SAN CLEMENTE CHAMBER OF COMMERCE

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

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Perry M. Henderson
CPA, MPA

Independent Accountant's Review Report

May 14, 2026

To the Board of Directors of the
San Clemente Chamber of Commerce

I have reviewed the accompanying financial statements of the San Clemente Chamber of Commerce, which comprise the statement of financial position of December 31, 2025, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants . Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

I am required to be independent of the San Clemente Chamber of Commerce and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to the review.

Master: Public Administration; **Member**: American Institute of CPA's, California Society of CPA's, **Present and Past service includes**: Member, County of San Bernardino, California Audit Committee, YMCA of the East Valley, Audit Committee;AICPA Governmental Audit Quality Center Executive Committee; CSCPA Peer Review Committee; CSCPA Professional Conduct Committee; AICPA Key Legislative Contact Program; Adjunct Faculty Member, University of Redlands;
Author: CPA's Guide to Quality Control and Peer Reviews, CCH's Top Auditing Issues 2006- 2013;
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Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America..

Perry M. Henderson, CPA

Master: Public Administration; **Member**: American Institute of CPA's, California Society of CPA's, **Present and Past service includes**: Member, County of San Bernardino, California Audit Committee, YMCA of the East Valley, Audit Committee;AICPA Governmental Audit Quality Center Executive Committee; CSCPA Peer Review Committee; CSCPA Professional Conduct Committee; AICPA Key Legislative Contact Program; Adjunct Faculty Member, University of Redlands;
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SAN CLEMENTE CHAMBER OF COMMERCE

Statement Of Financial Position

December 31, 2025

ASSETS		
Cash	$	344,505
Prepaid expenses		2,400
Property & Equipment		
Buildings		192,000
Equipment		95,254
Land		193,599
Accumulated depreciation		(141,097)
Net Property & Equipment		339,756
TOTAL ASSETS	$	686,661
LIABILITIES & NET ASSETS:		
Accrued expenses	$	8,397
Due to PAC		9,049
Deferred revenue		15,363
Retirement		2,009
Sales & payroll taxes		315
TOTAL LIABILITIES		35,133
TOTAL NET ASSETS-without donor restriction	.	651,528
TOTAL LIABILITIES & NET ASSETS	$	686,661

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

SAN CLEMENTE CHAMBER OF COMMERCE

Statement of Activities

For the year ended December 31, 2025

REVENUES:	
Membership Dues	$ 202,430
Fundraising events--sponsorships	83,000
Gross income from fundraising	499,546
Less direct expenses	(241,030)
Interest & other	10,851
TOTAL REVENUES	554,797
EXPENSES:	
Program services	319,308
Management and general	175,652
Fundraising	31,693
TOTAL EXPENSES	526,653
	28,144
Net assets at beginning of year-without donor restriction	623,384
NET ASSETS AT END OF YEAR-without donor restriction	$ 651,528

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

SAN CLEMENTE CHAMBER OF COMMERCE
Statement of Functional Expenses
For the year ended December 31, 2025

	Program Services	Management & General	Fundrasing	Total
Personnel costs				
Salaries & wages	$ 221,247	$ 116,445	$ 23,457	$ 361,149
Payroll taxes	17,382	9,148	1,843	28,373
Pension plan	4,502	2,370	477	7,349
Employee benefits	17,106	9,003	1,814	27,922
Total personnel costs	260,236	136,965	27,591	424,793
Other expenses				
Accounting & legal		14,079		14,079
Advertising	3,900	1,800	300	6,000
Association fees	4,027	1,859	310	6,196
Auto & travel	151	70	12	233
Board expenses	1,859	858	143	2,860
Depreciation	4,322	1,995	332	6,649
Dues & subscriptions	4,161	1,921	320	6,402
Insurance	2,282	1,053	176	3,511
Meals	4,104	1,893	316	6,313
Membership services	5,756			5,756
Merchant & other fees	7,925	3,658	610	12,193
Office expense	9,388	4,333	722	14,443
Other occupancy costs	2,251	1,039	173	3,463
Property taxes	3,971	1,833	305	6,109
Training & development	4,974	2,296	383	7,653
	$ 319,308	$ 175,652	$ 31,693	$ 526,653

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

SAN CLEMENTE CHAMBER OF COMMERCE
Statement of Cash Flows
For the year ended December 31, 2025

Cash flows from operating activities:		
Change in net assets	$	28,144
Non-cash items included in revnues and expenses		
Depreciation		6,649
Increase (decrease) in cash resulting from changes in:		
Accounts receivable		13,500
Expenses payable		3,583
Due to PAC		6,107
Deferred revenue		(185,505)
Other current liabilities		1,384
Cash used by operating activities		(126,138)
Cash flows from investing activities:		
Purchase of equipment		(1,604)
Increase in cash		(127,742)
Beginning cash		472,247
Ending cash	$	344,505

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

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The San Clemente Chamber of Commerce (the Chamber) is a non-profit organization dedicated to assist and enhance the business, economic and general well being of the local area, primarily in the City of San Clemente. The Chamber's mission statement is "to protect the free enterprise system, champion business, strive for a healthy economy and a better quality of life in our community." The Chamber is supported primarily through membership fees and special event revenue. It sponsors several committees, events and programs. Its major activities are assistance to member businesses and individuals, including promotion, governmental compliance and representation, dissemination of current events, legislation and other items affecting business, and various events such as the annual Fiesta Music Festival.

Financial Reporting Framework

The Chamber prepares its financial statements based on accounting principles generally accepted in the United States of America (GAAP).

