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedule and the schedule of expenditures of federal and state awards are fairly stated in all material respects, in relation to the basic financial statements as a whole.

*Burleson & Earley, P.A.*  
Certified Public Accountants  
September 26, 2012



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

## **Management's Discussion and Analysis**

As management of the Western North Carolina Regional Economic Development Nonprofit Corporation (the Corporation), we offer readers of the Corporation's financial statements this narrative overview and analysis of the financial activities of the Corporation for the fiscal year ended June 30, 2012. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Corporation's financial statements, which follow this narrative.

### **Financial Highlights**

- The assets of the Western North Carolina Regional Economic Development Nonprofit Corporation *exceeded* its liabilities at the close of the fiscal year by \$3,198,661.
- The Corporation's total net assets *increased* by \$283,930, due to *increases* in the *governmental* activities net assets.
- As of the close of the current fiscal year, the Corporation's reported ending general fund balance of \$2,418,763 represents an *increase* of \$305,864 in comparison with the prior year. Forty-three percent of this total amount, or \$1,037,971, is available for spending at the government's discretion (**unassigned fund balance**).
- The Corporation was awarded five new grants from federal and state funding sources during the fiscal year totaling \$542,000.
- There was \$624,075 in grant revenues recognized for seven grants from seven different grantors during the fiscal year.

The WNC Regional Economic Development Non-Profit Corporation completed another successful yet challenging year in FY 2011/2012 under the guidance and leadership of the twenty one directors serving on our board. The corporation also received important direction from our Board Champions for AdvantageGreen, Agribusiness, the Blue Ridge Advanced Manufacturing Initiative, the Certified Entrepreneurial Community Initiative and the Blue Ridge Entrepreneurial Council. A number of advisory committees in the region, including the Economic Developers Advisory Council, the Local Economic Developers Advisory Council, Blue Ridge Entrepreneurial Council, the Certified Entrepreneurial Community Certification Review Committee and the Advantage Opportunity Fund Investment Committee provided input and advice regarding the development of our job creation initiatives. Together, we focused on the corporation's mission statement which says we "shall promote and advocate the creation of improved economic opportunity in our region, while encouraging stewardship of the culture, heritage and natural resources of Western North Carolina."

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

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

During the 2011/2012 fiscal year, the Corporation's Board of Directors committed to focus on five core job creation initiatives: Advanced Manufacturing, Entrepreneurial Development, Agribusiness, the Green Economy and the WNC Film Commission.

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

- **Blue Ridge Advanced Manufacturing Initiative** – During the 2011/2012 fiscal year, AdvantageWest responded to 53 project inquiries and there were 18 visits either to the region or to a company's home. Projects were from a variety of sources with three primary industry clusters: Manufacturing, IT/Back Office, and Distribution. Marketing outreach efforts included contact with 78 firms and 118 individuals. This contact took place in a variety of settings with site consultant trips to Chicago, Atlanta, Dallas, Charlotte and Greer & Greenville, South Carolina. AdvantageWest also participated fully in the "Experience North Carolina" event held in western North Carolina. AdvantageWest also continued distributing a monthly electronic newsletter of a "featured" industrial building and site from within the region. The distribution scope of the newsletter is approximately 3,500 site location professionals, with featured properties from throughout the region. AdvantageWest also led the annual EDAC (Economic Developers Advisory Council) trip to Raleigh, with participation including 25 members of EDAC. Meetings and presentations were coordinated by AdvantageWest on relevant economic development topics for WNC, as well as the hosting of a legislative breakfast attended by several WNC legislators. At the start of the 2011/2012 fiscal year, the Corporation's Executive Vice President resigned to accept a position with a private site selection company. The Corporation filled that vacant position in November 2011 with a veteran economic developer that has extensive knowledge of the 23 county region.
- **WNC Film Commission** – The Commission worked on 209 film-related projects and inquiries; added 93 new locations to the Reel-Scout database and 126 crew/support services listings to the Reel-Crew database; sponsored the first annual Asheville Cinema Festival & the 48 Hour Film Project for the eighth year in a row; held an advanced screening premiere for *The Hunger Games*, which was filmed in the region during 2011 and was the largest film project in the region to date; provided assistance to 14 completed film projects including 2 studio features, 2 independent features, 3 catalog/print shoots, 2 TV episodes, 2 commercials, 1 national ad campaign (commercial and catalog), 1 short and 1 music video. Additionally, the Commission worked extensively on a Lionsgate studio feature that was planned for the region but was ultimately cancelled by production due to casting issues; coordinated and conducted numerous scouts and prepared customized location packages for features, independents, pilots, commercials and catalogs looking to film/shoot in WNC in the latter part of 2012 and in 2013.

