

HILTON HEAD ISLAND - BLUFFTON  
CHAMBER OF COMMERCE

FINANCIAL STATEMENTS

JUNE 30, 2026 AND 2025



Holland, Bromley,  
Barnhill & Brett LLP  
Certified Public Accountants and Business Advisors

HILTON HEAD ISLAND - BLUFFTON  
CHAMBER OF COMMERCE

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JUNE 30, 2026 AND 2025

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## Independent Auditor's Report

To the Board of Directors and Members of  
Hilton Head Island - Bluffton Chamber of Commerce

### Opinion

We have audited the accompanying financial statements of Hilton Head Island - Bluffton Chamber of Commerce (the Chamber), which comprise the statements of financial position as of June 30, 2026 and 2025, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Chamber as of June 30, 2026 and June 30, 2025, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Chamber and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Chamber's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve

collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Chamber's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Chamber's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 14-18 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.



Holland, Bromley, Barnhill & Brett, LLP  
Savannah, Georgia  
September 22, 2026

**HILTON HEAD ISLAND - BLUFFTON CHAMBER OF COMMERCE**  
**STATEMENTS OF FINANCIAL POSITION**

|                                                                                             | <u>June 30,</u>            |                            |
|---------------------------------------------------------------------------------------------|----------------------------|----------------------------|
|                                                                                             | <u>2026</u>                | <u>2025</u>                |
| <b>ASSETS</b>                                                                               |                            |                            |
| Current assets                                                                              |                            |                            |
| Cash                                                                                        | \$ 2,083,876               | \$ 3,063,379               |
| Accounts receivable (less allowance for credit<br>losses of \$2,583 and \$94, respectively) | 12,621                     | 3,148                      |
| Prepaid expenses                                                                            | 197,691                    | 193,205                    |
| Other assets                                                                                | 9,090                      | 9,090                      |
| Total current assets                                                                        | <u>2,303,278</u>           | <u>3,268,822</u>           |
| Property and equipment, net                                                                 | <u>1,043,792</u>           | <u>847,590</u>             |
| Total assets                                                                                | <u><u>\$ 3,347,070</u></u> | <u><u>\$ 4,116,412</u></u> |
| <b>LIABILITIES</b>                                                                          |                            |                            |
| Current liabilities                                                                         |                            |                            |
| Accounts payable                                                                            | \$ 978,003                 | \$ 1,302,507               |
| Deferred revenue                                                                            | 1,317,499                  | 1,604,532                  |
| Other liabilities                                                                           | 312,197                    | 336,533                    |
| Total current liabilities                                                                   | <u>2,607,699</u>           | <u>3,243,572</u>           |
| <b>NET ASSETS</b>                                                                           |                            |                            |
| Without donor restrictions                                                                  | <u>739,371</u>             | <u>872,840</u>             |
| Total liabilities and net assets                                                            | <u><u>\$ 3,347,070</u></u> | <u><u>\$ 4,116,412</u></u> |

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

HILTON HEAD ISLAND - BLUFFTON CHAMBER OF COMMERCE

STATEMENTS OF ACTIVITIES

|                                        | <u>Total for the year ended</u> |                   |
|----------------------------------------|---------------------------------|-------------------|
|                                        | <u>June 30,</u>                 |                   |
|                                        | <u>2026</u>                     | <u>2025</u>       |
| <b>REVENUES AND OTHER SUPPORT</b>      |                                 |                   |
| Visitor and Convention Bureau projects | \$ 10,174,756                   | \$ 9,916,065      |
| Membership projects                    | 1,084,769                       | 1,133,551         |
| Membership dues                        | 881,619                         | 890,703           |
| Brochure advertising                   | 314,260                         | 338,986           |
| Building rent and common share         | 91,089                          | 90,187            |
| Interest                               | 46,464                          | 60,897            |
| Total revenues and other support       | <u>12,592,957</u>               | <u>12,430,389</u> |
| <b>EXPENSES</b>                        |                                 |                   |
| Visitor and Convention Bureau          | 8,188,022                       | 8,100,967         |
| Salaries and related benefits          | 3,194,358                       | 2,888,276         |
| Membership projects                    | 463,442                         | 447,527           |
| General and administrative             | 356,203                         | 339,690           |
| Brochure advertising                   | 275,993                         | 279,086           |
| Building                               | 125,737                         | 162,053           |
| Depreciation                           | 104,025                         | 89,773            |
| Bluffton office                        | 18,646                          | 23,230            |
| Total expenses                         | <u>12,726,426</u>               | <u>12,330,602</u> |
| Change in net assets                   | (133,469)                       | 99,787            |
| Net assets - beginning                 | <u>872,840</u>                  | <u>773,053</u>    |
| Net assets - ending                    | <u>\$ 739,371</u>               | <u>\$ 872,840</u> |

