

Myrtle Beach Area Chamber of Commerce
Consolidated Financial Statements and Additional Information
Year Ended December 31, 2019

**Myrtle Beach Area Chamber of Commerce
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December 31, 2019**

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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, 2019, 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, 2019, 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.

Emphasis of Matter

As discussed in Note 12 to the financial statements, the Myrtle Beach Area Chamber of Commerce and its subsidiary changed its method of accounting for contributions received for the year ended December 31, 2019 using the full retrospective approach, pursuant to the guidance in the Accounting Standard Codification 606, *Revenue from Contracts with Customers* and Accounting Standards Update 2018-08, *Clarifying the Scope and The Account Guidance for Contributions Received and Contributions Made*.

Report on Summarized Comparative Information

We have previously audited the Myrtle Beach Area Chamber of Commerce and its subsidiary's 2018 consolidated financial statements, and we expressed an unmodified opinion on those audited consolidated financial statements in our report dated March 5, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Smith Sapp, PA

SMITH SAPP PROFESSIONAL ASSOCIATION
Certified Public Accountants

Myrtle Beach, South Carolina
March 10, 2020

**Myrtle Beach Area Chamber of Commerce
Consolidated Statement of Financial Position
December 31, 2019
With Comparative Amounts for December 31, 2018**

	2019	2018
ASSETS		
Cash and Cash Equivalents	\$ 20,333,359	\$ 17,667,867
Certificates of Deposit		27,693
Trade Receivables (Net)	858,406	966,907
Prepaid Expenses	1,603,372	937,196
Property and Equipment (Net)	926,807	1,037,894
Deferred Tax Asset		288,205
TOTAL ASSETS	\$ 23,721,944	\$ 20,925,762
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts Payable and Accrued Expenses	\$ 602,494	\$ 1,057,349
Refundable Advances		
Membership and Related Dues	2,942,021	3,459,052
Government Grants	12,098,341	8,432,886
Total Liabilities	15,642,856	12,949,287
Net Assets		
Without Contractual Restrictions	8,079,088	7,976,475
Total Net Assets	8,079,088	7,976,475
TOTAL LIABILITIES AND NET ASSETS	\$ 23,721,944	\$ 20,925,762

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

Myrtle Beach Area Chamber of Commerce
Consolidated Statement of Activities
Year Ended December 31, 2019
With Comparative Totals for December 31, 2018

	Without Contractual Restrictions	With Contractual Restrictions	Totals	
			2019	2018
Support and Revenues				
Public Support				
Local Governments	\$	\$ 23,783,749	\$ 23,783,749	\$ 26,985,045
Grants and Promotions		6,958,433	6,958,433	6,169,470
Destination Specific Matching Grants	14,900,000		14,900,000	13,945,767
Membership Dues	4,299,963		4,299,963	2,814,012
Volume Based Member Contributions	1,050,985		1,050,985	1,055,587
Advertising Sales	3,370		3,370	2,120,432
Programs and Events	205,543		205,543	500,938
Other Revenue	530,315		530,315	2,826,676
Total Support and Revenues	<u>20,990,176</u>	<u>30,742,182</u>	<u>51,732,358</u>	<u>56,417,927</u>
Net Assets Released From Restrictions	<u>30,742,182</u>	<u>(30,742,182)</u>		
Program Expenses				
Tourism Development	48,316,253		48,316,253	54,008,166
Business Development	1,003,058		1,003,058	1,139,933
Advocacy	424,393		424,393	627,295
Community Development	189,884		189,884	133,311
Total Program Expenses	<u>49,933,588</u>		<u>49,933,588</u>	<u>55,908,705</u>
Support Services				
Administration and Operations	<u>1,407,952</u>		<u>1,407,952</u>	<u>606,531</u>
Total Expenses	<u>51,341,540</u>		<u>51,341,540</u>	<u>56,515,236</u>
Increase (Decrease) in Net Assets				
Before Income Taxes	390,818		390,818	(97,309)
Provision for Income Taxes (Expense)	<u>(288,205)</u>		<u>(288,205)</u>	<u>118,957</u>
Increase in Net Assets	102,613		102,613	21,648
Net Assets - Beginning	7,976,475		7,976,475	15,815,671
Adoption of ASU 2018-08				<u>(7,860,844)</u>
Net Assets - Beginning, as Restated	<u>7,976,475</u>		<u>7,976,475</u>	<u>7,954,827</u>
Net Assets - Ending	<u>\$ 8,079,088</u>	<u>\$</u>	<u>\$ 8,079,088</u>	<u>\$ 7,976,475</u>

