

**RUSHMORE CONSUMER CREDIT
RESOURCE CENTER**

(A NONPROFIT ORGANIZATION)

INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014



**CASEY PETERSON
& ASSOCIATES, LTD.**
CPAs & FINANCIAL ADVISORS

RAPID CITY, SOUTH DAKOTA
GILLETTE, WYOMING

Rushmore Consumer Credit Resource Center
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Independent Auditor's Report

To the Board of Directors
Rushmore Consumer Credit Resource Center
Rapid City, South Dakota

We have audited the accompanying financial statements of Rushmore Consumer Credit Resource Center (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rushmore Consumer Credit Resource Center as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink that reads "Casey Peterson & Associates, LTD". The signature is written in a cursive style.

Casey Peterson & Associates, LTD

Rapid City, South Dakota

May 05, 2016

FINANCIAL STATEMENTS

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Rushmore Consumer Credit Resource Center
Statements of Financial Position
December 31, 2015 and 2014

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 353,694	\$ 361,068
Certificates of Deposit	164,496	160,391
Accounts Receivable	1,422	3,854
Grants Receivable	24,168	38,956
Interest Receivable	159	1,773
Prepaid Expenses	1,268	1,126
Inventory	10,715	23,595
Total Current Assets	555,922	590,763
Funds Held In Trust	44	958
Property And Equipment, Net	919,898	930,176
TOTAL ASSETS	\$ 1,475,864	\$ 1,521,897
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 4,924	\$ 4,161
Accrued Payroll Liabilities	42,110	36,678
Accrued Taxes	1,569	1,363
Deferred Revenue	2,600	-
Current Portion of Long-term Debt and Capital Lease	11,531	9,755
Total Current Liabilities	62,734	51,957
Funds Held in Trust	44	958
Capital Lease, Less Current Portion	13,694	-
Long-term Debt, Less Current Portion	249,079	258,181
TOTAL LIABILITIES	325,551	311,096
NET ASSETS		
Unrestricted		
Undesignated	1,150,313	1,210,801
TOTAL LIABILITIES AND NET ASSETS	\$ 1,475,864	\$ 1,521,897

The accompanying notes are an integral part of these statements.

Rushmore Consumer Credit Resource Center
Statements of Activities
For the Years Ended December 31, 2015 and 2014

	2015	2014
UNRESTRICTED NET ASSETS		
Support		
Education Programs and Projects	\$ 155,939	\$ 207,078
Business Fair Share Contributions	85,139	92,672
Grants	180,671	168,207
Client Fees	88,551	86,016
United Way Support	40,643	32,050
Interest	2,829	2,652
Other Support	50,421	25,743
Total Support	604,193	614,418
Expenses		
Program Services		
Counseling and Debt Management Programs	378,422	349,449
Education Programs	183,957	224,732
Supporting Services		
Administration	102,302	100,629
Total Expenses	664,681	674,810
CHANGE IN UNRESTRICTED NET ASSETS	(60,488)	(60,392)
NET ASSETS BEGINNING	1,210,801	1,271,193
NET ASSETS ENDING	\$ 1,150,313	\$ 1,210,801

The accompanying notes are an integral part of these statements.

Rushmore Consumer Credit Resource Center
Statements of Cash Flows
For the Years Ended December 31, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (60,488)	\$ (60,392)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	28,140	29,856
Write-off of Bad Debts	-	418
Write-off of Obsolete Inventory	198	198
(Increase) Decrease In:		
Accounts Receivable	2,432	1,203
Grants Receivable	14,788	24,612
Interest Receivable	1,614	(793)
Prepaid Expenses	(142)	532
Inventory	12,682	2,178
Increase (Decrease) In:		
Accounts Payable	763	(8,852)
Accrued Payroll Liabilities	5,432	(3,943)
Accrued Taxes	206	111
Deferred Revenue	2,600	(2,500)
Net Cash Provided (Used) by Operating Activities	8,225	(17,372)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Certificates of Deposit	(4,105)	(1,458)
Payments on Capital Lease	(5,551)	(5,679)
Payments on Long-term Debt	(5,943)	(4,506)
Net Cash Used by Investing Activities	(15,599)	(11,643)
DECREASE IN CASH AND CASH EQUIVALENTS	(7,374)	(29,015)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	361,068	390,083
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 353,694	\$ 361,068
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Interest Paid	\$ 13,287	\$ 14,184
Property and Equipment Leased	\$ 17,862	\$ -

The accompanying notes are an integral part of these statements.

