

HILTON HEAD ISLAND - BLUFFTON
CHAMBER OF COMMERCE

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2012 AND 2011
AND
INDEPENDENT AUDITORS' REPORT

**HILTON HEAD ISLAND - BLUFFTON
CHAMBER OF COMMERCE**

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of Hilton Head Island - Bluffton Chamber of Commerce, as of June 30, 2012 and 2011, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hilton Head Island - Bluffton Chamber of Commerce, as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

J.W. Hunt and Company, LLP

September 18, 2012

HILTON HEAD ISLAND - BLUFFTON
CHAMBER OF COMMERCE

STATEMENTS OF FINANCIAL POSITION AS OF JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Current assets:		
Cash	\$ 1,398,514	\$ 850,519
Accounts receivable	63,622	23,637
Less, allowance for uncollectible accounts	(3,708)	(2,673)
Prepaid expenses	49,131	27,395
Other	<u>20,638</u>	<u>21,339</u>
Total current assets	1,528,197	920,217
Property and equipment - net	1,186,325	1,204,436
Other assets:		
Investment in Welcome Center joint venture	<u>-</u>	<u>9,816</u>
Total assets	<u><u>\$ 2,714,522</u></u>	<u><u>\$ 2,134,469</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 400,956	\$ 87,550
Deferred revenue	736,193	384,956
Notes payable and current portion of long-term debt	43,783	90,824
Other liabilities	<u>126,630</u>	<u>136,269</u>
Total current liabilities	<u>1,307,562</u>	<u>699,599</u>
Long-term liabilities:		
Long-term debt	<u>703,527</u>	<u>747,310</u>
Total long-term liabilities	<u>703,527</u>	<u>747,310</u>
Unrestricted net assets	<u>703,433</u>	<u>687,560</u>
Total liabilities and net assets	<u><u>\$ 2,714,522</u></u>	<u><u>\$ 2,134,469</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

HILTON HEAD ISLAND - BLUFFTON
CHAMBER OF COMMERCE

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Unrestricted revenues and other support:		
Visitor and Convention Bureau projects	\$ 3,520,501	\$ 2,498,835
Membership dues	677,373	699,886
Membership projects	806,305	996,134
Brochure advertising	225,405	223,982
Building rent and common share	111,955	108,691
Income (loss) from Welcome Center joint venture	(8,124)	(33,060)
Interest income	7,382	16,620
	<u>5,340,797</u>	<u>4,511,088</u>
 Expenses:		
Visitor and Convention Bureau	2,525,285	1,779,959
Salaries and related benefits	1,943,548	2,050,894
General and administrative	330,840	286,792
Membership projects	312,544	287,280
Bluffton Office	1,542	20,538
Depreciation	56,397	108,642
Building	103,085	91,675
Interest	51,683	54,711
	<u>5,324,924</u>	<u>4,680,491</u>
 Change in unrestricted net assets	15,873	(169,403)
 Unrestricted net assets at beginning of year	<u>687,560</u>	<u>856,963</u>
 Unrestricted net assets at end of year	<u>\$ 703,433</u>	<u>\$ 687,560</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

HILTON HEAD ISLAND - BLUFFTON
CHAMBER OF COMMERCE

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Change in unrestricted net assets	\$ 15,873	\$ (169,403)
Adjustments to reconcile change in unrestricted net assets to net cash provided (used) by operating activities:		
Depreciation	56,397	108,642
(Gain) loss from Welcome Center joint venture	8,124	33,060
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(38,950)	102,786
(Increase) decrease in prepaid expenses and other assets	(21,035)	(17,699)
Increase (decrease) in accounts payable	313,406	(249,080)
Increase (decrease) in other liabilities	(9,639)	(1,412)
Increase (decrease) in deferred revenue	<u>351,237</u>	<u>(153,312)</u>
Net cash provided (used) by operating activities	<u>675,413</u>	<u>(346,418)</u>
Cash flows from investing activities:		
Investment in Welcome Center joint venture	1,691	(33,600)
Purchase of property and equipment	<u>(38,285)</u>	<u>(151,533)</u>
Net cash used by investing activities	<u>(36,594)</u>	<u>(185,133)</u>
Cash flows from financing activities:		
Principal payments on notes payable	(90,824)	(38,322)
Proceeds from issuance of notes payable	<u>-</u>	<u>50,000</u>
Net cash provided (used) for financing activities	<u>(90,824)</u>	<u>11,678</u>
Net increase (decrease) in cash	547,995	(519,873)
Cash at beginning year	<u>850,519</u>	<u>1,370,392</u>
Cash at end of year	<u>\$ 1,398,514</u>	<u>\$ 850,519</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u>\$ 51,683</u>	<u>\$ 54,711</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