Promises to Give

Contributions are recognized when the donor makes a promise to give to the chamber that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, donor-restricted net assets are reclassified to net assets without donor restrictions. The Chamber rarely receives donations that are considered material to the financial statements. Items donated are usually sold at the auctions sponsored by the Chamber. These donations are recognized when sold. The Chamber had no net assets with donor restrictions on December 31, 2025.

Contributed Services

No amounts have been reflected in the financial statements for donated services. The Chamber generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Chamber, but these services do not meet the criteria for recognition as contributed services. The Chamber receives more than 500 volunteer hours per year.

Estimates

The preparation of financial statements in conformity with GAAP 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. Accordingly, actual results could differ from those estimates.

Advertising expense

Advertising is expensed as incurred.

Revenue recognition

Revenues from membership dues are recognized upon receipt. Management believes that these funds are from members, not customers, and that they carry no contractual performance obligations, and thus are not subject to the provisions of Financial Accounting Standards Board pronouncement "Revenues from Contracts With Customers" (Topic ASC 606). Revenue and expenses for special events are deferred until the completion of a project, event or other activity.

Capitalization policy & depreciation

The Chamber capitalizes all expenditures for land, buildings and equipment according to the following criteria:

	Cost Threshold	Estimated Life (years)
Land	initial investment only	---
Buildings	initial investment only	39
Building improvements	initial investment only	15
Fixtures, shelving	$ 1,500	10
Office furniture	$ 1,500	7
Computer equipment	$ 1,000	5
Software	$ 1,000	2

Assets are depreciated monthly over their estimated useful lives using straight-line methods.

Functional expenses

The costs of providing the Chamber's programs and services have been summarized on a functional basis in the statement of functional expenses. Based on management's estimates and an allocation plan, costs are allocated between programs and supporting services as they relate to those functions. Personnel costs are allocated based on the estimated percentages of staff time devoted to the various categories. The allocation of costs depends on the nature of the cost, the reason it is incurred and the benefit received by each function. Other costs are allocated based on management estimates and industry data.

2. FEDERAL AND STATE INCOME TAXES

The Chamber is exempt from income taxes under Section 501(c) (6) of the internal revenue code. However, income from certain unrelated business activities may be subject to income taxes. For California purposes the Chamber is exempt under California code section 23701(d). The Chamber has evaluated the tax positions in all of its returns for which the statute of limitations is opened, and believes that they would be substantiated upon examination. The statute of limitations is open generally for three years for Federal purposes and four years for State of California.

3. CASH

The Chamber presently maintains a commercial bank account that from time to time may exceed FDIC insurance coverage. At December 31, 2025 one account exceeded this coverage by $52,000. Management does not consider this a significant risk.

The Chamber separates its cash into three funds:

Operating Fund-- provides sufficient cash to timely meet day-to-day financial obligations. The operating fund may invest in non-interest bearing accounts, or interest bearing checking or savings accounts. The maximum funds held in any institution may not exceed $250,000 and be fully FDIC insured, unless otherwise approved by the Board.

Short-term Reserve Fund—to meet expenses occurring as a result of unanticipated activities and improve return on funds held for expenditure for up to 9 months. Short-term reserve funds may invest in direct U.S. Government obligations, insured certificates of deposit at commercial banks, and money market funds or mutual funds that invest in direct obligations of the U.S. Government. Maturities are maintained on a staggered basis, with weighted average maturity of six months and maximum maturity of 12 months.

Long-term Reserve Fund—to provide secure long term funding for the Chamber's mission. Should the Board determine the need for a long term reserve fund, it will update this policy with specifics.

The Chamber also maintains custody of funds which it holds in trust for "Business for a Better San Clemente" which is a political action committee. These funds amounted to $ 13,828 at December 31, 2025.

Cash at December 31, 2025 consisted of:

Farmers & Merchants Bank-business checking	$ 28,182
Farmers & Merchants Bank-Money market (4%)	302,495
Political Action Committee	13,828

4. DEFERRED REVENUE

Deferred revenue consists of cash received that will be used to fund programs in 2025:

Rising Star & Workforce	$ 10,000
Events	5,363

5. PENSION PLAN

The Chamber has a Simple IRA plan for the exclusive benefit of eligible employees. All employees receiving at least $5,000 in compensation, as defined in the plan, during any two prior years and who are reasonably expected to receive at least $5,000 in compensation during the current year are eligible to participate in the plan pursuant to the terms of the plan. A participant may elect to defer up to $15,500 of his or her annual salary as a contribution to the plan towards his/her retirement. The Chamber will make a matching contribution of the lesser of the employee's actual contribution or 3% of his/her annual salary. The contribution for 2025 was $ 7,349.

6. COMPENSATED ABSENCES

The Chamber has not recorded a liability for compensated absences because they are not subject to reasonable estimation.

7. RELATED PARTY TRANSACTIONS

The Chamber has a conflict-of-interest policy that governs transactions with related parties. Management may engage in such transactions when they are at least equivalent to similar unrelated party transactions. The most significant related party transaction during the year was the purchase of insurance, for $5,418, from an agency owned by a board member.

8. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The San Clemente Chamber of Commerce has $ 330,677, of financial assets (consisting of cash) available within one year of the date of the statement of financial position to meet cash needs for general expenditure consisting solely of cash. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the date of the statement of financial position. The Chamber has a goal to maintain financial assets, which consist primarily of cash, available to meet 90 days of normal operating expenses, which are, on average, approximately $ 190,000.

9. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 14, 2026, the date on which the financial statements were available to be issued. No subsequent events required recognition or disclosure in the financial statements