- **Agribusiness** – The WNC Regional Economic Development Non-Profit Corporation continued to grow the agribusiness sector of the regional economy through financial support to Blue Ridge Food Ventures, LLC. BRFV was once again the featured pavilion at the Annual Western North Carolina Wine & Food Festival in Asheville and they hosted tours and conducted presentations for numerous visitors from across the region, state, USA, and other countries who view Food Ventures as a best practice and model organization for food entrepreneurs and farmers. In over seven years of operation, the facility at BRFV has been the launching point for more than 220 small food businesses, with the total value of goods and services produced, reported to be over \$6 million. In addition, business counseling services were provided to hundreds of additional potential entrepreneurs. Last year, the Natural Products Manufacturing Facility was opened at BRFV's, which is the first shared-use facility of its type in the United States. This facility is an important asset, contributing to the growth of the WNC region as a hub for the burgeoning natural products industry. BRFV used grant funds from the Golden LEAF Foundation, Tobacco Trust Fund, and the Community Foundation of Western North Carolina for the following initiatives: farm outreach, a winter community supported agriculture (CSA) program, natural products and marketing initiatives to attract new users to the facility and to promote the businesses operating there.
- **Blue Ridge Entrepreneurial Council (BREC)** – BREC provided direct services to 112 entrepreneurs over the course of FY 2011/12, a three-fold increase over the prior year. Roughly half of this increase was attributable to the inaugural BREC Breakthrough Challenge which was a part business plan competition – part strategic mentoring program offered in partnership with Tech 2020 and by a grant from the Citi Foundation. The Advantage Opportunity Fund (AOF) loan program continued to thrive with six WNC startups receiving AOF funding, supported in part from NC Rural Economic Development Center grant funds. At the end of FY 2011/12, all of the AOF loan companies were surveyed and we learned that, since inception, the \$900,000 in AOF funding to 22 startups, created over 100 new jobs, and attracted over \$9 million in new investment to WNC. Partnerships with the A-B Tech Technology Commercialization Center and Mountain BizWorks continued. Work also continued with the local angel investor group, Inception Micro-Angel Fund (IMAF) to provide deal-flow for potential investor opportunities. Four BREC forums were hosted as part of an AdvantageGreen BREC series, cumulatively drawing over 600 attendees.
- **Certified Entrepreneurial Community Program (CEC)** – The Corporation continued to work with participating leadership teams across the region in CEC Communities. During FY 11/12, three additional communities became certified, -- Black Mountain, the first town to obtain certification, as well as Macon & Yancey Counties, bringing our total to ten CEC Communities across the region. The following counties continued in their pursuit of CEC Certification--Clay, Madison & McDowell Counties, while these counties expressed serious interest in beginning the CEC Process within the next fiscal year--Jackson, Wilkes, Cherokee, Graham, Ashe & Alleghany Counties. The team also completed the first half of the CEC Co-op Marketing Campaign funded by a second US Small Business Administration grant, with professionally designed advertisement campaigns placed in targeted trade magazines across the country. We continued moving forward on the CEC Expansion project due to a consistent demand for the program outside of the WNC region. Regular correspondence and bi-annual CEC Lunch & Learns kept the CEC Leadership Teams engaged and productive throughout the year. During this fiscal year, the Corporation hired a full-time program manager to oversee the implementation of the CEC initiative throughout the 23 county region.

- **AdvantageGreen Initiative** – AdvantageGreen continued to expand its impacts over FY 2011/12. The year began with the conclusion of the AdvantageGreen Energy Internships and Fellowships Program that was funded with ARRA federal funds through the NC State Energy Office that placed 9 full-time interns and 3 full-time fellows in clean energy businesses and organizations throughout the region. This program resulted in over \$300,000 in annual energy savings, 22 new solar energy systems installed, 88 buildings retrofitted, and several new clean energy jobs, among other impacts. The WNC Clean Energy Leadership Group which was formed in the prior year, had a very active and successful year including: launching a new regional clean energy brand--the EvolveEnergy Partnership; completing and publishing a regional clean energy cluster analysis and sponsoring regional marketing that partly led to the location of a new Sierra Nevada Brewing Company in Western North Carolina. The clean energy industry work also led to the ribbon cutting of the first Brightfield solar-powered electric vehicle charging station and a \$130,000 grant award from the Biofuels Center of North Carolina to expand the WNC biofuels industry. Work in the natural products area also continued under a regional collaborative effort supported by the GoldenLEAF Foundation. Under this effort, 165 WNC natural products businesses received assistance, 12 new jobs were created, and substantial progress was made towards launching a new quality seal for WNC natural products. As the AdvantageGreen program has developed, it has also started to receive recognition nationally. In FY 2011/12, AdvantageGreen was invited to present at national green economy events in Denver, Grand Rapids and Knoxville as well as being featured in multiple publications.

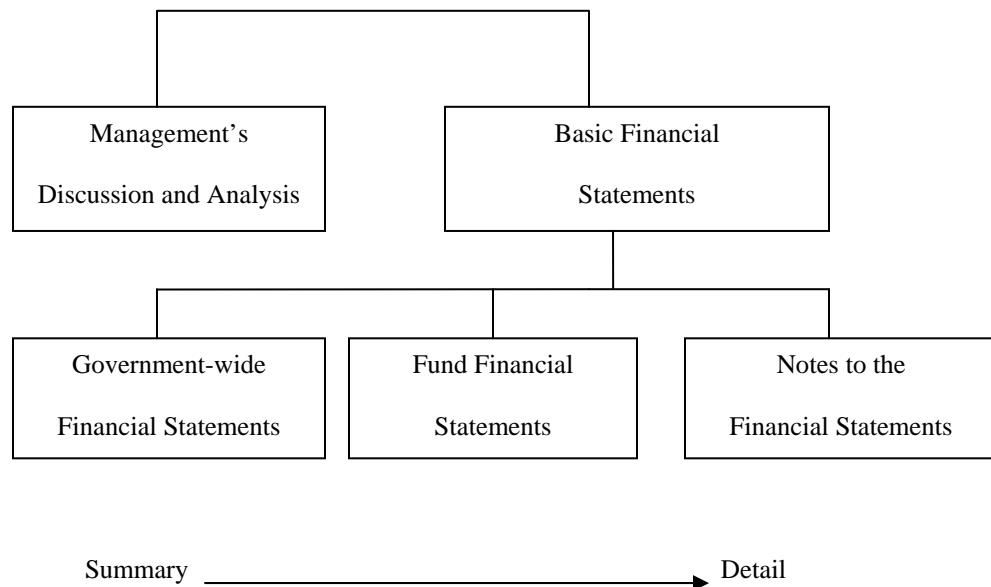
The corporation closed FY 2011/2012 by continuing to focus on sustaining the future, recognizing the reduction in funding from public and private sources due to the challenges the national economy has had on our public and private funding partners. The Board and staff continue to focus programmatic and financial resources to assure the organization's time, talent and resources provide the greatest impact across the region with our job creation initiatives.