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

HILTON HEAD ISLAND - BLUFFTON CHAMBER OF COMMERCE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2026

|                               | Program Services |                                      |              |              | Supporting services |                               |             |                        |
|-------------------------------|------------------|--------------------------------------|--------------|--------------|---------------------|-------------------------------|-------------|------------------------|
|                               | Accommodations   | Parks,<br>Recreation,<br>and Tourism | Marketing    | Membership   | Program<br>Services | General and<br>administrative | Fundraising | Total                  |
|                               | Tax              |                                      |              |              | Services            |                               |             | Supporting<br>Services |
|                               |                  |                                      |              |              |                     |                               |             | Total                  |
| Visitor and Convention Bureau | \$ 3,210,903     | \$ 2,628,998                         | \$ 2,348,121 | \$ -         | \$ 8,188,022        | \$ -                          | \$ -        | \$ 8,188,022           |
| Salaries and related benefits | 1,079,100        | 261,242                              | 423,042      | 912,440      | 2,675,824           | 518,534                       | 518,534     | 3,194,358              |
| Membership projects           |                  |                                      |              | 445,831      | 445,831             | 17,611                        | 17,611      | 463,442                |
| General and administrative    |                  |                                      |              |              | -                   | 356,203                       | 356,203     | 356,203                |
| Brochure advertising          |                  |                                      | 275,993      |              | 275,993             |                               |             | 275,993                |
| Building                      |                  |                                      |              |              | -                   | 125,737                       |             | 125,737                |
| Depreciation                  |                  |                                      |              |              | -                   | 104,025                       |             | 104,025                |
| Bluffton office               |                  |                                      |              | 18,646       | 18,646              |                               |             | 18,646                 |
|                               | \$ 4,290,003     | \$ 2,890,240                         | \$ 3,047,156 | \$ 1,376,917 | \$ 11,604,316       | \$ 1,104,499                  | \$ 17,611   | \$ 1,122,110           |
|                               |                  |                                      |              |              |                     |                               |             | \$ 12,726,426          |

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

HILTON HEAD ISLAND - BLUFFTON CHAMBER OF COMMERCE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2025

|                               | Program Services |                                      |              |              | Supporting services |                               |             |                                 |
|-------------------------------|------------------|--------------------------------------|--------------|--------------|---------------------|-------------------------------|-------------|---------------------------------|
|                               | Accommodations   | Parks,<br>Recreation,<br>and Tourism | Marketing    | Membership   | Program<br>Services | General and<br>administrative | Fundraising | Total<br>Supporting<br>Services |
| Visitor and Convention Bureau | \$ 3,239,963     | \$ 2,980,000                         | \$ 1,881,004 | \$ -         | \$ 8,100,967        | \$ -                          | \$ -        | \$ 8,100,967                    |
| Salaries and related benefits | 1,054,926        | 256,743                              | 292,977      | 816,538      | 2,421,184           | 467,092                       | 23,485      | 2,888,276                       |
| Membership projects           |                  |                                      |              | 424,042      | 424,042             |                               |             | 447,527                         |
| General and administrative    |                  |                                      |              |              | -                   | 339,690                       |             | 339,690                         |
| Brochure advertising          |                  |                                      | 279,086      |              | 279,086             |                               |             | 279,086                         |
| Building                      |                  |                                      |              |              | -                   | 162,053                       |             | 162,053                         |
| Depreciation                  |                  |                                      |              |              | -                   | 89,773                        |             | 89,773                          |
| Bluffton office               |                  |                                      |              | 23,230       | 23,230              |                               |             | 23,230                          |
|                               | \$ 4,294,889     | \$ 3,236,743                         | \$ 2,453,067 | \$ 1,263,810 | \$ 11,248,509       | \$ 1,058,608                  | \$ 23,485   | \$ 1,082,093                    |
|                               |                  |                                      |              |              |                     |                               |             | \$ 12,330,602                   |

