

**MYRTLE BEACH AREA CHAMBER OF COMMERCE
AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION**

Year Ended December 31, 2018

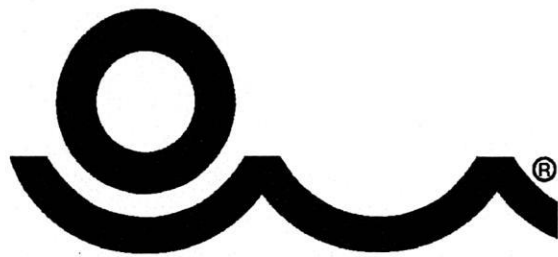


MYRTLE BEACH AREA CHAMBER OF COMMERCE

**MYRTLE BEACH AREA CHAMBER OF COMMERCE
AND SUBSIDIARY**

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December 31, 2018**

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MYRTLE BEACH AREA CHAMBER OF COMMERCE



**SMITH
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Myrtle Beach Area Chamber of Commerce
Myrtle Beach, South Carolina

We have audited the accompanying consolidated financial statements of the Myrtle Beach Area Chamber of Commerce (a nonprofit organization) and its' subsidiary, which comprise the consolidated statement of financial position as of December 31, 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Myrtle Beach Area Chamber of Commerce and its' subsidiary as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Myrtle Beach Area Chamber of Commerce and its subsidiary's 2017 consolidated financial statements, and we expressed an unmodified opinion on those audited consolidated financial statements in our report dated February 8, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.


SMITH SAPP PROFESSIONAL ASSOCIATION
Certified Public Accountants

Myrtle Beach, South Carolina
March 5, 2019

**MYRTLE BEACH AREA CHAMBER OF COMMERCE
AND SUBSIDIARY**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2018

With Comparative Amounts for December 31, 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and Cash Equivalents	\$ 17,667,867	\$ 18,772,852
Certificates of Deposit	27,693	27,664
Receivables (Net)	966,907	730,535
Prepaid Expenses	937,196	816,124
Inventories		1,029
Property and Equipment (Net)	1,037,894	1,093,819
Deferred Tax Asset	<u>288,205</u>	<u>169,248</u>
TOTAL ASSETS	\$ <u>20,925,762</u>	\$ <u>21,611,271</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts Payable and Accrued Expenses	\$ 1,057,349	\$ 2,228,791
Refundable Advances	<u>3,459,052</u>	<u>3,566,809</u>
Total Liabilities	\$ <u>4,516,401</u>	\$ <u>5,795,600</u>
Net Assets		
Without Contractual Restrictions	\$ 7,976,475	\$ 7,954,827
With Contractual Restrictions	<u>8,432,886</u>	<u>7,860,844</u>
Total Net Assets	\$ <u>16,409,361</u>	\$ <u>15,815,671</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>20,925,762</u>	\$ <u>21,611,271</u>

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

**MYRTLE BEACH AREA CHAMBER OF COMMERCE
AND SUBSIDIARY**

**CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended December 31, 2018
With Comparative Totals for Year Ended December 31, 2017**

	Without Contractual Restrictions	With Contractual Restrictions	Totals	
			2018	2017
Support and Revenues				
Public Support				
Local Governments	\$	\$ 26,994,441	\$ 26,994,441	\$ 26,908,760
Grants and Promotions		6,732,116	6,732,116	6,877,139
Destination Specific Matching Grants	13,945,767		13,945,767	
Membership Dues	2,814,012		2,814,012	2,457,643
Volume Based Member Contributions	1,055,587		1,055,587	1,206,589
Advertising Sales	2,120,432		2,120,432	2,549,279
Programs and Events	500,938		500,938	548,497
Other Revenue	2,826,676		2,826,676	1,666,030
Total Support and Revenues	\$ <u>23,263,412</u>	\$ <u>33,726,557</u>	\$ <u>56,989,969</u>	\$ <u>42,213,937</u>
Net Assets Released From Restrictions	\$ <u>33,154,515</u>	\$ <u>(33,154,515)</u>	\$ _____	\$ _____
Program Expenses				
Tourism Development	\$ 54,008,166	\$ _____	\$ 54,008,166	\$ 38,954,349
Business Development	1,139,933		1,139,933	1,082,361
Advocacy	627,295		627,295	653,525
Community Development	133,311		133,311	130,213
Total Program Expenses	\$ <u>55,908,705</u>	\$ _____	\$ <u>55,908,705</u>	\$ <u>40,820,448</u>
Support Services				
Administration and Operations	\$ <u>606,531</u>	\$ _____	\$ <u>606,531</u>	\$ <u>646,337</u>
Total Expenses	\$ <u>56,515,236</u>	\$ _____	\$ <u>56,515,236</u>	\$ <u>41,466,785</u>
Increase (Decrease) in Net Assets Before Income Taxes	\$ (97,309)	\$ 572,042	\$ 474,733	\$ 747,152
Provision for Income Taxes (Expense)/Benefit	<u>118,957</u>	<u>_____</u>	<u>118,957</u>	<u>(89,866)</u>
Increase in Net Assets	\$ 21,648	\$ 572,042	\$ 593,690	\$ 657,286
Net Assets - Beginning	<u>7,954,827</u>	<u>7,860,844</u>	<u>15,815,671</u>	<u>15,158,385</u>
Net Assets - Ending	\$ <u><u>7,976,475</u></u>	\$ <u><u>8,432,886</u></u>	\$ <u><u>16,409,361</u></u>	\$ <u><u>15,815,671</u></u>