## **Overview of the Financial Statements**

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

## Required Components of Annual Financial Report

**Figure 1**



### **Basic Financial Statements**

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

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

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

### **Government-wide Financial Statements**

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

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

## Fund Financial Statements

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

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

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

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

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 18 - 27 of this report.

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

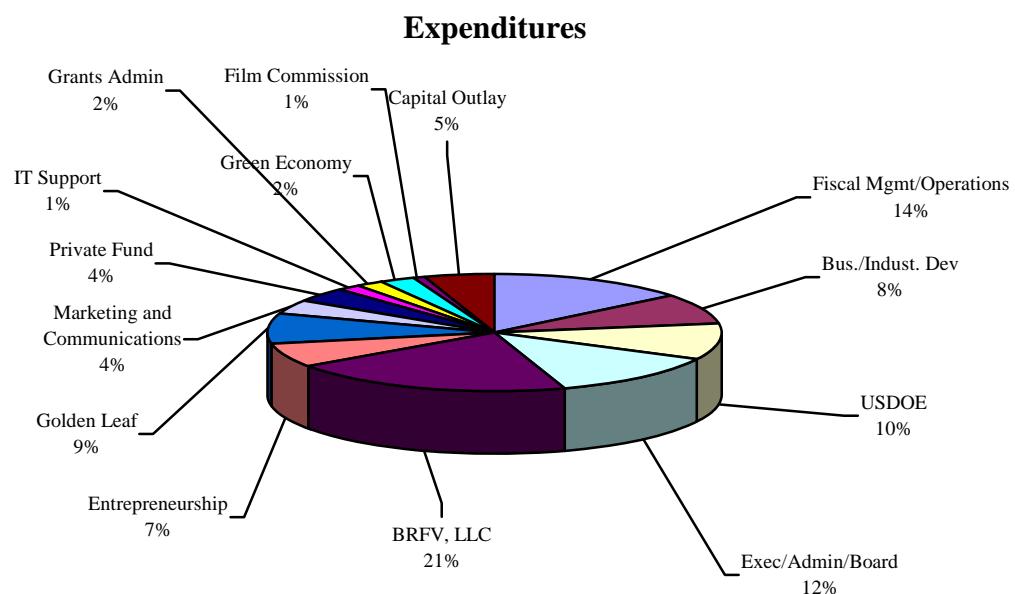
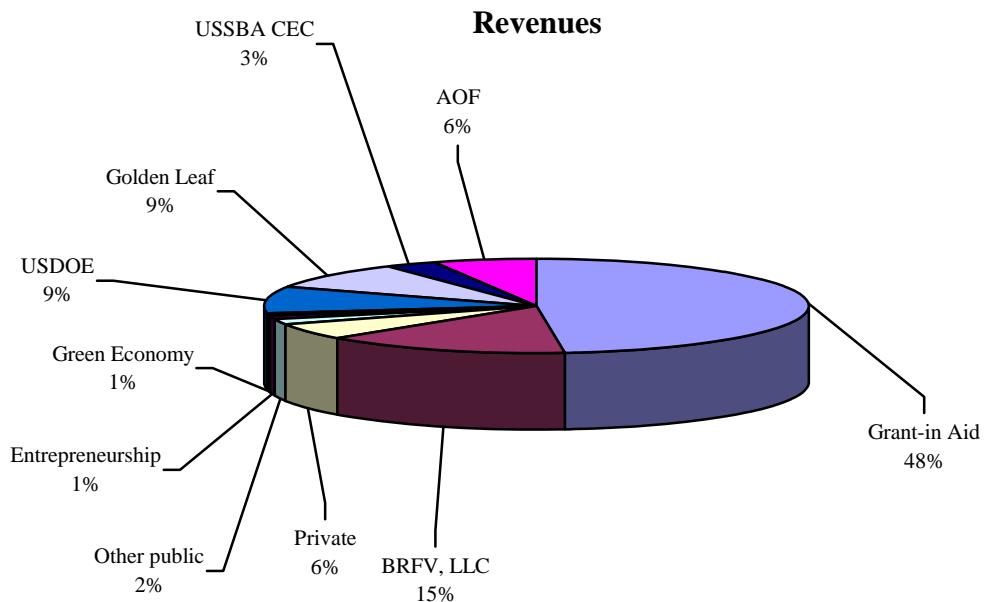
## Government-Wide Financial Analysis

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

	<b>Governmental Activities</b>	
	<b>2012</b>	<b>2011</b>
Current and other assets	\$ 2,571,896	\$ 2,304,035
Capital assets	779,898	801,832
Total assets	<u>3,351,794</u>	<u>3,105,867</u>
Current liabilities	153,133	191,136
Net assets:		
Invested in capital assets	779,898	801,832
Restricted	860,401	705,059
Unrestricted	1,558,362	1,407,840
Total net assets	<u>\$ 3,198,661</u>	<u>\$ 2,914,731</u>