HILTON HEAD ISLAND - BLUFFTON
CHAMBER OF COMMERCE

NOTES TO FINANCIAL STATEMENTS, JUNE 30, 2012 AND 2011

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES:

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 southern Beaufort County of South Carolina area as a healthy place to live and do business.

Date of Management’s Review:

Subsequent events were evaluated through September 18, 2012, which is the date the financial statements were available to be issued.

Basis of Presentation:

The accompanying financial statements have been prepared on the accrual basis of accounting. The Chamber’s activities and net assets are classified in the financial statements as unrestricted, temporarily restricted, or permanently restricted based on the existence or absence of donor-imposed restrictions. These classifications are described below:

Unrestricted net assets - resources not subject to donor-imposed restrictions.

Temporarily restricted net assets - resources that can be expended subject to donor-imposed restrictions as to use and timing. The Chamber has no temporarily restricted net assets.

Permanently restricted net assets - resources that a donor requires to be retained in perpetuity. Generally, the donor of these assets permits the use of all or part of the income and gains earned on the gifted assets. The Chamber has no permanently restricted net assets.

The statement of activities presents expenses categorized in accordance with the overall mission of the Chamber. Accordingly, no allocation has been made between categories.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED):

Basis of Presentation (Continued):

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law.

Cash and Cash Equivalents:

For purposes of the Statement of Cash Flows, the Chamber considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Welcome Center Joint Venture:

Investment in the Welcome Center joint venture (see Note 8) is accounted for under the equity method.

Property and Equipment:

Land donated to the Chamber is recorded at fair value on the date of donation. All other property and equipment is recorded at cost, less accumulated depreciation, computed by using the straight-line method. Estimated useful lives range from three to ten years for furniture, equipment, and capital improvements, three to five years for computer software, and thirty years for the building.

The Chamber generally capitalizes all expenditures for property and equipment in excess of \$1,000.

Membership Dues:

Membership dues are recognized as revenue ratably over the periods which members are entitled to services.

Visitor and Convention Bureau (V&CB):

The V&CB is a division of the Chamber. Funding for the V&CB is provided by membership investment, the state of South Carolina and the Town of Hilton Head Island and Town of Bluffton through accommodations taxes (ATAX) and the Department of Parks, Recreation and Tourism (PRT) funds. Revenue is recognized as services are performed.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED):

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.

Advertising Revenue:

Advertising revenue is collected in advance and is deferred and recognized over the period the advertisement runs.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

Income Taxes:

The Chamber has received a determination letter from the Internal Revenue Service (IRS) indicating it is a not-for-profit corporation organized 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 are required. The Chamber is not classified as a private foundation.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Chamber and recognize a tax liability (or asset) if the Chamber has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Chamber, and has concluded that as of June 30, 2012, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Chamber is subject to routine audits by taxing jurisdictions; however there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations prior to 2009.

NOTE 2 - BANK DEPOSITS:

During the year and at year end, the Chamber's bank balances were in excess of federal depository insurance coverage. Management believes the credit risk associated with exceeding the insurance coverage is balanced by the stability of the financial institution involved.

NOTE 3 - PROPERTY AND EQUIPMENT:

Components of property and equipment were as follows:

	JUNE 30,	
	<u>2012</u>	<u>2011</u>
Land	\$ 364,230	\$ 364,230
Building	1,770,293	1,769,222
Furniture and equipment	621,910	620,980
Capital improvements	50,936	50,936
Computer software	69,792	67,169
Construction in progress	168,168	145,896
Total	<u>3,045,329</u>	<u>3,018,433</u>
Less: Accumulated depreciation	<u>(1,859,004)</u>	<u>(1,813,997)</u>
Property and equipment, net	<u><u>\$ 1,186,325</u></u>	<u><u>\$ 1,204,436</u></u>

Depreciation expense for the years ended June 30, 2012 and June 30, 2011 was \$56,397 and \$108,642, respectively.