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

**MYRTLE BEACH AREA CHAMBER OF COMMERCE
AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2018**

	Tourism Development	Business Development	Advocacy	Community Development	Administration and Operations	Totals
	\$	\$	\$	\$	\$	\$
Advertising and Promotions	47,070,609					47,070,609
Publications	1,194,725					1,194,725
Government - Designated Funds	160,933					160,933
Programs and Events		131,383	381,910	29,223		542,516
Convention and Group Sales	2,641,108					2,641,108
Member Services		25,867				25,867
Retail					1,029	1,029
Employee Compensation	2,161,395	921,552	218,114	96,040	281,921	3,679,022
Facility Expenses	230,528	78,380	13,832	13,832	124,481	461,053
Other Expenses	342,385	51,907	22,194	6,969	314,919	738,374
Total Expenses	\$ 53,801,683	\$ 1,209,089	\$ 636,050	\$ 146,064	\$ 722,350	\$ 56,515,236
						\$ 41,466,785

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

**MYRTLE BEACH AREA CHAMBER OF COMMERCE
AND SUBSIDIARY**

**CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended December 31, 2018
With Comparative Amounts for December 31, 2017**

	2018	2017
Cash Flows From Operating Activities		
Increase in Net Assets	\$ 593,690	\$ 657,286
Adjustments to Reconcile Increase in Net Assets to Net Cash and Cash Equivalents Provided (Used) by Operating Activities		
Depreciation	164,480	140,132
Increase in Receivables (Net)	(236,372)	(405,881)
Increase in Prepaid Expenses	(121,072)	(406,546)
Decrease in Inventories	1,029	641
(Increase) Decrease in Deferred Tax Asset	(118,957)	89,866
Increase (Decrease) in Accounts Payable and Accrued Expenses	(1,171,442)	1,260,832
Increase (Decrease) in Refundable Advances	(107,757)	558,811
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	\$ (996,401)	\$ 1,895,141
Cash Flows From Investing Activities		
Purchases of Certificates of Deposit	\$ (27,693)	\$ (27,664)
Maturities of Certificates of Deposit	27,664	27,596
Purchases of Property and Equipment	(108,555)	(137,213)
Net Cash and Cash Equivalents Used by Investing Activities	\$ (108,584)	\$ (137,281)
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (1,104,985)	\$ 1,757,860
Cash and Cash Equivalents - Beginning	18,772,852	17,014,992
Cash and Cash Equivalents - Ending	\$ 17,667,867	\$ 18,772,852

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

**MYRTLE BEACH AREA CHAMBER OF COMMERCE
AND SUBSIDIARY**

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2018**

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: The Myrtle Beach Area Chamber of Commerce (the "Chamber") is a nonprofit Chamber whose purpose is to provide community leadership in the promotion of economic development, including tourism. The Chamber receives revenue primarily through state and local government grants, contributions and membership dues. The Chamber operates under the following divisions: finance/administration, membership and program services, festivals and special events, marketing, convention bureau and leadership grand strand. The Commerce Center's operations include an advertising agency and publication activities. The Commerce Center receives revenue primarily through the production and sale of promotional materials and services.

Principles of Consolidation: The consolidated financial statements include the accounts of the Chamber and its wholly-owned subsidiary, the Myrtle Beach Area Commerce Center, Inc. (the "Commerce Center").