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

	<b>Government Activities</b>	
	<b>2012</b>	<b>2011</b>
Revenues and Transfers:		
Operating Grants and Contributions	\$ 798,538	\$ 1,089,990
Capital Grants and Contributions	16,780	54,614
Grants and Contributions not Restricted to Specific Programs	1,147,161	1,228,939
Charges for Services	202,494	130,447
Investment Earnings	28,731	24,873
Gain (Loss) on Sale of Assets	-	(33,567)
Transfer of net assets to Blue Ridge Sustainability Institute	-	(21,434)
Total Revenues and Transfers	<u>2,193,704</u>	<u>2,473,862</u>
Expenses:		
Economic Development	<u>1,909,774</u>	<u>2,095,862</u>
Change in net assets	283,930	378,000
Net assets, July 1	2,914,731	2,536,731
Net assets, June 30	<u>\$ 3,198,661</u>	<u>\$ 2,914,731</u>



As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the Corporation exceeded liabilities by \$3,198,661 as of June 30, 2012. The Corporation's net assets *increased* by \$283,930 for the fiscal year ended June 30, 2012.

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

AdvantageWest diversified general revenues during fiscal year 2011/2012 to supplement the grant-in-aid funding from the State of North Carolina. Major funding included the State Grant-In-Aid at \$1,062,806, Blue Ridge Food Ventures, LLC at \$321,406, Golden LEAF at \$200,000, U.S. Department of Energy at \$199,198, and the Advantage Opportunity Fund at \$133,276.

## **Financial Analysis of the Governmental Funds**

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

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

The General Fund is the chief operating fund of the Corporation. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,037,971, while total fund balance reached \$2,418,763. As a measure of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 55% of total General Fund expenditures, while total fund balance represents 128% of the same.

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

Following are some of the more significant budget highlights:

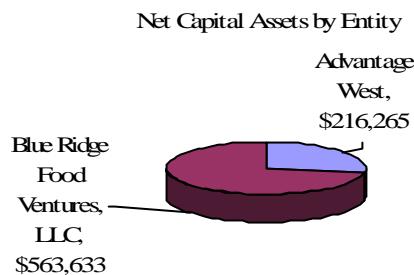
- Amendments to the General Fund during the year, increased revenues by \$188,773 and increased expenditures by \$14,276.
- The State decreased its grant-in-aid to the Corporation by \$64,753, or 6% over prior year funding levels, after total reversions.
- Federal, State and foundation grants augmented State funding for our Entrepreneurship and Green Economy Programs and Blue Ridge Food Ventures, LLC.
- The Corporation focused on five core program areas and built reserves to end the fiscal year in a strong financial position.

## **Capital Asset and Debt Administration**

**Capital Assets** – The Corporation’s investment in capital assets for its governmental and business-type activities as of June 30, 2012, totals \$779,898 (net of accumulated depreciation). These assets include leasehold improvements and equipment. The major capital outlay expenditures for the year were for upgrades to the CEC website, partial payment for upgrades to the Advantage West website, and the purchase of a new vehicle.

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

	<u>2012</u>	<u>2011</u>
Equipment and Vehicles	\$ 756,597	\$ 711,555
Leasehold Improvements	715,132	715,132
Capitalized Intangibles	<u>151,203</u>	<u>107,690</u>
	1,622,932	1,534,377
Less: Accumulated Depreciation	<u>(843,034)</u>	<u>(732,545)</u>
<b>Net Capital Assets</b>	<b><u>\$ 779,898</u></b>	<b><u>\$ 801,832</u></b>



### **Long-term Debt**

As of June 30, 2012, the Corporation had no outstanding debt.

### **Matters of Continuing Concern**

The Corporation receives the majority of its funding from the State of North Carolina. With the ongoing State budgetary concerns, the Corporation's funding has been negatively affected. The Corporation has historically adjusted its budget downward to reflect not only actual decreases in funding but also for the uncertainty of future State appropriations.

### **Requests for Information**

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

## **BASIC FINANCIAL STATEMENTS**

**Western North Carolina Regional Economic Development Non-Profit Corporation**  
**Statement of Net Assets**  
**June 30, 2012**

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
<b>Assets</b>	
Current assets:	
Cash and investments	\$ 1,615,358
Grants receivable - federal and state	315,421
Accounts receivable	29,349
Notes receivable	295,724
Prepaid expenses	11,832
Inventory	16,580
Total current assets	2,284,264
Capital assets:	
Capital assets, net of depreciation	779,898
Other assets:	
Notes receivable-net of allowances	287,632
Total assets	\$ 3,351,794
<b>Liabilities</b>	
Current liabilities:	
Accounts payable and other accrued expenses	\$ 54,084
Deferred revenue	99,049
Total current liabilities	153,133
<b>Net Assets</b>	
Investment in capital assets, net of related debt	779,898
Restricted for:	
Golden LEAF expenditures	227,727
Advantage Opportunity Fund	632,674
Unrestricted	1,558,362
Total net assets	\$ 3,198,661

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

**Western North Carolina Regional Economic Development Non-Profit Corporation**  
**Statement of Activities**  
**For the Year Ended June 30, 2012**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
			Governmental Activities		
<b>Primary government:</b>					
Governmental Activities:					
Economic development	\$ 1,909,774	\$ 202,494	\$ 798,538	\$ 16,780	\$ (891,962)
Total governmental activities	\$ 1,909,774	\$ 202,494	\$ 798,538	\$ 16,780	\$ (891,962)
General revenues:					
					1,147,161
					10,123
					18,608
					<u>1,175,892</u>
					283,930
					Net assets, beginning
					<u>2,914,731</u>
					Net assets, ending
					<u>\$ 3,198,661</u>

