



HERMOSA BEACH
CHAMBER *of* COMMERCE
and VISITORS BUREAU

September 9, 2025

Re: Vice Chair of Finance Brief – Chamber Financial Overview

Dear Mayor Saeman, Councilmembers, and City Staff,

As we continue to move forward into this fiscal year, I want to provide a high-level update on the Chamber's financial position. While we won't be diving into specific numbers today, I'll offer a transparent overview of where we stand and the steps we're taking to ensure long-term financial health and sustainability.

First and foremost, the Chamber remains stable and solvent. We have reserves currently held in a Certificate of Deposit (CD), which provides us with a modest but steady safety net. However, like many organizations, we're facing a shifting economic landscape that's affecting our traditional revenue streams - especially those tied to large-scale event production.

Events have become significantly more expensive to produce due to rising costs in liability insurance, security, street barricades, and vendor fees. At the same time, corporate sponsorships - one of our key sources of non-dues revenue - are dwindling. Many of our regular sponsors rightly redirected their support to assist those impacted by the Palisades fires, which we fully understand and support.

In response, we are actively exploring and evaluating new, diversified revenue strategies that are not reliant on large events. This includes new partnership models, expanded member services, and other creative initiatives aligned with our mission.

Operationally, we've made important internal changes to strengthen our financial infrastructure. Over the past year, we identified and addressed significant issues stemming from the transition of our former CPA and bookkeeping team, whose errors in both accounting and tax filings created challenges we're still working to resolve. That firm has since been replaced, and we now have a new financial management team in place, along with increased oversight and accountability measures to ensure accuracy and transparency moving forward.

One major improvement has been the complete revamp of our Chart of Accounts, which had become bloated and difficult to interpret over the years. The updated version is now

streamlined, transparent, and easier to read, giving us better insight into our financial health and allowing for clearer reporting to our board and members.

We're also aware of questions or rumors circulating related to financial matters. Let me be clear: we take those concerns seriously. While there were errors in the past - especially during the handoff to our former CPA - they are being thoroughly addressed, and we are committed to full transparency and financial best practices as we move ahead.

Lastly, I want to clarify the role of the Chamber in relation to the Tourism Improvement District (TID). While the Chamber helps facilitate the program, the TID is governed by a separate board composed of local hotel partners and stakeholders. All decisions regarding the use of TID funds are made by that board and are guided by the official District Plan. From day one, the TID was designed with transparency and accountability at its core, and there will be annual public reports showing how funds were collected, where they were spent, and the return on those investments—especially as they relate to increasing hotel bookings and visitor traffic.

In closing, while we're navigating some challenges, we're also making meaningful progress. Our focus remains on building a stronger, more resilient Chamber - one that is responsive to today's realities while planning smartly for the future.

Thank you.

A handwritten signature in black ink, appearing to read 'Lenny LaRocca', with a long horizontal flourish extending to the right.

Lenny LaRocca

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