NOTE 4 - DEFERRED REVENUE:

Components of deferred revenue were as follows:

	JUNE 30,	
	<u>2012</u>	<u>2011</u>
Membership dues	\$ 266,486	\$ 281,298
Visitor and Convention Bureau revenue	-	(37,290)
Chamber Champion program	7,200	9,975
Leadership Hilton Head revenue	23,534	21,134
PGA Tour Advertising	250,000	-
Other	76,048	8,303
Internet sales	108,217	97,036
Welcome Center sales	4,708	4,500
Totals	<u><u>\$ 736,193</u></u>	<u><u>\$ 384,956</u></u>

NOTE 5 - NOTES PAYABLE AND LONG-TERM DEBT:

Notes payable and long-term debt consists of the following:

	JUNE 30,	
	<u>2012</u>	<u>2011</u>
Operating line of credit, Bank of America, collateralized by land and building, interest due monthly, interest rate is based on bank's prime rate plus 5%, and expires October 20, 2012. The line of credit is \$200,000.	\$ -	\$ 50,000
Mortgage note payable, bank, secured by land and building, 6.6%, interest and fixed principal payment of \$7,706 due monthly, note matures February 20, 2024.	<u>747,310</u>	<u>788,134</u>
Total notes payable and long-term debt	747,310	838,134
Less, current portion	<u>43,783</u>	<u>90,824</u>
Total, long-term portion	<u>\$ 703,527</u>	<u>\$ 747,310</u>

Maturities of long-term debt are as follows:

YEAR ENDING	
<u>JUNE 30,</u>	<u>AMOUNT</u>
2013	\$ 43,783
2014	46,805
2015	50,034
2016	53,381
2017	57,171
2018 and later	<u>496,136</u>
Total	<u>\$ 747,310</u>

Interest paid during the years ending June 30, 2012 and 2011 amounted to \$51,683 and \$54,711, respectively.

The Chamber has an unused line of credit with a bank in the amount of \$2,700,000, collateralized by pledges receivable, interest rate is the bank's prime rate plus 1% and expires on January 3, 2013.

NOTE 6 - LEASE COMMITMENTS:

The Chamber leases certain office equipment under noncancelable operating lease agreements. Lease expense charged to operations under lease agreements was approximately \$11,602 and \$11,094 for the years ended June 30, 2012 and 2011, respectively. Future minimum lease payments under these leases are as follows:

YEAR ENDING	
<u>JUNE 30,</u>	<u>AMOUNT</u>
2013	\$ 5,708
2014	4,788
2015	4,788
2016	<u>798</u>
Total	<u>\$ 16,082</u>

The Chamber is lessor under a rental agreement for office space in the Chamber's building. The lease expires on June 30, 2017. Future minimum lease payments receivable under the new lease agreement total approximately \$473,731. The lessee is responsible for its direct utilities and maintenance expenses.

The Chamber's lease on the Bluffton office in the Liberty Savings Building expired during 2011 and the office was closed. The Chamber entered into a lease effective July 1, 2012, and the Bluffton office will be reopened in 2012.

NOTE 7 - EMPLOYEE BENEFITS:

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 to a fixed maximum percentage. The Plan covers employees who have one or more years of service with the Chamber. The Chamber contributed \$69,614 and \$69,270 to the Plan for the years ended June 30, 2012 and 2011, respectively.

NOTE 8 - WELCOME CENTER JOINT VENTURE:

During October 1993, the Chamber and the Environmental and Historical Museum of Hilton Head Island (the Museum), a not-for-profit organization, formed a joint venture for the purpose of acquiring, developing, and improving certain land and building located on Hilton Head Island. The intentions of the joint venture partners are that such use and occupancy of the building should be conducted in partnership form for the shared use as a Welcome Center of the Chamber and as an exhibition, retail and administrative center for the Museum with each party to share in operating and maintenance expenses and in the joint venture's gains/losses.

NOTE 8 - WELCOME CENTER JOINT VENTURE (CONTINUED):

The Welcome Center joint venture was terminated in August, 2011 and the remaining assets were distributed to the members of the joint venture.