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

**Western North Carolina Regional Economic Development Non-Profit Corporation**  
**Balance Sheet**  
**Governmental Fund**  
**June 30, 2012**

<b>General Fund</b>		
<b>Assets</b>		
Current assets:		
Cash and investments	\$	1,615,358
Grants receivable - federal and state		315,421
Accounts receivable		29,349
Notes receivable		295,724
Prepaid expenses		11,832
Inventory		<u>16,580</u>
Total current assets		<u>2,284,264</u>
Other assets:		
Notes receivable-net of allowances		<u>287,632</u>
 Total assets	 <u>\$</u>	 <u>2,571,896</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and other accrued expenses	\$	54,084
Deferred revenue		<u>99,049</u>
Total current liabilities		<u>153,133</u>
<b>Fund Balances</b>		
Nonspendable:		
Inventory		16,580
Prepaid expenses		11,832
Restricted for:		
Golden LEAF expenditures		227,727
Advantage Opportunity Fund		632,674
Assigned:		
Winter CSA-Blue Ridge Food Ventures, LLC		27,400
Subsequent year's budgeted expenditures over revenues		464,579
Unassigned		<u>1,037,971</u>
Total fund balances		<u>2,418,763</u>
Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in funds.		779,898
 Net Assets of Governmental Activities	 <u>\$</u>	 <u>3,198,661</u>

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

**Western North Carolina Regional Economic Development Non-Profit Corporation**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Fund**  
**For the Year Ended June 30, 2012**

	<b>General Fund</b>
<b>Revenues:</b>	
State Regional Economic Development	\$ 1,062,806
Blue Ridge Food Ventures, LLC	321,406
Golden LEAF-Natural Products	200,000
U.S. Department of Energy- N.C. Department of Commerce	199,198
Advantage Opportunity Fund	133,276
Private funds	121,782
U.S. Small Business Administration - Certified Entrepreneurial Community	70,318
Other public funds	40,736
Entrepreneurship	27,295
Green Economy	16,885
Total revenues	<u>2,193,702</u>
<b>Expenditures:</b>	
Economic development	<u>1,887,838</u>
Excess of revenues over expenditures	305,864
<b>Other financing sources (uses)</b>	-
Change in net assets	305,864
Fund balances	
Beginning of year, July 1	<u>2,112,899</u>
End of year, June 30	<u>\$ 2,418,763</u>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Net Change in Fund Balance - Total Governmental Funds	\$ 305,864
Governmental funds report capital outlays as expenditures. However in the Statements of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital Outlay Expenditures	92,947
Depreciation Expense for Governmental Activities	(114,881)
Change in Net Assets of Governmental Activities	<u>\$ 283,930</u>

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

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

**Exhibit 5**

**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual (Modified Cash Basis)  
For the Year Ended June 30, 2012**

	<b>Budget</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
State Regional Economic Development	\$ 800,000	\$ 1,062,806	\$ 1,062,806	\$ -
U.S. Department of Energy- N.C. Department of Commerce	307,654	307,654	307,654	-
Blue Ridge Food Ventures, LLC	246,450	287,613	294,077	6,464
Advantage Opportunity Fund	-	-	133,620	133,620
Golden LEAF-Natural Products	165,000	118,000	118,000	-
Private funds	96,825	113,875	113,322	(553)
Other public funds	52,610	40,460	43,237	2,777
Entrepreneurship	38,625	32,481	29,670	(2,811)
Green Economy	17,875	17,563	18,041	478
U.S. Small Business Administration - Certified Entrepreneurial Community	95,755	29,115	15,370	(13,745)
<b>Total revenues</b>	<b>1,820,794</b>	<b>2,009,567</b>	<b>2,135,797</b>	<b>126,230</b>
<b>Expenditures:</b>				
Blue Ridge Food Ventures, LLC	367,690	388,740	374,650	14,090
Business and Industrial Development	177,436	165,131	144,162	20,969
Capital Outlay	18,000	100,151	92,947	7,204
Entrepreneurship	209,253	149,442	129,218	20,224
Executive/Administration/Board Support	228,012	243,667	234,537	9,130
Film Commission	32,500	38,750	19,159	19,591
Fiscal Management/Operations	282,833	284,833	266,544	18,289
Golden LEAF-Natural Products	193,593	153,057	153,057	-
Grants Administration	42,391	42,391	39,204	3,187
Green Economy	48,193	44,220	39,452	4,768
Information Technology Support	45,750	34,150	28,213	5,937
Marketing and Communications	51,200	72,679	68,633	4,046
Private Fund Expenditures	96,421	74,224	56,700	17,524
U.S. Department of Energy- N.C. Department of Commerce	177,567	193,680	193,680	-
<b>Total expenditures</b>	<b>1,970,839</b>	<b>1,985,115</b>	<b>1,840,156</b>	<b>144,959</b>
Revenues over (under) expenditures	(150,045)	24,452	295,641	271,189
<b>Other financing sources (uses):</b>				
Fund Balance Appropriated	<u>150,045</u>	<u>(24,452)</u>		24,452
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	295,641	<u>\$ 295,641</u>
<b>Reconciling items to convert from budgetary basis (modified cash basis) to modified accrual basis:</b>				
Change in Receivables			18,278	
Change in Fair Market Value of Investments			(591)	
Change in Prepaid Expenses			(5,707)	
Change in Inventory			(4,492)	
Change in Notes Receivable			(828)	
Change in Deferred Revenue			20,938	
Change in Accounts Payable			(15,500)	
Golden LEAF Grant Write-off			(1,875)	
Net change in fund balance			<u>\$ 305,864</u>	