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

HILTON HEAD ISLAND - BLUFFTON CHAMBER OF COMMERCE

STATEMENTS OF CASH FLOWS

|                                                                                      | <u>For the year ended</u> |                     |
|--------------------------------------------------------------------------------------|---------------------------|---------------------|
|                                                                                      | <u>June 30,</u>           |                     |
|                                                                                      | <u>2026</u>               | <u>2025</u>         |
| Cash flows from operating activities:                                                |                           |                     |
| Change in net assets                                                                 | \$ (133,469)              | \$ 99,787           |
| Adjustments to reconcile change in net assets to net cash from operating activities: |                           |                     |
| Depreciation                                                                         | 104,025                   | 89,773              |
| Changes in assets and liabilities:                                                   |                           |                     |
| Accounts receivable                                                                  | (9,473)                   | 56,480              |
| Prepaid expenses and other assets                                                    | (4,486)                   | 330,896             |
| Accounts payable                                                                     | (324,504)                 | 209,328             |
| Deferred revenue                                                                     | (287,033)                 | (163,564)           |
| Other liabilities                                                                    | (24,336)                  | 45,200              |
| Net cash (used for) provided by operating activities                                 | <u>(679,276)</u>          | <u>667,900</u>      |
| Cash flows from investing activities:                                                |                           |                     |
| Purchases of property and equipment                                                  | <u>(300,227)</u>          | <u>(122,619)</u>    |
| Net cash used for investing activities                                               | <u>(300,227)</u>          | <u>(122,619)</u>    |
| (Decrease) increase in cash                                                          | (979,503)                 | 545,281             |
| Cash - beginning of year                                                             | <u>3,063,379</u>          | <u>2,518,098</u>    |
| Cash - end of year                                                                   | <u>\$ 2,083,876</u>       | <u>\$ 3,063,379</u> |

**Supplemental information**

No cash was paid during either year for interest or income taxes.

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

## HILTON HEAD ISLAND - BLUFFTON CHAMBER OF COMMERCE

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2026 AND 2025

#### NOTE 1 - NATURE OF BUSINESS

The Hilton Head Island - Bluffton Chamber of Commerce (the Chamber) is a not-for-profit organization established February 5, 1957, to represent, serve and promote the common interests of its membership and the business community and to contribute to the preservation and prudent economic growth of the southern Beaufort County, South Carolina area as a healthy place to live and conduct business.

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Basis of presentation

The financial statements are prepared in accordance with generally accepted accounting principles in the United States (U.S. GAAP). The Chamber is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

##### Restricted and unrestricted revenue and support

Contributions received are recorded as 'with donor restrictions' or 'without donor restrictions' depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in 'without donor restrictions' if the restriction expires in the reporting year in which the support is recognized. All other donor-restricted support is reported as an increase in 'net assets with donor restrictions', depending on the nature of the restriction. When a donor restriction expires (that is, when a stipulated time restriction ends, or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

##### Revenue recognition

The Chamber's revenues originate from four primary sources and generally involve single performance obligation agreements which do not contain financing or variable interest considerations.

##### *Visitor and Convention Bureau*

The Visitor and Convention Bureau is a division of the Chamber, and funding is provided by membership investment, the state of South Carolina, Beaufort County, the Town of Hilton Head Island, and the Town of Bluffton through accommodations taxes and funding from the Department of Parks, Recreation, and Tourism. Revenue is recognized as services are performed.