Basis of Presentation: The accompanying consolidated financial statements reflect the accounts of the Chamber and have been prepared on the accrual basis of accounting in accordance with US GAAP. All material intercompany accounts and transactions have been eliminated in consolidation.

Estimates: The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that directly affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

Net Assets: Net assets, revenue, and support are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets With Contractual Restrictions - Net assets subject to contractual restrictions. Some contractual restrictions are temporary in nature, such as those that will be met by the expenditures of certain funds for qualifying expenditures or other events specified by the contract. Generally, the contracts governing these assets permit the Chamber to use all or part of the income earned on related investments for general or specific purposes.

Net Assets Without Contractual Restrictions - Net assets available for use in general operations and not subject to contractual restrictions.

Functional Expenses: The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. The expenses that are allocated are charged directly to program services or administrative and operational categories based on specific identification, except for depreciation expense which is allocated based upon each program and support activities proportion to total expense.

Cash and Cash Equivalents: The Chamber considers all demand deposits, money market accounts and other highly liquid investments with original maturities of three months or less to be cash equivalents.

**MYRTLE BEACH AREA CHAMBER OF COMMERCE
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2018**

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of Credit Risk: The Chamber maintains bank accounts with various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC insured) up to \$250,000. At December 31, 2018, the bank's balances totaled \$18,216,964 with an uninsured balance of \$763,947, and the remaining balance of \$16,925,325 is protected by the pledge of government securities held in the name of the financial institution for the Chamber under certain overnight repurchase agreements utilized by the Chamber.

Receivables consist primarily of support and amounts due in conjunction with the Chamber's programs, services and events. All amounts are due during the year ending December 31, 2018. The Chamber utilizes the allowance method to account for uncollectable accounts receivable. The Chamber's estimate is based on historical collection experience and a review of the current status of specific accounts. Concentrations of credit risk with regard to receivables are limited due to the large number of accounts and their dispersion across different industries. There is no allowance for uncollectable accounts as of December 31, 2018.

Prepaid Expenses are recognized when payments have been made for products or services that will not be used in operations until the following year. For the year ending December 31, 2018, the prepaid expenses consist primarily of prepaid marketing and advertising.

Property and Equipment: All acquisitions of property and equipment in excess of \$5,000 and all expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method over the estimated useful lives of the related assets which are as follows:

Land	N/A
Land Improvements	15 years
Buildings and Improvements	31 to 39 years
Furnishings, Fixtures and Equipment	3 to 8 years

Refundable Advances: The Chamber receives advanced fees for services and programs. Such fees are subject to being refunded (in whole, or in part) prior to the date of service or event. Accordingly, these amounts have been reported as refundable advances at year-end.

Membership Dues are recognized when received. Payments received by the Chamber for the subsequent year are recorded as net assets with contractual restrictions.

Support: Under generally accepted accounting principles for not-for-profit Organizations, contributions are deemed to have been earned when the cash or other assets including securities, land, buildings, use of facilities, materials and supplies, intangible assets, services or unconditional promises to give such items in the future are received. An unconditional promise to give is a promise that is not dependent on the occurrence of a specified future event in order to bind the promisor.

**MYRTLE BEACH AREA CHAMBER OF COMMERCE
AND SUBSIDIARY**

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2018**

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. All contributions are considered to be without contractual restrictions unless specifically restricted by the donor. The Chamber reports gifts of cash and other assets as restricted support if they are received with contractual or other stipulations that limit the use of the assets, or if they are designated as support for future periods. When a restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets with contractual restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported first as net assets with contractual restrictions.

Income Taxes: The Chamber is a nonprofit Chamber as described in Section 501(c)(6) of the United States Internal Revenue Code and is exempt from federal and state income taxes. As such, only unrelated business income is subject to income tax. The Chamber is not classified as a private foundation.

The Chamber's wholly owned subsidiary is a taxable corporation that incurs income tax expense when its revenues from advertising sales exceed the costs of those taxable activities.

The Chamber records income taxes in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, *Income Taxes*. That guidance provides that a tax benefit from an uncertain tax position may be recognized when it is more-likely-than-not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. Income tax positions must meet a more-likely-than-not recognition threshold at the effective date to be recognized upon the adoption of the guidance and in subsequent periods. The Chamber believes it has no uncertain tax positions as of December 31, 2018, and accordingly, no liability has been accrued.