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

Myrtle Beach Area Chamber of Commerce
Consolidated Statement of Functional Expenses
Year Ended December 31, 2019
With Comparative Amounts for December 31, 2018

	<u>Tourism</u> <u>Development</u>	<u>Business</u> <u>Development</u>	<u>Advocacy</u>	<u>Community</u> <u>Development</u>	<u>Administration</u> <u>and Operations</u>	<u>Totals</u>	
						2019	2018
Advertising and Promotions	\$ 42,560,076	\$	\$	\$	\$	\$ 42,560,076	\$ 47,070,609
Publications	970,419					970,419	1,194,725
Government - Designated Funds	237,722					237,722	160,933
Programs and Events		150,647	196,498	41,737		388,882	542,516
Convention and Group Sales	2,093,652					2,093,652	2,641,108
Member Services		38,727				38,727	25,867
Retail							1,029
Employee Compensation	1,966,493	671,041	182,330	58,839	950,787	3,829,490	3,679,022
Facility Expenses	230,013	78,205	13,801	13,801	124,207	460,027	461,053
Other Expenses	257,878	64,438	31,764	75,507	332,958	762,545	738,374
Total Expenses	<u>\$ 48,316,253</u>	<u>\$ 1,003,058</u>	<u>\$ 424,393</u>	<u>\$ 189,884</u>	<u>\$ 1,407,952</u>	<u>\$ 51,341,540</u>	<u>\$ 56,515,236</u>

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

Myrtle Beach Area Chamber of Commerce
Consolidated Statement of Cash Flows
Year Ended December 31, 2019
With Comparative Amounts for December 31, 2018

	2019	2018
Cash Flows From Operating Activities		
Increase in Net Assets	\$ 102,613	\$ 21,648
Adjustments to Reconcile Increase in Net Assets to Net Cash and Cash Equivalents Provided (Used) by Operating Activities		
Depreciation	166,144	164,480
Deferred Tax Provision	288,205	(118,957)
(Increase) Decrease in Receivables (Net)	108,501	(236,372)
(Increase) in Prepaid Expenses	(666,176)	(121,072)
Decrease in Inventories		1,029
(Decrease) in Accounts Payable and Accrued Expenses	(454,855)	(1,171,442)
Increase in Refundable Advances	3,148,424	464,285
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	2,692,856	(996,401)
Cash Flows From Investing Activities		
Purchases of Certificates of Deposit		(27,693)
Maturities of Certificates of Deposit	27,693	27,664
Purchases of Property and Equipment	(55,057)	(108,555)
Net Cash and Cash Equivalents Used by Investing Activities	(27,364)	(108,584)
Net Increase (Decrease) in Cash and Cash Equivalents	2,665,492	(1,104,985)
Cash and Cash Equivalents - Beginning	17,667,867	18,772,852
Cash and Cash Equivalents - Ending	\$ 20,333,359	\$ 17,667,867

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

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, group sales, marketing, business development, legislative, and executive. 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 are prepared on the accrual basis of accounting and are in conformity with generally accepted accounting principles within the United States (“US GAAP”). All material intercompany accounts and transactions have been eliminated in consolidation.

Certain prior year amounts have been reclassified to conform with current period presentation.

Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Grants

The chamber receives grants from local governments, which management has determined to be non-exchange transactions as the local governments do not receive direct commensurate value in exchange for the resources provided. The grants can only be used for advertising and promotion of tourism to develop and increase tourist attendance through the generation of publicity for the Grand Strand area. Funds received through these grant programs are deferred upon receipt due to their spending restrictions and are recognized as grant revenues when the Chamber has utilized the funds for their specific purpose and satisfies the associated restrictions. Amounts deferred due to purpose restrictions and recorded as Refundable Advances – Government Grants were \$12,098,341 and \$8,432,886 at December 31, 2019 and 2018, respectively.

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 contributor. 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. Contractually-restricted contributions whose restrictions are met in the same reporting period are reported first as net assets with contractual restrictions.

Membership Dues

Membership dues received pertaining to all membership categories are recognized as revenue ratably over the term of the membership period. Amounts not yet earned by the end of the fiscal year are reported as deferred income. The Chamber has reviewed membership dues as part of the adoption of Topic 606 and has determined the

Myrtle Beach Area Chamber of Commerce
Notes to Consolidated Financial Statements
December 31, 2019

Chamber provides service to members equally over the membership term and thus requires no change to the accounting of this revenue. Amounts deferred due to the service not yet having been provided and recorded as Refundable Advances – Membership and Related Dues were \$2,942,021 and \$3,459,052 at December 31, 2019 and 2018, respectively.

Net Assets

Net assets, revenue, and support are classified based on the existence or absence of contractually-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.

Expense Allocation

The costs of providing program and other activities have been summarized on a functional basis in the consolidated statement of activities and in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the program expenses and supporting services benefited on a reasonable basis that is consistently applied. The expenses that are allocated include the following:

	<u>Method of Allocation</u>
Employee Compensation	Time and Effort
Facility Expenses	Usage Studies
Other Expenses	Usage Studies

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.

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, 2019, 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

Receivables consist primarily of support, taxes and amounts due in conjunction with the Chamber's programs, services and events. All amounts are due during the year ending December 31, 2019. 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, 2019.

Prepaid Expenses

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, 2019, the prepaid expenses consist primarily of prepaid marketing and advertising.

Myrtle Beach Area Chamber of Commerce
Notes to Consolidated Financial Statements
December 31, 2019

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

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, 2019, 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, 2018, from which the summarized information was derived.

Note 2 – Board Designated Reserves

The following net assets have been designated by the Board of Directors for the following purposes at December 31, 2019:

Net Assets Without Contractual Restrictions	
Operating Reserves	\$ 7,827,437
Capital Projects	150,000
Leadership Grand Strand Alumni	43,126
Leadership Grand Strand	52,905
Leadership Grand Strand Scholarship Fund	<u>5,620</u>
Total Net Assets Without Contractual Restrictions	<u>\$ 8,079,088</u>

Myrtle Beach Area Chamber of Commerce
Notes to Consolidated Financial Statements
December 31, 2019

Note 3 – Liquidity and Availability of Financial Assets

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures come due. In addition, excess cash is invested in interest bearing cash sweep accounts. 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.

Financial assets at December 31, 2019	
Cash and Cash Equivalents	\$ 20,333,359
Trade Receivables	<u>858,406</u>
Total Financial Assets at December 31, 2019	<u>\$ 21,191,765</u>
Less unavailable for general expenditures within one year, due to:	
Board Designation without Contractual Restrictions	
Capital Projects	(150,000)
Leadership Grand Strand Alumni	(43,126)
Leadership Grand Strand	(52,905)
Leadership Grand Strand Scholarship Fund	<u>(5,620)</u>
Total Contractual Restrictions and Board Designations	<u>(251,651)</u>
Financial assets available to meet cash needs for general expenditures within twelve months	<u>\$ 20,940,114</u>

Note 4 – Property and Equipment (Net)

Property and equipment consisted of the following at December 31, 2019:

Land and Improvements	\$ 276,766
Buildings and Improvements	2,169,456
Furnishings, Fixtures and Equipment	<u>1,166,752</u>
	3,612,974
Accumulated Depreciation	<u>(2,686,167)</u>
	<u>\$ 926,807</u>

Current year depreciation expense is \$166,144.