##### *Membership projects*

The Chamber conducts various training, educational seminars, and promotions for its members. Tickets and sponsorships are sold to cover the expenses of conducting these functions. Project revenue is recognized on an accrual basis as earned.

##### *Membership dues*

Membership dues are received in advance and initially recorded as deferred revenue. Revenue is recognized ratably over the periods in which members are entitled to services.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *Brochure advertising*

Advertising revenue is collected in advance and initially recorded as deferred revenue. Revenue is recognized ratably over the periods in which the advertisements run.

### Cash and cash equivalents

Cash and cash equivalents consist primarily of cash and short-term unrestricted investments with original maturities of 90 days or less.

### Property and equipment

Property and equipment assets are carried at cost, less accumulated depreciation. The Chamber capitalizes purchases of property and equipment exceeding \$1,000 which are expected to provide benefit for multiple years. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets which range from three to thirty years.

### Income taxes

The Chamber qualifies for tax exempt status under section 501(c)(6) of the Internal Revenue Code. However, income from certain activities not directly related to the Chamber's tax-exempt purpose is subject to federal and state income tax as unrelated business income. Management has determined that the Chamber has no current obligations for unrelated business income tax. Accordingly, no provisions for federal and state income taxes have been made in these financial statements. The Chamber is not classified as a private foundation.

A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. Once the threshold is met, the amount recognized in the financial statements is the largest amount of tax benefit likely realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. The total amount of unrecognized tax benefits is not expected to change significantly in the next twelve months.

The Chamber is no longer subject to examination by taxing authorities for years before 2023. If incurred, interest and penalties related to unrecognized tax benefits would be recorded in interest expense. No amounts are accrued for interest and penalties as of June 30, 2026, and no related expense was recorded for the year then ended.

### Advertising

Advertising costs are expensed as incurred and are reflected in Visitor and Convention Bureau expenses in the statements of activities.

### Use of estimates

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

### Cost allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. These expenses are allocated on a reasonable basis that is consistently applied. Allocated expenses include salaries and benefits, which are allocated based on estimates of time and effort.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Subsequent events

The Chamber has evaluated subsequent events through September 22, 2026, the date the financial statements were available to be issued.

## NOTE 3 - RECEIVABLES AND ALLOWANCE FOR CREDIT LOSSES

Accounts receivable are stated at amortized cost and consist primarily of amounts due from local governments for accommodations taxes and from customers. Receivables are charged off when management determines them to be uncollectible. Credit losses are provided for by management using the allowance method which considers current economic conditions, historical loss experience, risk characteristics of various account categories, specific impaired accounts, reasonable forecasts, and other pertinent factors. At June 30, 2026 and 2025, the Chamber maintained an allowance of \$2,583 and \$94, respectively, for credit losses. The Chamber does not accrue interest on receivable balances. Other than the estimates of credit losses, there are no significant concentrations of credit risk arising from dues and accounts receivable. During the years ended June 30, 2026 and 2025, there were no write-offs of accounts receivable to credit losses. During the years ended June 30, 2026 and 2025, the only expense incurred for credit losses was an adjustment of the allowance balances which is included in general and administrative expenses in the statements of activities.

## NOTE 4 - RETIREMENT PLAN

The Chamber is a participant in the American Chamber of Commerce 401(k) Retirement/Savings Plan (the Plan). The Chamber contributes a percentage of each eligible employee's salary and matches each employee's contribution up to a fixed maximum percentage. The Plan covers employees who have more than six months of service with the Chamber. The Chamber contributed \$135,898 and \$122,383 to the Plan for the years ended June 30, 2026 and 2025, respectively.

## NOTE 5 - CONCENTRATION OF CREDIT RISK

The Chamber maintains cash balances with commercial banks in deposit accounts. The Federal Deposit Insurance Corporation (FDIC) insured these deposits up to \$250,000 per bank. At June 30, 2026 and 2025, uninsured deposits totaled approximately \$0 and \$816,000, respectively.

## NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

|                               | <u>2026</u>         | <u>June 30,</u><br><u>2025</u> |
|-------------------------------|---------------------|--------------------------------|
| Land                          | \$ 364,230          | \$ 364,230                     |
| Building                      | 2,321,747           | 2,075,365                      |
| Furniture and equipment       | 508,079             | 485,420                        |
| Capital improvements          | 176,231             | 146,380                        |
|                               | <u>3,370,287</u>    | <u>3,071,395</u>               |
| Less accumulated depreciation | <u>(2,326,495)</u>  | <u>(2,223,805)</u>             |
|                               | <u>\$ 1,043,792</u> | <u>\$ 847,590</u>              |

#### NOTE 7 - DEFERRED REVENUE

Deferred revenue represents contract liabilities for amounts received in advance of satisfying the related performance obligations. Deferred revenue consists of the following:

|                               |                     | <u>June 30,</u> |                  |
|-------------------------------|---------------------|-----------------|------------------|
|                               | <u>2026</u>         |                 | <u>2025</u>      |
| Private tourism investment    | \$ 479,630          | \$              | 420,907          |
| Membership dues               | 298,043             |                 | 281,873          |
| Visitor and Convention Bureau | 289,955             |                 | 674,779          |
| Internet sales                | 183,449             |                 | 185,413          |
| Leadership Hilton Head        | 51,532              |                 | 41,431           |
| Other                         | 14,890              |                 | 129              |
|                               | <u>\$ 1,317,499</u> | <u>\$</u>       | <u>1,604,532</u> |

Activity in deferred revenue for the year ended June 30, 2026 follows:

|                            |                     |
|----------------------------|---------------------|
| Balance, beginning of year | \$ 1,604,532        |
| Revenue recognized         | (1,316,620)         |
| Revenue deferred           | <u>1,029,587</u>    |
| Balance, end of year       | <u>\$ 1,317,499</u> |

#### NOTE 8 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

At June 30, 2026 and 2025, the Chamber has \$2,096,497 and \$3,066,527, respectively, of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures. Financial assets consist of cash and accounts receivable. The Chamber maintains a line of credit with Synovus available to meet cash needs for general expenditures and other obligations as they become due. The line of credit provides for borrowings of up to \$4,450,000. There were no amounts drawn or outstanding under the line of credit during the years ended June 30, 2026 and 2025. The line is renewed annually.

#### NOTE 9 - EMPLOYEE RETENTION CREDIT FUNDING

The Chamber was eligible for the Employee Retention Credit (ERC) under The Coronavirus Aid, Relief, and Economic Security (CARES) Act. The ERC is a refundable tax credit against certain employment taxes subject to certain criteria. In June 2024, an amended payroll tax return was filed for the second quarter of 2020 requesting a refund totaling approximately \$133,570, including interest. The Chamber received this refund on June 9, 2025, and included it with membership projects revenue on the statement of activities for the year ended June 30, 2025.

#### NOTE 10 - LEASE COMMITMENTS

The Chamber assesses whether an arrangement qualifies as a lease (i.e. conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of twelve months or less are not recorded on the statement of financial position, and lease expense is recognized on a straight-line basis over the lease term. Expenses under short-term leases are recorded as rent, occupancy, equipment, and other categories, as appropriate.

## NOTE 10 - LEASE COMMITMENTS (CONTINUED)

### Lessee

The Chamber leases certain office space and equipment under noncancelable operating leases, expiring at various times through fiscal year 2031. At June 30, 2026, future minimum rental commitments under these agreements follow:

| <u>Year ending June 30,</u> |                  |
|-----------------------------|------------------|
| 2027                        | \$ 36,708        |
| 2028                        | 23,988           |
| 2029                        | 5,988            |
| 2030                        | 2,388            |
| 2031                        | 995              |
| Thereafter                  | -                |
|                             | <u>\$ 70,067</u> |

Expense associated with operating lease agreements totaled \$13,683 and \$50,095 for the years ended June 30, 2026 and 2025, respectively. Due to the insignificance of commitments under operating leases spanning more than one year, right-of-use assets and related liabilities are not material and not recorded on the accompanying statements of financial position. There are no variable payment terms, non-lease components, material residual value, or material restrictive covenants included in the operating leases.