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

**Western North Carolina Regional Economic Development Nonprofit Corporation**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2012**

**Note 1 – Organization and Summary of Significant Accounting Policies**

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

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

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

**Basis of Presentation**

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

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

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

The Corporation reports the following major governmental fund:

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

### **Measurement Focus and Basis of Accounting**

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

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

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

### **Cash and Cash Equivalents**

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

### **Grants Receivable**

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

### **Accounts Receivable**

Accounts receivable consists primarily of receivables due to both the Corporation and Blue Ridge Food Ventures, LLC and sales tax receivables. Accounts are charged off as they are deemed uncollectible based upon periodic review of the accounts. At June 30, 2012, no allowance for uncollectible accounts was considered necessary.

## **Inventories**

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

## **Notes Receivable**

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

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

Outstanding notes receivable at June 30, 2012 were evaluated by management for collectibility. At June 30, 2011, two of the companies were delinquent and their balances were recorded in an allowance for uncollectible notes. During the year ended June 30, 2012, one of the company notes was written off and removed from both notes receivable and the related allowance, while the other remains in the allowance.

## **Capital Assets**

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

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

Intangible assets are classified as capital assets when their individual cost exceeds a chosen threshold and they have a useful life of two or more years. The Corporation has determined a \$5,000 capitalization threshold is appropriate. Under GASB 51, retroactive reporting is required for intangible assets, unless the intangible assets are internally generated. Websites are a common type of intangible asset and are considered internally generated if they are developed by a third-party contractor on behalf of the Corporation. The Corporation's websites were developed by third-party contractors and therefore were considered internally generated and thus no retroactive reporting was required.

## **Compensated Absences**

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

## **Net Assets/Fund Balances**

### *Net Assets*

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

### *Fund Balance*

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

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

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

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

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

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

### **Income Taxes**

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

### **Note 2 - Budgetary Data**

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

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

### **Note 3 – Detail Notes on All Funds**

#### **Deposits**

All the deposits of the Corporation are collateralized by the pooling method. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer’s agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Corporation, these deposits are considered to be held by the Corporation in their name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of

their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Corporation or their escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Corporation under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

On June 30, 2012, the Corporation's deposits had a carrying amount of \$1,611,660 and a bank balance of \$1,714,518. Of the bank balance \$822,957 was covered by federal depository insurance, \$891,561 was covered under the Pooling method.

### **Investments**

As a result of the demutualization of the Principal Financial Group in October 2001, the Corporation's 401(k) provider, the Corporation received 141 shares of the Principal Financial Group, Inc. At June 30, 2012 , the cost of these shares was \$2,961; the market value was \$3,698.

### **Notes Receivable**

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

	<b>Balance</b>
Loans and accrued interest - Advantage Opportunity Fund	\$ 536,023
Loan and accrued interest - Genesis Furniture Industries, Inc.	81,941
	<hr/>
less: allowance for doubtful accounts	617,964
	<hr/>
	(34,608)
	<hr/>
Less: current portion	583,356
Long term portion	<hr/>
	295,724
	<hr/>
	\$ 287,632
	<hr/>

#### *Advantage Opportunity Fund Loans:*

*During FY 11/12, the Advantage Opportunity Fund had:*

- 6 new loans approved totaling \$270,000
- 18 loans outstanding at June 30, 2012
- 1 loan totaling \$50,000 paid off
- 3 loans receiving payment re-structures, enabling continued, timely monthly payments
- 1 loan totaling \$34,608 remaining delinquent—the balance of which was included in the Allowance account last fiscal year
- 1 loan totaling \$26,253 written off, which had been set up in the Allowance account last fiscal year

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

- \$780,000 provided or pledged to the Fund
- \$325,138 principal repaid and revolved back to the loan pool
- \$52,410 interest earned (paid and accrued) and ever greened back to the Fund
- 22 loans approved, totaling \$910,000
- 17 loans open; 3 loans paid off; 1 loan delinquent and 1 loan written off

*Genesis Furniture Industries:*

The promissory note the Corporation holds from a furniture manufacturer, Genesis Furniture Industries, Inc. for equipment purchased for them with Golden LEAF grant funds is in default. During December 2009 the Corporation re-negotiated the terms of the note, to include regular monthly payments of \$4,000, with Golden LEAF's approval. Payments totaling \$31,000 were made during FY 11/12.

Golden LEAF and the Corporation have agreed to split equally, note collections after the Corporation has recouped all attorney fees and collection costs. At June 30, 2012, the Corporation owed Golden LEAF \$46,921 for their share of the note payments which has been recorded as an account payable. The Corporation's equal share was used for Blue Ridge Food Ventures, LLC in FY 11/12, a purpose approved by Golden LEAF. The note matured on December 31, 2010, with a plan to completely payoff the note yet to be determined. A UCC Continuation was filed with the Secretary of State in June 2011 for an additional 5 years for the remaining collateral on the loan. The Corporation recorded deferred revenue for the balance of this note to offset the note receivable and recognizes revenue as each note payment is made by the manufacturer.