Note 5 – Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following at December 31, 2019:

Trade Accounts	\$ 280,251
Accrued Salaries and Wages	109,701
Compensated Absences	<u>212,542</u>
	<u>\$ 602,494</u>

Myrtle Beach Area Chamber of Commerce
Notes to Consolidated Financial Statements
December 31, 2019

Note 6 – Lines of Credit

The Chamber has a \$7,500,000 line of credit, with a variable interest rate based upon the 30-day Libor rate plus 1.95%, and a \$250,000 line of credit with a variable interest rate based upon the 30 day Libor rate plus 1.95%. There are no outstanding balances on these credit lines at December 31, 2019, nor were there any draws made against the line of credit during the year ending December 31, 2019. The credit lines are set to expire June 2021.

Note 7 – Refundable Advances – Government Grants

At December 31, 2019, Refundable Advances – Government Grants consisted of the following:

Local Government Funds	
1% TDF	\$ 3,775,217
City of Myrtle Beach A-Tax	420,762
Horry County A-Tax	174,066
Town of Surfside Beach	18,625
City of Myrtle Beach A-Tax – 5%	284,081
Horry County A-Tax – 5%	98,626
Town of Surfside Beach – 5%	61,056
State Grants	
SC Proviso	7,145,082
PRT/SCATR	<u>120,826</u>
	<u>\$ 12,098,341</u>

During the year ended December 31, 2019, refundable advances from government grants were recognized by incurring expenses satisfying the purpose specified by the agencies or by satisfaction of the time restrictions by the agencies as follows:

<u>Satisfaction of Project / Program Restrictions</u>	
Local Government Funds	
1% TDF	\$ 21,121,661
City of Myrtle Beach A-Tax	1,087,320
Horry County A-Tax	1,202,314
Town of Surfside Beach	176,540
City of Myrtle Beach A-Tax – 5%	192,412
Town of Surfside Beach – 5%	3,502
State Grants	
SC Proviso	6,701,998
PRT/SCATR	<u>256,435</u>
Total Refundable Advances – Government Grants Recognized	<u>\$ 30,742,182</u>

Note 8 – Income Taxes

The Chamber's deferred tax asset at December 31, 2019 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 gross net operating loss carryforward at December 31, 2019 amounted \$2,744,805, which results in a deferred tax asset of \$576,409. Since there is significant doubt about the net operating loss carryforward being fully absorbed by taxable income prior to expiration, a valuation allowance of the entire balance of the deferred tax asset, or \$576,409 has been established.

Myrtle Beach Area Chamber of Commerce
Notes to Consolidated Financial Statements
December 31, 2019

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, 2019 were \$100,789, which represents a matching contribution of up to 5.0% of covered employees' salaries.

Note 10 – 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, 2019, was as follows:

	<u>Balance</u> <u>12/31/18</u>	<u>Additions</u>	<u>Expenditures</u>	<u>Balance</u> <u>12/31/19</u>
City of Myrtle Beach, SC	\$ 398,666	\$ 77,827	\$ 192,412	\$ 284,081
Horry County, SC	43,187	55,439		98,626
Town of Surfside Beach, SC	<u>54,286</u>	<u>10,272</u>	<u>3,502</u>	<u>61,056</u>
	<u>\$ 496,139</u>	<u>\$ 143,538</u>	<u>\$ 195,914</u>	<u>\$ 443,763</u>

Note 11 – Subsequent Events

Subsequent events were evaluated through March 10, 2020, which is the date the financial statements were available to be issued.

Note 12 – Adoption of New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers (Topic 606) and Other Assets and Deferred Costs - Contracts with Customers (Subtopic 340-40). This standard implements a single framework for recognition of all revenue earned from customers. This framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services by allocating transaction price to identified performance obligations and recognizing revenue as performance obligations are satisfied. Qualitative and quantitative disclosures are required to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. For the Chamber, this standard is became effective at January 1, 2019. The Chamber has adopted the new standard on a full retrospective basis and has determined there to be immaterial impact to the Chamber financial statements

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The ASU clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities.