### Lessor

The Chamber leases certain office space to a related party, a member of the Chamber who does not have significant influence over the Chamber's operations, under an operating lease agreement. This agreement extends through fiscal year 2030. This lease includes charges for common area maintenance services (CAM) on behalf of the lessees. The Chamber has elected to apply the practical expedient to account for the lease agreement and CAM charges as a single combined lease component. The Chamber has determined that the lease agreement is the predominant component in its contracts with the lessee and is accounting for the combined rent and CAM component as an operating lease under Topic 842. As such, the Chamber presented lease and CAM revenues in the same line item in the statements of activities for the years ended June 30, 2026 and 2025. The lease does not provide options for the lessee to purchase the asset. The following is a summary of future rents due under the agreement:

| <u>Year ending June 30,</u> |                   |
|-----------------------------|-------------------|
| 2027                        | \$ 91,088         |
| 2028                        | 92,910            |
| 2029                        | 94,299            |
| 2030                        | 47,384            |
| Thereafter                  | -                 |
|                             | <u>\$ 325,681</u> |

Rental income, including common area maintenance and other fees, associated with this lease agreement totaled \$91,089 and \$90,187 during the years ended June 30, 2026 and 2025, respectively. As of June 30, 2026 and 2025, no rent receivables were due to the Chamber. There are no variable payment terms.

SUPPLEMENTARY INFORMATION

# HILTON HEAD ISLAND - BLUFFTON CHAMBER OF COMMERCE

## STATEMENT OF DETAILED REVENUES AND EXPENSES

YEAR ENDED JUNE 30, 2026

|                                      | ACCOMMODATIONS TAX |          |             | PARKS,<br>RECREATION<br>AND TOURISM |            |              | MEMBERSHIP   | TOTAL        |
|--------------------------------------|--------------------|----------|-------------|-------------------------------------|------------|--------------|--------------|--------------|
|                                      | TOWN OF HHI        | BLUFFTON | BEAUFORT CO | SOUTHERN                            | RECREATION | MARKETING    |              |              |
| Revenues                             |                    |          |             |                                     |            |              |              |              |
| Member funding                       | \$ -               | \$ -     | \$ -        | \$ -                                | \$ -       | \$ 3,109,918 | \$ 2,103,941 | \$ 5,213,859 |
| Town of Hilton Head Island DMO       | 3,837,582          | -        | -           | -                                   | -          | -            | -            | 3,837,582    |
| SCPRT Co-Op grant                    | -                  | -        | -           | -                                   | 1,000,000  | -            | -            | 1,000,000    |
| SCPRT DMO grant                      | -                  | -        | -           | -                                   | 1,000,000  | -            | -            | 1,000,000    |
| SCPRT Tourism Recovery Grant         | -                  | -        | -           | -                                   | 928,998    | -            | -            | 928,998      |
| Town of Bluffton DMO                 | -                  | 343,775  | -           | -                                   | -          | -            | -            | 343,775      |
| Southern Beaufort County DMO         | -                  | -        | 268,743     | -                                   | -          | -            | -            | 268,743      |
| Total revenues                       | 3,837,582          | 343,775  | 268,743     | 2,928,998                           | 3,109,918  | 2,103,941    | 12,592,957   |              |
| Expenses                             |                    |          |             |                                     |            |              |              |              |
| Marketing co-op programs             | -                  | -        | -           | 1,839,122                           | 2,056,642  | -            | -            | 3,895,764    |
| Sales, marketing, and administrative | 1,003,900          | 131,394  | 103,901     | 300,000                             | 485,805    | 1,755,316    | -            | 3,780,316    |
| Leisure                              | 2,400,199          | -        | -           | 290,528                             | 179,463    | -            | -            | 2,870,190    |
| Membership related expenses          | -                  | -        | -           | -                                   | -          | 482,094      | -            | 482,094      |
| Public relations                     | 285,000            | -        | -           | 42,100                              | 79,256     | -            | -            | 406,356      |
| Meetings and group                   | 103,756            | -        | 12,027      | 115,365                             | 172,667    | -            | -            | 403,815      |
| International                        | -                  | -        | -           | 341,883                             | -          | -            | -            | 341,883      |
| Market planning and research         | 44,727             | -        | 42,698      | -                                   | 136,085    | -            | -            | 223,510      |
| Town of Bluffton marketing           | -                  | 212,381  | -           | -                                   | -          | -            | -            | 212,381      |
| Beaufort County marketing - Bluffton | -                  | -        | 110,117     | -                                   | -          | -            | -            | 110,117      |
| Total expenses                       | 3,837,582          | 343,775  | 268,743     | 2,928,998                           | 3,109,918  | 2,237,410    | 12,726,426   |              |
| Excess of revenues over expenses     | \$ -               | \$ -     | \$ -        | \$ -                                | \$ -       | \$ (133,469) | \$ (133,469) |              |

