Annual Report 2013

Growth, Capital, Investment, Jobs, and Opportunity

Catawba Regional Development Corporation

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Fax 803-327-1912  Rock Hill, SC 29731
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Santuc Precision LLC, Union, SC – Building Financing
To Our Stakeholders

This was a year of vision and growth for the Catawba Regional Development Corporation. Catawba Regional started its economic development lending programs in 1982. Since that time, over $55 million has been loaned to businesses and local governments throughout our region and state, leveraging over $125 million of private capital, and facilitating the creation of over 2,200 jobs. Catawba Regional partners with commercial banks and private lenders to provide ‘gap’ financing for growing businesses across South Carolina.

Catawba Regional’s lending programs have grown significantly over the past twelve months through the assimilation of loan programs from Lower Savannah and Santee Lynches Development Corporations. Customers in these regions are being served effectively by Catawba Regional lending staff, through targeted marketing and outreach, as well as professional loan servicing.

Credit quality is remarkably solid coming out of the greatest recession in 80 years. As banks and other commercial lenders seek to make loans to growing businesses, Catawba Regional will continue to be a willing partner in the provision of capital. Our lending programs are financially sustainable and are being used to better our region and state.

Through creative and flexible financing structures and customer oriented loan closing and servicing, Catawba Regional is exemplary in mission-driven economic development lending. Please join the Board of Directors and the CRDC team in celebrating another successful year.

Mr. Tony Pope
President, Catawba Regional Development Corporation
Senior Vice President and Market Relationship Executive
First Citizens Bank of South Carolina
The Year in Review

Financial Highlights

The Development Corporation’s assets exceeded liabilities at fiscal year-end (FYE) 2013 by $1,100,122. This represents an increase in net assets of $135,816 over FYE 2012 net assets of $964,303. Of total net assets, $492,018 (FYE 2013) and $342,110 (FYE 2012) are identified as unrestricted. The increase in net assets at FYE 2013 was largely the result of the assimilation of the Lower Savannah and Santee Lynches Development Corporations’ loan programs.

Operating Highlights

Catawba Regional lending activity is accelerating, and the credit quality of existing loan portfolios continues to strengthen. The Development Corporation’s SBA portfolio received the highest possible credit quality rating from the U.S. Small Business Administration in FY 2013. Staff has worked diligently to minimize loan losses and proactively service delinquent or troubled loan accounts. In 2013, collections efforts resulted in $41,000 of recoveries from delinquent and charged-off loans. Additionally, through the assimilation of the Lowcountry region’s lending programs in FY 2012, and the Lower Savannah and Santee Lynches regions’
lending programs in FY 2013, the reach of Catawba Regional’s economic lending program is increasingly achieving a statewide impact. Catawba Regional also continues to serve as the statewide Brownfield Cleanup Revolving Loan Fund manager under contract with the SC Department of Health and Environmental Control. This program has facilitated the cleanup of 13 brownfield sites throughout the state, including three projects in the Catawba Region.

**Looking Ahead**

Catawba Regional’s lending activity is anticipated to expand in the coming year through increased marketing, loan originations, and diligence in credit servicing and loan management. Our lending staff is comprised of seasoned professionals who work hard to meet the needs of the Corporation’s commercial lending partners and business owners.

Catawba Regional will explore additional lending programs, such as the SBA Community Advantage Program, and we will remain focused on deploying available liquidity in the EDA Revolving Loan Fund. If we may be of assistance to you or any businesses in your community, please let us know.

Randy Imler  
Secretary/Treasurer, CRDC

Randy Pellisero  
Senior Lending Officer

*Carolina Eye Care, Fort Mill, SC – Building Financing*
FY 2013 Financial Analysis and Summary Financial Statements

Total interest, fee, and non-interest revenue for the Catawba Regional Development Corporation (CRDC) totaled $818,737 in FY 2013, down from $838,325 in FY 2012. Expenditures rose slightly in FY 2013 to $845,621, up from $827,602 in FY 2012. Increased expenses were due in part to costs associated with assimilation of loan funds from other Councils of Governments and their affiliated Development Corporations. The resulting FY 2013 loss from operations was ($26,884).

This loss was more than offset by a transfer of $162,703 to CRDC as a result of the assimilation of loan funds from the Lower Savannah and Santee Lynches Development Corporations. Total net assets (i.e. equity) of CRDC rose by $135,819.

CRDC’s total assets declined slightly, from $16,152,192 at FYE 2012 to $15,852,863 at FYE 2013. The decline was due to several early loan payoffs and regular amortization of the loan portfolio. Corresponding liabilities also declined, from $15,187,889 at FYE 2012 to $14,752,741 at FYE 2013.

Net assets (i.e. equity) increased from $946,303 at FYE 2012 to $1,100,122 at FYE 2013. Again, this was due primarily to the assimilation of loan funds from other areas of the state. Of total net assets, all but $492,018 are restricted for specific purposes such as debt service or investment in capital assets. Unrestricted net assets increased, from $324,110 at FYE 2012 to $492,018 at FYE 2013.