The change in accounting principle was adopted retrospectively in 2019. For the year ended December 31, 2018, the effect of adopting the new accounting principle was a decrease in contributions with contractual restrictions of \$572,042, a decrease in net assets with contractual restrictions of \$7,860,844, and a corresponding increase in refundable advances of \$8,432,886 in 2018. As a result, there was no cumulative-effect adjustment to opening net assets without contractual restrictions as of January 1, 2019.

Additional Information



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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, 2019, and have issued our report thereon dated March 10, 2020, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole.

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

Smith Sapp, PA

SMITH SAPP PROFESSIONAL ASSOCIATION
Certified Public Accountants

Myrtle Beach, South Carolina
March 10, 2020

Myrtle Beach Area Chamber of Commerce
Consolidated Schedule of Support, Revenues and Expenses - Budget and Actual
Year Ended December 31, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Support and Revenues			
Public Support			
Local Governments	\$ 24,795,756	\$ 23,783,749	\$ (1,012,007)
Grants and Promotions	6,870,000	6,958,433	88,433
Destination Specific Matching Grants	14,993,749	14,900,000	(93,749)
Membership Dues	4,863,749	4,299,963	(563,786)
Volume Based Member Contributions	1,200,000	1,050,985	(149,015)
Advertising Sales	6,000	3,370	(2,630)
Programs and Events	207,214	205,543	(1,671)
Other Revenue	56,300	530,315	474,015
Total Support and Revenues	<u>\$ 52,992,768</u>	<u>\$ 51,732,358</u>	<u>\$ (1,260,410)</u>
Expenses			
Program Expenses			
Government - Designated Funds	\$ 134,655	\$ 237,722	\$ (103,067)
Advertising and Promotions	42,910,990	42,560,076	350,914
Publications	1,196,275	970,419	225,856
Programs and Events	405,750	388,882	16,868
Member Services	20,000	38,727	(18,727)
Convention and Group Sales	3,185,732	2,093,652	1,092,080
Total Program Expenses	<u>\$ 47,853,402</u>	<u>\$ 46,289,478</u>	<u>\$ 1,563,924</u>
Personnel Expenses			
Salaries and Wages	\$ 2,957,498	\$ 2,860,171	\$ 97,327
Contract Labor	3,000	16,704	(13,704)
Payroll Taxes	236,890	185,026	51,864
Benefits	628,317	767,589	(139,272)
Total Personnel Expenses	<u>\$ 3,825,705</u>	<u>\$ 3,829,490</u>	<u>\$ (3,785)</u>

**MYRTLE BEACH AREA CHAMBER OF COMMERCE
CONSOLIDATED SCHEDULE OF SUPPORT, REVENUES AND
EXPENSES - BUDGET AND ACTUAL**

	Budget	Actual	Variance Positive (Negative)
Expenses (continued)			
Facility Expenses			
Utilities	\$ 43,000	\$ 36,998	\$ 6,002
Facility Services	94,775	95,143	(368)
Lease and Rental Expenses	43,850	34,852	8,998
Insurance	82,408	78,703	3,705
Property Tax and Licenses	55,163	48,187	6,976
Depreciation	165,000	166,144	(1,144)
Total Facility Expenses	\$ 484,196	\$ 460,027	\$ 24,169
Other Expenses			
Supplies and Equipment	\$ 65,325	\$ 46,920	\$ 18,405
Postage and Freight	25,130	20,379	4,751
Telecommunications	74,540	82,098	(7,558)
Travel and Entertainment	184,950	171,262	13,688
Dues and Subscriptions	32,599	22,011	10,588
Meetings and Conferences	29,500	14,918	14,582
Training and Development	31,150	12,688	18,462
Professional and Contractual Services	307,375	284,889	22,486
Other Operating Expenses	53,900	101,283	(47,383)
Bad Debt Expense		6,097	(6,097)
Total Operating Expenses	\$ 804,469	\$ 762,545	\$ 41,924
Total Expenses	\$ 52,967,772	\$ 51,341,540	\$ 1,626,232
 Increase in Net Assets Before Income Taxes	 \$ 24,996	 \$ 390,818	 \$ 365,822