### **Capital Assets**

Capital asset activity for the Corporation for the year ended June 30, 2012 was as follows:

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
Capital assets:				
Equipment and Vehicles	\$ 425,174	\$ 39,641	\$ 2,852	\$ 461,963
Computer Equipment	11,806	2,588	1,540	12,854
Intangible Assets	107,690	43,513		151,203
Leasehold Improvements	125,768			125,768
Blue Ridge Food Ventures LLC:				
Equipment	274,575	7,205		281,780
Leasehold Improvements	<u>589,364</u>	<u>-</u>	<u>-</u>	<u>589,364</u>
	1,534,377	92,947	4,392	1,622,932
Less accumulated depreciation	<u>732,545</u>	<u>114,881</u>	<u>4,392</u>	<u>843,034</u>
Governmental activity capital assets, net	<u>\$ 801,832</u>	<u>\$ (21,934)</u>	<u>\$ -</u>	<u>\$ 779,898</u>

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

Economic Development \$114,881

## **General Assembly Funding**

The North Carolina General Assembly appropriated \$1,062,806 for the fiscal year ended June 30, 2012, as a grant-in-aid to the Corporation for its use.

## **Deferred Revenues**

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

Rutherford County Economic Development Commission Sponsorship	\$ 7,500
Winter CSA Subscriptions	10,615
Genesis Furniture Industries, Inc.	<u>80,934</u>
	<u>\$99,049</u>

## **Retirement Plan**

The Corporation has created a Simplified Employee Pension Plan for its employees. All employees at least twenty-one years of age who are employed as of January 1 of each year are eligible to participate in this discretionary single employer plan. A total of \$27,769 was contributed to the plan by the Corporation during the fiscal year ended June 30, 2012.

## **Risk Management**

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

## **Fund Balance**

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

Total Fund Balance - General Fund	\$ 2,418,763
Less:	
Appropriated Fund Balance in 2013 Budget	464,579
Winter CSA-Blue Ridge Food Ventures, LLC	27,400
Golden LEAF expenditures	227,727
Advantage Opportunity Fund	632,674
Inventory	16,580
Prepaid expenses	11,832
Remaining Fund Balance	<u><u>\$ 1,037,971</u></u>

## **Operating Leases**

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

Beginning July 1, 2009, the Corporation entered into a five year lease for office space at \$6,604 per month with an option to terminate the lease by either party with a six month notice. At July 1, 2012, the monthly required payment increased to \$6,756.

There was a one year lease renewal for kitchen space for Blue Ridge Food Ventures, LLC beginning November 1, 2011 with monthly installments of \$3,458.

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

The following is a schedule by year of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2012:

Year Ending	Total
2013	\$ 80,891

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

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

#### **Note 4 - Related Party Transactions**

##### **North Carolina Partnership for Economic Development, Inc.**

The Chairman of the Board and the CEO of the Corporation are members of the board of the North Carolina Partnership for Economic Development, Inc., a 501(c)(3) organization. During the year ended June 30, 2012, the Corporation contributed \$6,000 to the Partnership.

##### **North Carolina Economic Development Group, Inc.**

The Chairman of the Board and the CEO of the Corporation are members of the board of the North Carolina Economic Development Group, Inc., a 501(c)(6) organization. During the year ended June 30, 2012, the Corporation contributed \$15,000 to the Organization.

#### **Note 5 - Concentration of Credit Risk**

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

#### **Note 6 – Summary Disclosure of Significant Contingencies**

##### **Federal and State Assisted Programs**

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

## **COMPLIANCE SECTION**

# BURLESON & EARLEY, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

## **Report On Internal Control Over Financial Reporting And On Compliance and Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards***

To the Commission Members

Western North Carolina Regional Economic Development Nonprofit Corporation  
Fletcher, North Carolina

We have audited the accompanying financial statements of the governmental activities of the Western North Carolina Regional Economic Development Nonprofit Corporation (the Corporation), as of and for the year ended June 30, 2012, which collectively comprises the Corporation's basic financial statements, and have issued our report thereon dated September 26, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

Management of the Western North Carolina Regional Economic Development Nonprofit Corporation is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of providing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over financial reporting.

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

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

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TELEPHONE: (828) 251-2846 ♦ FAX: (828) 251-1144

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation'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*.

This report is intended solely for the information and use of management, others within the organization, members of the Board of Directors, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Burleson & Earley, PA.*

Certified Public Accountants

September 26, 2012

# BURLESON & EARLEY, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

## **Report On Compliance With Requirements Applicable To Each Major State Program And Internal Control Over Compliance In Accordance With Applicable Sections of OMB Circular A-133 and the State Single Audit Implementation Act**

To the Commission Members

Western North Carolina Regional Economic Development Nonprofit Corporation  
Fletcher, North Carolina

### Compliance

We have audited the compliance of the Western North Carolina Regional Economic Development Nonprofit Corporation (the Corporation), with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2012. The Corporation's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of the Corporation's management. Our responsibility is to express an opinion on the Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of OMB Circular A-133, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Corporation's compliance with those requirements.

In our opinion, the Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2012.

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### Internal Control Over Compliance

Management of the Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered the Corporation's internal control over compliance with the requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over compliance.

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

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

This report is intended solely for the information and use of the management, others within the organization, members of the Board of Directors, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Burleson & Earley, P.A.*  
Certified Public Accountants  
September 26, 2012

**Western North Carolina Regional Economic Development Non-Profit Corporation**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2012**

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**Section I. Summary of Auditor's Results**

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**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?  yes  no

Significant deficiency(ies) identified  
that are not considered to be  
material weaknesses  yes  none reported

Noncompliance material to financial  
statements noted  yes  no

**State Awards**

Internal control over major State programs:

Material weakness(es) identified?  yes  no

Significant deficiency(ies) identified  
that are not considered to be  
material weaknesses  yes  none reported

Type of auditor's report issued on compliance for major State programs: Unqualified.