Ideal Logging – Chester County, SC
Equipment and Working Capital Financing
## Summary Audited Financial Statements

**Catawba Regional Development Corporation**  
**Comparative Summary Statements of Net Assets**

### Assets

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets</td>
<td>$895,428</td>
<td>$891,070</td>
</tr>
<tr>
<td>Non-Current Assets</td>
<td>$14,957,435</td>
<td>$15,261,122</td>
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<tr>
<td>Total Assets</td>
<td>$15,852,863</td>
<td>$16,152,192</td>
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</tbody>
</table>

### Liabilities

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Liabilities</td>
<td>$277,679</td>
<td>$306,525</td>
</tr>
<tr>
<td>Non-Current Liabilities</td>
<td>$14,475,062</td>
<td>$14,881,364</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>$14,752,741</td>
<td>$15,187,889</td>
</tr>
</tbody>
</table>

### Net Assets

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invested in Capital Assets</td>
<td>$392,722</td>
<td>$386,133</td>
</tr>
<tr>
<td>Restricted</td>
<td>$215,382</td>
<td>$236,060</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>$492,018</td>
<td>$342,110</td>
</tr>
<tr>
<td>Total Net Assets</td>
<td>$1,100,122</td>
<td>$964,303</td>
</tr>
</tbody>
</table>
Catawba Regional Development Corporation  
Summary Statements of Revenues, Expenditures and Changes in Net Assets

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest/Fee Income</td>
<td>$692,880</td>
<td>$743,494</td>
</tr>
<tr>
<td>Non-Interest Income</td>
<td>$125,857</td>
<td>$94,831</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$818,737</td>
<td>$838,325</td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest/Fee Expense</td>
<td>$640,526</td>
<td>$692,240</td>
</tr>
<tr>
<td>Loan Loss Provision</td>
<td>$ -</td>
<td>$(10,000)</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>$205,095</td>
<td>$145,362</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>$845,621</td>
<td>$827,602</td>
</tr>
<tr>
<td><strong>Income/Loss</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income/Loss before Transfers</td>
<td>$(26,884)</td>
<td>$10,723</td>
</tr>
<tr>
<td>Transfer from Affiliate/Other</td>
<td>$162,703</td>
<td>$30,000</td>
</tr>
<tr>
<td>Increase/Decrease in Net Assets</td>
<td>$135,819</td>
<td>$40,723</td>
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<tr>
<td><strong>Changes in Net Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Net Assets, beginning</td>
<td>$964,303</td>
<td>$923,580</td>
</tr>
<tr>
<td>Total Net Assets, ending</td>
<td>$1,100,122</td>
<td>$964,303</td>
</tr>
</tbody>
</table>

*American Payroll, Summerville, SC  
Building Financing*
Audited Financial Statement Information

Audited Financial Statements

The financial audit of the Catawba Regional Development Corporation was conducted by Susan M. Colditz, CPAs.

The summary financial statements included in this Annual Report are designed to provide a general overview of the Catawba Regional Development Corporation and the Corporation’s finances. Summaries of auditor opinions for the Development Corporation may be found on the following page.

Complete copies of the 2012 and 2013 audited financial statements with notes, disclosures, federal expenditures, and annual budget information for the Development Corporation and its affiliated entity, the Catawba Regional Council of Governments, may be obtained from Catawba Regional, P.O. Box 450, Rock Hill, SC 29731.
Independent Auditor Summary Opinion

1.1 Unqualified Opinion

Page 1 of the 2012-2013 Catawba Regional Development Corporation Financial Statements with Auditor’s Reports states the following:

“In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Catawba Regional Development Corporation as of June 30, 2013 and 2012, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.”

On page 2, the following statements are found:

“In our opinion, the individual fund financial statements and rental revenue and expenditures are fairly stated in all material respects in relation to the financial statements as a whole.”

“In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements taken as a whole.”

1.2 Auditor’s Reports on Internal Controls Over Financial Reporting and on Compliance with Federal Program Requirements

Page 28 of the 2012-2013 Catawba Regional Development Corporation Financial Statements with Auditor’s Reports states the following:

“We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.” (Definitions of deficiency of internal controls and material weaknesses are provided as clarifying material in the report.)

Page 30 of the 2012-2013 Catawba Regional Development Corporation Financial Statements with Auditor’s Reports states the following:

“In our opinion, Catawba Regional Council of Governments 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 federal programs for the year ended June 30, 2013. (Definitions of compliance, management and auditor responsibility, and internal control are presented in the report.)
CRDC Board of Directors

Officers

Tony E. Pope, President
Senior Vice President and Market Relationship Executive, First Citizens Bank of SC

Dwight V. Neese, Vice-President
President and Chief Executive Officer, Provident Community Bank

Randy Imler, Secretary-Treasurer

Members

James A. Bennett, Chester
Senior Vice President and Chief Operating Officer, Spratt Savings and Loan Association

Eldridge Emory
Retired Legislator/Retired Lancaster County Council Chair

M. Brown Fant
M. Brown Fant, PA, Certified Public Accountant

Don T. Gardner
Senior Vice President, First Citizens Bank of SC

Marsha G. LePhew
LePhew Financial Services
Certified Public Accountant/Certified Financial Planner

Kelley Morabito
Senior Vice President, South Carolina Bank and Trust

Russell F. Patrick, Lancaster
Business Owner, Retired

Grier Sandifer, York
Senior Vice President and Chief Lending Officer, Bank of York
About Catawba Regional

The Catawba Region is comprised of four counties in the north-central section of South Carolina. The Catawba Regional Development Corporation was created in 1982 to provide economic development capital to the greater Catawba region and state. The Development Corporation is staffed via contract with the Catawba Regional Council of Governments.

Catawba Regional has provided over $55,000,000 of debt capital to small businesses and local governments throughout the state of South Carolina. This capital has leveraged $125,000,000 of private sector funding and assisted in the creation or preservation of over 2,200 jobs.

Business lending programs include the SBA 504 program, the US Economic Development Administration Revolving Loan Fund, and the USDA Intermediary Relending Program. Catawba Regional is the statewide fund manager of the SC Department of Health and Environmental Control’s Brownfield Cleanup Revolving Loan Fund.

With the support of the Council of Governments and Development Corporation Boards of Directors, Catawba Regional has expanded its outreach and now is considered a statewide provider of economic development capital to business and local governments.

Catawba Regional Development Corporation
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