Unaudited financial information related to the joint venture is as follows:

	JUNE 30,	
	<u>2012</u>	<u>2011</u>
Property and equipment - net	\$ -	\$ -
Other assets	-	<u>22,557</u>
Total assets	<u>-</u>	<u>22,557</u>
Debt and other liabilities	<u>-</u>	<u>(4,557)</u>
Net assets	<u>\$ -</u>	<u>\$ 18,000</u>
Revenues	\$ -	\$ 208
Expenses	<u>(16,248)</u>	<u>(66,328)</u>
Net gain (loss)	<u>\$ (16,248)</u>	<u>\$ (66,120)</u>

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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

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

Our report on our audits of the basic financial statements of Hilton Head Island - Bluffton Chamber of Commerce, for the years ended June 30, 2012 and 2011 appears on page 2. These audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying additional information presented on pages 14 through 17 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

J.W. Hunt and Company, LLP

September 18, 2012

HILTON HEAD ISLAND - BLUFFTON
CHAMBER OF COMMERCE

HILTON HEAD ISLAND VISITOR AND CONVENTION BUREAU
 SCHEDULE OF REVENUES AND FUNCTIONAL EXPENSES,
 YEAR ENDING JUNE 30, 2012

	TOWN OF HILTON HEAD ISLAND ACCOMMODATIONS <u>TAX</u>
Revenues - Town of Hilton Head Island - DMO	\$ 1,050,472
Town of Hilton Head Island - Supplemental Grant 2012	171,725
Town of Hilton Head Island - Crisis Fund	1,863
Total revenue	1,224,060
 Expenses:	
Direct marketing:	
Leisure:	
Print media	18,660
Fulfillment	40,775
Golf marketing	98,655
Culinary marketing	69,043
Biking/Cycling marketing	310
Cultural/Heritage marketing	8,352
Digital media and marketing	107,744
Vacation Planner	77,820
800 Toll-free number	4,077
Total leisure	425,436
Ad agency fees and expenses	1,544
Total - Ad agency fees and expenses	1,544
 Public relations:	
Public relations firm	111,625
Special projects/photography	11,032
Total public relations	122,657
 Meetings and group:	
Trade shows	13,169
Sales blitz and site inspections	1,685
Giveaways	3,603
Trade sponsorships	27,901
HHI Difference	8,172
Select Service Co-op	3,464
Lead Prospecting Program	26,532

(Continued) - 1.

HILTON HEAD ISLAND - BLUFFTON CHAMBER OF COMMERCE
HILTON HEAD ISLAND VISITOR AND CONVENTION BUREAU
SCHEDULE OF REVENUES AND FUNCTIONAL EXPENSES,
YEAR ENDING JUNE 30, 2012

	TOWN OF HILTON HEAD ISLAND ACCOMMODATIONS <u>TAX</u>
Expenses (continued):	
Direct marketing (continued):	
Meetings and group (continued):	
Business Cluster Initiative	\$ 2,500
Weddings promotion	1,000
Travel trade	3,465
Total meetings and group	<u>91,491</u>
International:	
Coastal South Carolina	46,890
Coastal South Carolina - staff	13,420
Pow Wow International	10,560
UK sales mission	9,404
Total international	<u>80,274</u>
Market research:	60,371
Strategic planning	10,620
General contingency	7,209
Total market research	<u>78,200</u>
Group tour marketing:	
Group tour trade shows	1,992
Group tour FAMS	414
Total group tour marketing	<u>2,406</u>
Town of Hilton Head Island Crisis Recovery Fund:	
Beach Renourishment Brochure	<u>1,863</u>
Total direct marketing expenses	<u>803,871</u>
Sales, marketing, visitor services and administrative:	
Salaries and payroll taxes	260,517
Operations	126,057
Employee benefits	33,615
Total sales, marketing, visitor services and administrative	<u>420,189</u>
Total expenses	<u>1,224,060</u>
Excess of revenues over expenses	<u>\$ -</u>

(Concluded) - 2.