Any audit findings disclosed that are required  
to be reported in accordance with the section  
510 (a) of Circular A-133 and the State Single Audit Act.  yes  no

Identification of major State programs:

**State Program Names**

North Carolina General Assembly-Regional Economic Development

Dollar threshold used to distinguish between Type A  
and Type B programs  \$ 300,000

Auditee qualified as low-risk auditee?  yes  no

**Section II. Financial Statement Findings**

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None

**Section III. State Awards Findings and Questioned Costs**

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None

**Western North Carolina Regional Economic Development Non-Profit Corporation**  
**Schedule of Federal and State Awards**  
**For the Year Ended June 30, 2012**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Contract Number	Receipts	Expenditures
<b>Federal Awards</b>				
<b>US Department of Energy</b>				
Passed Through the NC Department of Commerce, Division of Energy ARRA-State Energy Program/Student Energy Internships and Fellowships Program	81.041	DE-EE0000157	\$ 307,654	\$ 199,198
<b>US Small Business Administration</b>				
Direct Grant: Certified Entrepreneurial Community Program	59.059	SBAHQ-09-I-0086	15,370	70,318
<b>US Department of Housing &amp; Urban Development</b>				
Passed Through the Land-of-Sky Regional Council GroWNC Project	14.703	12-028	13,043	13,043
<b>Total Federal Awards</b>			<u>\$ 336,067</u>	<u>\$ 282,559</u>
<b>State Awards</b>				
<b>North Carolina General Assembly</b>				
Direct Grant: Regional Economic Development Regional Economic Development		G40431002111EDC G40431002112EDC	\$ - 1,062,806	\$ 78,355 781,508
Passed Through the Golden LEAF Foundation				
Madison County: Preparing for Industrial Development Along the I-26 Corridor			-	5,625
Realizing the Potential of the WNC Natural Products Industry-Phase I		2010-439	-	168,059
Realizing the Potential of the WNC Natural Products Industry-Phase II		2012-161	200,000	-
<b>Rural Economic Development Center, Inc.</b>				
Project Advantage Opportunity Fund		2008-174-30301-107	115,000	115,000
<b>North Carolina Tobacco Trust Fund Commission</b>				
Building Food Businesses		2011-002-01	-	7,915
<b>Total State Awards</b>			<u>1,377,806</u>	<u>1,156,462</u>
<b>Total Federal and State Awards</b>			<u>\$ 1,713,873</u>	<u>\$ 1,439,021</u>

**Notes to the Schedule of Federal and State Awards**

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

(2) Amounts shown from the Golden Leaf Foundation represents its FY 11/12 allocation to the Western North Carolina Regional Economic Development Non-Profit Corporation.

(3) The portion of ARRA receipts received from the NC Department of Commerce, Division of Energy passed through by the WNC Regional Economic Development Non-Profit Corporation to sub-recipients for the State Energy Internships and Fellowships Program totaled \$260,158

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

**GRANTS RECEIVED OR PURSUED IN FY 11/12**

- Received a **\$200,000** grant from the **Golden LEAF Foundation** to support the second year of the **WNC Natural Products Industry Project**.
- Received a **\$130,000** grant award from the **NC Biofuels Center** to test and support the development of a third-generation **biodiesel production** facility **in WNC**, demonstrate a “field to fryer to fuel” business model and to conduct an end-user market survey.
- Received grant from the **Rural Center** in the amount of **\$100,000** to implement a marketing strategy and purchase additional equipment for the **Natural Products Manufacturing Facility** at Blue Ridge Food Ventures.
- Received a **\$40,000** grant from the **NC Tobacco Trust Fund** to support **Blue Ridge Food Ventures** continued product development and marketing activities.
- In partnership with the Land-of-Sky Regional Council, an award was received for \$100,000 from the **Appalachian Regional Commission** for the **EvolveEnergy Partnership project**; Land-of-Sky Regional Council serves as the fiscal agent for this project and is the direct recipient of the funds. The AW portion of the award is **\$33,750**.
- In partnership with the Land-of-Sky Regional Council, an award was received from the **U.S. Department of Housing and Urban Development** for the **GrowNC project**; Land-of-Sky Regional Council serves as the fiscal agent for this project and is the direct recipient of the funds. The AW portion of the award is **\$72,000**.
- Submitted an **\$815,000** application to the **Economic Development Administration, U.S. Department of Agriculture, and the Appalachian Regional Commission** for a **WNC AgriVentures project** to support the expansion of agriculture and natural resource-based industries in WNC. (*We were notified in August 2012 we received the entire \$815,000 requested.*)
- Submitted a **\$100,000** application to the **Appalachian Regional Commission** for equipment for Blue Ridge Food Ventures. (*Award subsequently received in August 2012.*)
- Submitted a **\$64,703** grant application to the **Economic Development Administration** to support the **Planting the Seeds for a Robust WNC Biofuels Industry Project**. (*We were awarded this project in September 2012*)
- Submitted an application to the **Parsec Financial Prize Program** for **Blue Ridge Food Ventures** to fund **equipment purchases**. (*No Award Received.*)

(1) The award for this competitive grant came from a fund established with settlement money from a case won by the Department of Justice against an agri-chemical company, with the requirement that the fund be used to award grants to agricultural non-profits. In our case, it supported the Blue Ridge Food Ventures project.

(2) These funds were ultimately provided from the Local Mountain Area Workforce Development Board, but were Federal Pass thru funds from the US Department of Labor

(3) These funds were US Department of Energy funds passed thru the NC Department of Commerce - Energy Division