In accounting for income taxes, the Chamber follows generally accepted accounting principles. Deferred tax assets and liabilities are determined based on differences between financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

Prior-Year Information: The consolidated financial statements include prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Chamber's consolidated financial statements for the year ended December 31, 2017, from which the summarized information was derived.

Reclassification of Prior Year Presentation: Certain prior year amounts have been reclassified to conform with current period presentation.

**MYRTLE BEACH AREA CHAMBER OF COMMERCE
AND SUBSIDIARY**

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2018**

Note 2 - BOARD DESIGNATED RESERVES

The following net assets have been designated by the Board of Directors for the following purposes at December 31, 2018:

Net Assets Without Contractual Restrictions	
Operating Reserves	\$ 7,538,567
Capital Projects	325,000
Leadership Grand Strand Alumni	52,680
Leadership Grand Strand	53,330
Leadership Grand Strand Scholarship Fund	<u>6,898</u>
Total Net Assets Without Contractual Restrictions	\$ <u>7,976,475</u>
Net Assets With Contractual Restrictions	
Marketing - Unspecified	\$ 7,936,747
Local Government Contingencies	<u>496,139</u>
Total Net Assets With Contractual Restrictions	\$ <u>8,432,886</u>
Total Combined Net Assets	\$ <u>16,409,361</u>

Note 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Chamber's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual restrictions or board designations within one year of the statement of financial position date.

	2018
Financial assets at December 31, 2018	
Cash and Cash Equivalents	\$ 17,667,867
Certificates of Deposit	27,693
Receivables	<u>966,907</u>
Total Financial Assets at December 31, 2018	\$ <u>18,667,467</u>
Less unavailable for general expenditures within one year, due to:	
Contractual Restrictions and Board Designations	
Local Government Funds	\$ (1,111,174)
State Grants	<u>(7,321,712)</u>
	<u>(8,432,886)</u>
Board Designation without Contractual Restrictions	<u>(7,976,475)</u>
Total Contractual Restrictions and Board Designations	<u>(16,409,361)</u>
Financial assets available to meet cash needs for general expenditures within twelve months	\$ <u>2,258,106</u>

**MYRTLE BEACH AREA CHAMBER OF COMMERCE
AND SUBSIDIARY**

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2018**

Note 4 - PROPERTY AND EQUIPMENT (NET)

Property and equipment consisted of the following at December 31, 2018:

Land and Improvements	\$ 276,766
Buildings and Improvements	2,130,242
Furnishings, Fixtures and Equipment	<u>1,150,909</u>
	\$ 3,557,917
Accumulated Depreciation	<u>(2,520,023)</u>
	<u>\$ 1,037,894</u>

Current year depreciation expense is \$164,480.

Note 5 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following at December 31, 2018:

Trade Accounts	\$ 729,482
Accrued Salaries and Wages	101,566
Compensated Absences	<u>226,301</u>
	<u>\$ 1,057,349</u>

Note 6 - LINES OF CREDIT

The Chamber has in place, two lines of credit. \$7,500,000, with a variable interest rate based upon the 30 day Libor rate plus 2.25%, with an annual commitment fee of \$1,500 and \$250,000 with a variable interest rate based upon the 30 day Libor rate plus 2.75% with an annual commitment fee of \$125. There are no outstanding balances on these credit lines at December 31, 2018, nor were there any draws made against the line of credit during the year ending December 31, 2018. The credit line is set to expire May 2019.

Note 7 - NET ASSETS WITH CONTRACTUAL RESTRICTIONS

At December 31, 2018, temporarily restricted net assets consisted of the following:

Local Government Funds	
1% TDF	\$ 262,604
City of Myrtle Beach A-Tax	29,384
Horry County A-Tax	323,037
Town of Surfside Beach	10
City of Myrtle Beach A-Tax - 5%	398,666
Horry County A-Tax - 5%	43,187
Town of Surfside Beach - 5%	54,286
State Grants	
SC Proviso	7,147,081
PRT/SCATR	<u>174,631</u>
	<u>\$ 8,432,886</u>

**MYRTLE BEACH AREA CHAMBER OF COMMERCE
AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2018**

Note 7 – NET ASSETS WITH CONTRACTUAL RESTRICTIONS (continued)

During the year ended December 31, 2018, net assets were released from restrictions by incurring expenses satisfying the purpose specified by the donors or by satisfaction of the time restrictions by the donors as follows:

Satisfaction of Project / Program Restrictions

Local Government Funds

1% TDF	\$ 23,120,110
City of Myrtle Beach A-Tax	2,516,586
Horry County A-Tax	930,789
Town of Surfside Beach	268,258
City of Myrtle Beach A-Tax – 5%	148,742
Town of Surfside Beach – 5%	562
State Grants	
SC Proviso	6,106,862
PRT/SCATR	<u>62,606</u>
Total Net Assets Released From Restrictions	<u>\$ 33,154,515</u>

Note 8 - LOCAL GOVERNMENT CONTINGENCY AGREEMENTS

The Chamber reserves approximately five percent of accommodations tax revenues received from the respective local governments. These amounts are to be used for future program (advertising and promotion of tourism) expenditures related to the specific funding locality. Activity within the local government contingency accounts during the year ended December 31, 2018, was as follows:

	Balance 12/31/17	Additions	Expenditures	Balance 12/31/18
City of Myrtle Beach, SC	\$ 431,570	\$ 115,838	\$ 148,742	\$ 398,666
Horry County, SC		43,187		43,187
Town of Surfside Beach, SC	<u>45,548</u>	<u>9,300</u>	<u>562</u>	<u>54,286</u>
	<u>\$ 477,118</u>	<u>\$ 168,325</u>	<u>\$ 149,304</u>	<u>\$ 496,139</u>

Note 9 - RETIREMENT PLAN

The Chamber has an Internal Revenue Code Section 401(k) plan for its eligible full-time employees who have been with the Chamber for twelve months. Employer contributions to the plan during the year ended December 31, 2018 were \$86,481, which represents a matching contribution of up to 5.0% of covered employees' salaries.

**MYRTLE BEACH AREA CHAMBER OF COMMERCE
AND SUBSIDIARY**

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2018**

Note 10 - INCOME TAXES

The Chamber's deferred tax asset at December 31, 2018 arose from a net operating loss generated by the Commerce Center. Net operating losses can be carried forward for a total of twenty years.

The Chamber's net operating loss carryforward initially arose during the year ended December 31, 2010 and the total net operating loss carryforward at December 31, 2018 amounted to \$2,744,805. Since there is some doubt about the net operating loss carryforward being fully absorbed by taxable income prior to expiration, a valuation allowance of one half of the deferred tax asset, or \$288,205 has been established.

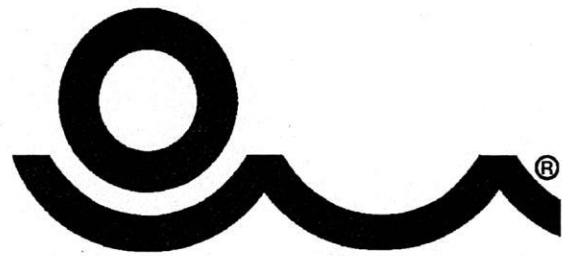
Note 11 - SUBSEQUENT EVENTS

Subsequent events were evaluated through March 5, 2019, which is the date the financial statements were available to be issued.



MYRTLE BEACH AREA CHAMBER OF COMMERCE

ADDITIONAL INFORMATION



MYRTLE BEACH AREA CHAMBER OF COMMERCE



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**INDEPENDENT AUDITORS' REPORT ON
ADDITIONAL INFORMATION**

To the Board of Directors
Myrtle Beach Area Chamber of Commerce
Myrtle Beach, South Carolina

We have audited the consolidated financial statements of the Myrtle Beach Area Chamber of Commerce and its subsidiary as of and for the year ended December 31, 2018, and have issued our report thereon dated March 5, 2019, which contained an unqualified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidated schedule of support, revenues and expenses – budget to actual comparison are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

SMITH SAPP PROFESSIONAL ASSOCIATION
Certified Public Accountants

Myrtle Beach, South Carolina
March 5, 2019



Certified Public Accountants & Consultants

**MYRTLE BEACH AREA CHAMBER OF COMMERCE
AND SUBSIDIARY**

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**CONSOLIDATED SCHEDULE OF SUPPORT, REVENUES AND
EXPENSES - BUDGET AND ACTUAL
Year Ended December 31, 2018**