HILTON HEAD ISLAND - BLUFFTON CHAMBER OF COMMERCE  
DESTINATION MARKETING ORGANIZATION OF THE TOWN OF HILTON HEAD ISLAND  
HILTON HEAD ISLAND VISITOR AND CONVENTION BUREAU  
SCHEDULE OF DETAILED REVENUES AND EXPENSES  
YEAR ENDED JUNE 30, 2026

|                                    | TOWN OF HHI<br>ACCOMMODATIONS<br>TAX |
|------------------------------------|--------------------------------------|
| Revenues                           |                                      |
| Town of Hilton Head Island DMO     | \$ 3,837,582                         |
| Total revenue                      | <u>3,837,582</u>                     |
| Expenses                           |                                      |
| Direct marketing                   |                                      |
| Leisure                            |                                      |
| Print media                        | 1,049,371                            |
| Digital promotions                 | 808,126                              |
| Social media                       | 415,440                              |
| Golf marketing                     | 75,755                               |
| Marketing strategy/council         | 42,000                               |
| Technology                         | <u>9,507</u>                         |
| Total leisure                      | <u>2,400,199</u>                     |
| Meetings and group                 |                                      |
| SEM - groups                       | 53,756                               |
| Social media - groups              | <u>50,000</u>                        |
| Total meetings and group           | <u>103,756</u>                       |
| Direct marketing                   |                                      |
| Public relations                   |                                      |
| Public relations firm              | <u>285,000</u>                       |
| Total public relations             | <u>285,000</u>                       |
| Market planning and research       |                                      |
| Strategic planning and research    | <u>44,727</u>                        |
| Total market planning and research | <u>44,727</u>                        |
| Total direct marketing             | <u>2,833,682</u>                     |

(continued)

HILTON HEAD ISLAND - BLUFFTON CHAMBER OF COMMERCE  
DESTINATION MARKETING ORGANIZATION OF THE TOWN OF HILTON HEAD ISLAND  
HILTON HEAD ISLAND VISITOR AND CONVENTION BUREAU  
SCHEDULE OF DETAILED REVENUES AND EXPENSES (CONTINUED)  
YEAR ENDED JUNE 30, 2026

|                                           | TOWN OF HHI<br>ACCOMMODATIONS<br>TAX |
|-------------------------------------------|--------------------------------------|
| Expenses (continued)                      |                                      |
| Sales, marketing and administrative       |                                      |
| Salaries                                  | 697,840                              |
| Operations - other                        | 102,087                              |
| Employee benefits - insurance             | 57,649                               |
| Operations - building                     | 55,605                               |
| Payroll taxes                             | 48,849                               |
| Employee benefits - 401k                  | 41,870                               |
| Total sales, marketing and administrative | <u>1,003,900</u>                     |
| <br>Total expenses                        | <br><u>3,837,582</u>                 |
| <br>Excess of revenues over expenses      | <br><u>\$ -</u>                      |