HILTON HEAD ISLAND - BLUFFTON
CHAMBER OF COMMERCE

DESTINATION MARKETING ORGANIZATION OF THE TOWN OF BLUFFTON

HILTON HEAD ISLAND VISITOR AND CONVENTION BUREAU
 SCHEDULE OF REVENUES AND FUNCTIONAL EXPENSES,
 YEAR ENDING JUNE 30, 2012

	BLUFFTON ACCOMMODATIONS TAX
Revenues - Town of Bluffton DMO	\$ 69,710
Town of Bluffton special grant	10,500
Total Revenue	<u>80,210</u>
Expenses:	
Bluffton billboard photography	605
Bluffton specific leisure/media	25,346
Town of Bluffton special grant	10,500
Select service sales blitz and promotions fulfillment	3,464
VisitBluffton.org website and e-promos	2,932
Digital and print ad design and production	3,450
Bluffton group tour promotions	1,054
Bluffton fulfillment	1,860
Bluffton visitor research	6,600
Total leisure	<u>55,811</u>
Total direct marketing expenses	<u>55,811</u>
Administrative:	
Salaries and payroll taxes	15,127
Operations	7,320
Employee benefits	1,952
Total administrative	<u>24,399</u>
Total expenses	<u>80,210</u>
Excess of revenues over expenses	<u>\$ -</u>

HILTON HEAD ISLAND - BLUFFTON
CHAMBER OF COMMERCE

HILTON HEAD ISLAND VISITOR AND CONVENTION BUREAU
SCHEDULE OF REVENUES AND FUNCTIONAL EXPENSES,
YEAR ENDING JUNE 30, 2012

	<u>ACCOMMODATIONS TAX</u>			<u>PARKS, RECREATION AND TOURISM</u>	<u>MARKETING</u>	<u>MEMBERSHIP</u>	<u>TOTAL</u>
	<u>TOWN OF HHI</u>	<u>BLUFFTON</u>	<u>B/C DMO</u>				
Revenues:							
Town of Hilton Head Island DMO	\$ 1,050,472	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,050,472
Town of Hilton Head Island Supplemental Grant (FY2012)	171,725	-	-	-	-	-	171,725
Town of Hilton Head Island - Heritage marketing	1,863	-	-	-	-	-	1,863
Beaufort County DMO / Grants	-	-	306,638	-	-	-	306,638
Town of Bluffton DMO	-	80,210	-	-	-	-	80,210
SCPRT DMO grants	-	-	-	598,430	-	-	598,430
SCPRT Co-op grants	-	-	-	500,000	-	-	500,000
Member funding	-	-	-	-	1,036,570	1,603,014	2,639,584
Total revenues	<u>1,224,060</u>	<u>80,210</u>	<u>306,638</u>	<u>1,098,430</u>	<u>1,036,570</u>	<u>1,603,014</u>	<u>5,348,922</u>
Expenses:							
Leisure	425,436	2,793	8,414	248,546	-	-	685,189
Town of Hilton Head Island - Crisis	1,863	-	-	-	-	-	1,863
Town of Bluffton marketing	-	41,900	7,653	-	-	-	49,553
Beaufort County marketing - Bluffton	-	-	109,101	-	-	-	109,101
Beaufort County marketing - Daufuskie	-	-	18,133	-	-	-	18,133
Beaufort County - Golf/Biking/Culinary	-	-	46,037	-	-	-	46,037
Meetings and group	91,491	3,464	-	49,303	20,385	-	164,643
Public relations	122,657	-	7,571	58,500	-	-	188,728
International	80,274	-	-	29,904	-	-	110,178
Market planning and research	70,992	6,600	-	23,949	-	-	101,541
Group tour marketing	2,405	1,054	1,352	-	-	-	4,811
Ad agency fees and expenses	1,544	-	-	-	-	-	1,544
Marketing Co-op programs	-	-	-	479,536	550,915	-	1,030,451
Membership related expenses	-	-	-	-	-	322,210	322,210
General contingency	7,209	-	1,054	-	5,250	-	13,513
Sales, marketing and administrative	420,189	24,399	107,323	208,692	460,020	1,264,931	2,485,554
Total expenses	<u>1,224,060</u>	<u>80,210</u>	<u>306,638</u>	<u>1,098,430</u>	<u>1,036,570</u>	<u>1,587,141</u>	<u>5,333,049</u>
Excess of revenues over expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,873</u>	<u>\$ 15,873</u>