	Budget	Budget Allocation	Actual	Variance Positive (Negative)
Support and Revenues				
Public Support				
Local Governments	\$ 26,966,902	\$	\$ 26,994,441	\$ 27,539
Grants and Promotions	6,870,000		6,732,116	(137,884)
Volume Based Member Contributions	1,150,000		1,055,587	(94,413)
Membership Dues	5,008,306	(2,060,844) ¹	2,814,012	(2,194,294)
Advertising Sales	745,500	2,060,844 ¹	2,120,432	1,374,932
Programs and Events	591,326		500,938	(90,388)
Destination Specific Matching Grant	9,993,750		13,945,767	3,952,017
Other Revenue	3,058,716		2,826,676	(232,040)
Total Support and Revenues	\$ 54,384,500	\$	\$ 56,989,969	\$ 2,605,469
Expenses				
Direct Program Expenses				
Advertising and Promotions	\$ 44,330,652	\$	\$ 47,070,609	\$ (2,739,957)
Publications	1,643,249		1,194,725	448,524
Government - Designated Funds	138,363		160,993	(22,630)
Programs and Events	772,350		542,516	229,834
Convention and Group Sales	2,954,136		2,641,108	313,028
Member Services	29,350		25,867	3,483
Retail	5,000		1,029	3,971
Total Direct Program Expenses	\$ 49,873,100	\$	\$ 51,636,847	\$ (1,763,747)
Personnel Expenses				
Salaries and Wages	\$ 2,879,949	\$	\$ 2,830,263	\$ 49,686
Contract Labor	21,500		31,274	(9,774)
Payroll Taxes	224,708		212,398	12,310
Benefits	602,304		605,087	(2,783)
Total Personnel Expenses	\$ 3,728,461	\$	\$ 3,679,022	\$ 49,439

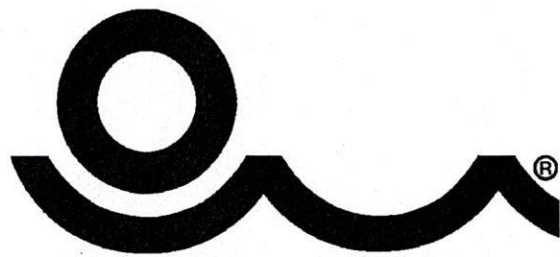
¹ The budget as stated does not differentiate between the CVB dues and the advertising portion of the CVB dues. Therefore a budget allocation adjustment is needed to show a more accurate reflection of the budget to actual variances. \$1,577,434 is the advertising portion of the CVB dues allocated to the Commerce Center.

**MYRTLE BEACH AREA CHAMBER OF COMMERCE
AND SUBSIDIARY**

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**CONSOLIDATED SCHEDULE OF SUPPORT, REVENUES AND
EXPENSES - BUDGET AND ACTUAL
Year Ended December 31, 2018**

	<u>Budget</u>	<u>Budget Allocation</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenses (continued)				
Operating Expenses				
Supplies and Equipment	\$ 77,820	\$	\$ 48,842	\$ 28,978
Postage and Freight	898,015		26,633	871,382
Telecommunications	82,215		86,020	(3,805)
Travel and Entertainment	239,820		192,778	47,042
Dues and Subscriptions	35,671		33,331	2,340
Meetings and Conferences	58,350		20,929	37,421
Training and Development	33,200		25,205	7,995
Professional and Contractual Services	369,025		247,001	122,024
Other Operating Expenses	87,979		57,575	30,404
Total Operating Expenses	<u>\$ 1,882,095</u>	<u>\$</u>	<u>\$ 738,314</u>	<u>\$ 1,143,781</u>
Facility Expenses				
Utilities	\$ 42,420	\$	\$ 39,793	\$ 2,627
Facility Services	86,905		97,610	(10,705)
Lease and Rental Expenses	43,328		46,487	(3,159)
Insurance	67,471		64,032	3,439
Property Tax and Licenses	50,035		48,651	1,384
Total Facility Expenses	<u>\$ 290,159</u>	<u>\$</u>	<u>\$ 296,573</u>	<u>\$ (6,414)</u>
Other Expenses				
Depreciation	\$ 140,000	\$	\$ 164,480	\$ (24,480)
Total Other Expenses	<u>\$ 140,000</u>	<u>\$</u>	<u>\$ 164,480</u>	<u>\$ (24,480)</u>
Total Expenses	<u>\$ 55,913,815</u>	<u>\$</u>	<u>\$ 56,515,236</u>	<u>\$ (601,421)</u>
Increase (Decrease) in Net Assets Before Income Taxes	<u>\$ (1,529,315)</u>	<u>\$</u>	<u>\$ 474,733</u>	<u>\$ 2,004,048</u>



MYRTLE BEACH AREA CHAMBER OF COMMERCE