HILTON HEAD ISLAND - BLUFFTON CHAMBER OF COMMERCE  
DESTINATION MARKETING ORGANIZATION OF THE TOWN OF BLUFFTON  
HILTON HEAD ISLAND VISITOR AND CONVENTION BUREAU  
SCHEDULE OF DETAILED REVENUES AND EXPENSES  
YEAR ENDED JUNE 30, 2026

|                                           | BLUFFTON<br>ACCOMMODATIONS<br>TAX |
|-------------------------------------------|-----------------------------------|
| Revenues                                  |                                   |
| Town of Bluffton DMO                      | \$ 343,775                        |
| Total revenue                             | <u>343,775</u>                    |
| Expenses                                  |                                   |
| Direct marketing                          |                                   |
| Vacation planner (Bluffton Only Guide)    | 91,698                            |
| Digital promotions - Google/Facebook      | 54,382                            |
| Digital promotions - Website/SEO          | 33,387                            |
| Digital promotions - social media         | 19,494                            |
| Fulfillment (Bluffton Only Guide)         | 5,742                             |
| Leisure marketing (walking tour guide)    | 3,662                             |
| Leisure marketing (CondeNast)             | 3,204                             |
| Leisure marketing (Other)                 | 812                               |
| Total direct marketing                    | <u>212,381</u>                    |
| Sales, marketing and administrative       |                                   |
| Salaries                                  | 91,336                            |
| Operations - other                        | 13,362                            |
| Employee benefits - insurance             | 7,545                             |
| Operations - building expense             | 7,278                             |
| Payroll taxes                             | 6,393                             |
| Employee benefits - 401k                  | 5,480                             |
| Total sales, marketing and administrative | <u>131,394</u>                    |
| Total expenses                            | <u>343,775</u>                    |
| Excess of revenues over expenses          | <u>\$ -</u>                       |

HILTON HEAD ISLAND - BLUFFTON CHAMBER OF COMMERCE  
DESTINATION MARKETING ORGANIZATION OF SOUTHERN BEAUFORT COUNTY  
HILTON HEAD ISLAND VISITOR AND CONVENTION BUREAU  
SCHEDULE OF DETAILED REVENUES AND EXPENSES  
YEAR ENDED JUNE 30, 2026

|                                           | SOUTHERN<br>BEAUFORT CO<br>ACCOMMODATIONS<br>TAX |
|-------------------------------------------|--------------------------------------------------|
| Revenues                                  |                                                  |
| Southern Beaufort County DMO              | \$ 268,743                                       |
| Total revenue                             | <u>268,743</u>                                   |
| Expenses                                  |                                                  |
| Direct marketing                          |                                                  |
| Vacation planner (Bluffton Only Guide)    | 48,654                                           |
| BC/Bluffton visitor research              | 42,697                                           |
| Digital promotions - Google/Facebook      | 29,872                                           |
| Digital promotions - website/SEO          | 17,440                                           |
| Digital promotions - social media         | 10,506                                           |
| Trade shows (Destination Southeast)       | 8,165                                            |
| Trade shows (SCSAE)                       | 3,862                                            |
| Fulfillment (Bluffton Only Guide)         | 3,092                                            |
| Leisure marketing (other)                 | 554                                              |
| Total direct marketing                    | <u>164,842</u>                                   |
| Sales, marketing and administrative       |                                                  |
| Salaries                                  | 72,224                                           |
| Operations - other                        | 10,566                                           |
| Employee benefits - insurance             | 5,967                                            |
| Operations - building expense             | 5,755                                            |
| Payroll taxes                             | 5,056                                            |
| Employee benefits - 401k                  | 4,333                                            |
| Total sales, marketing and administrative | <u>103,901</u>                                   |
| Total expenses                            | <u>268,743</u>                                   |
| Excess of revenues over expenses          | <u>\$ -</u>                                      |