**Rushmore Consumer Credit Resource Center
Statement of Functional Expenses
For the Year Ended December 31, 2015**

	<u>Program Services</u>		<u>Supporting Services</u>	<u>Total</u>
	Counseling and Debt Management (CCCS)	American Center for Credit Education (ACCE)	Administration	
Payroll	\$ 180,959	\$ 108,648	\$ 70,153	\$ 359,760
Payroll Benefits	15,712	4,177	4,665	24,554
Payroll Taxes	<u>16,513</u>	<u>9,786</u>	<u>6,305</u>	<u>32,604</u>
Total Payroll Expenses	213,184	122,611	81,123	416,918
Outside Services	43,479	3,386	-	46,865
Office	23,445	9,380	4,122	36,947
Depreciation	14,837	7,957	5,346	28,140
Occupancy	13,877	7,341	4,977	26,195
Advertising and Promotion	22,500	126	-	22,626
Production Costs and Fees	-	19,494	-	19,494
Maintenance	12,031	3,462	2,091	17,584
Insurance	8,239	4,382	2,961	15,582
Travel	8,303	5,234	1,682	15,219
Dues	10,580	123	-	10,703
Direct Assistance	7,500	-	-	7,500
Bad Pledge/Debt	-	461	-	461
Taxes	442	-	-	442
Interest	<u>5</u>	<u>-</u>	<u>-</u>	<u>5</u>
Total	<u>\$ 378,422</u>	<u>\$ 183,957</u>	<u>\$ 102,302</u>	<u>\$ 664,681</u>

The accompanying notes are an integral part of these statements.

**Rushmore Consumer Credit Resource Center
Statement of Functional Expenses
For the Year Ended December 31, 2014**

	Program Services		Supporting Services	Total
	Counseling and Debt Management (CCCS)	American Center for Credit Education (ACCE)	Administration	
Payroll	\$ 154,656	\$ 124,700	\$ 66,546	\$ 345,902
Payroll Benefits	17,223	5,741	5,457	28,421
Payroll Taxes	13,784	10,915	5,793	30,492
Total Payroll Expenses	185,663	141,356	77,796	404,815
Outside Services	40,002	3,653	-	43,655
Office	19,971	14,905	3,743	38,619
Production Costs and Fees	-	29,915	-	29,915
Depreciation	15,719	8,464	5,673	29,856
Occupancy	14,152	7,620	5,107	26,879
Advertising and Promotion	26,484	34	-	26,518
Maintenance	16,906	4,773	2,846	24,525
Travel	8,374	8,425	2,175	18,974
Insurance	9,113	4,907	3,289	17,309
Dues	12,106	171	-	12,277
Taxes	852	-	-	852
Bad Pledge/Debt	107	311	-	418
Write-off of Obsolete Books	-	198	-	198
Total	\$ 349,449	\$ 224,732	\$ 100,629	\$ 674,810

The accompanying notes are an integral part of these statements.

Rushmore Consumer Credit Resource Center
Notes to the Financial Statements
December 31, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Rushmore Consumer Credit Resource Center (the Organization) is located in Rapid City, South Dakota and provides services to the public in three major areas: Budget and Housing Counseling, Debt Management Programs, and Educational Programs. The operations are conducted under two divisions: the Consumer Credit Counseling Service (CCCS) and the American Center for Credit Education (ACCE). CCCS serves the western region of South Dakota from the Wyoming border to Pierre, South Dakota, Nebraska and North Dakota. ACCE develops and publishes financial education programs used by organizations across the country.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Financial Statement Presentation

Under Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) Topic 958, *Financial Statements of Not-for-Profit Organizations*, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net asset, and permanently restricted net assets. The Organization had no temporarily or permanently restricted net assets as of December 31, 2015 and 2014.

Contributions

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Cash and Cash Equivalents

The Organization considers all highly liquid debt instruments with an initial maturity of three months or less to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. At times throughout the year, the Organization may maintain bank accounts in excess of Federal Deposit Insurance Corporation (FDIC) limits. The Organization has not experienced any losses related to this risk and does not expect any losses in the future.

Rushmore Consumer Credit Resource Center
Notes to the Financial Statements
December 31, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants, Accounts Receivable and Deferred Revenue

Accounts and grants receivable are stated at the amount management expects to collect from outstanding balances. Past due accounts are determined based on invoice date and specific customer repayment terms. The Organization has elected to record bad debts using the direct write-off method. Generally accepted accounting principles require that the allowance method be used to recognize bad debts. However, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method. The Organization recognized \$461 and \$418 of bad debt during the years ended December 31, 2015 and 2014, respectively. Customer payments received in advance for online programs are recognized as deferred revenue until the customer has completed the program or until the program fees are no longer refundable to the customer.

Inventory

Inventory, consisting of books and other educational materials for sale, is valued at average cost. During the years ended December 31, 2015 and 2014, the Organization determined specific books included in inventory were obsolete. Expenses in the amount of \$0 and \$198 were recognized during 2015 and 2014, respectively, to write off obsolete books.

Certificates of Deposit

Certificates of deposit are considered held-to-maturity investments by the Organization and accordingly are recorded at amortized cost, which approximates fair value.

Property and Equipment

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost if purchased and fair value if contributed. Depreciation of equipment is calculated using the straight-line method based on cost and estimated useful lives of the assets. Estimated useful lives for each class of property and equipment are as follows:

	<u>Years</u>
Buildings	40
Building Improvements	15
Equipment	5-7

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services based on management's estimate of the program or supporting services benefiting from the expense. Management and general expenses include those expenses that are not directly identifiable with any specific function but provide for the overall support and direction of the Organization.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Rushmore Consumer Credit Resource Center
Notes to the Financial Statements
December 31, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Funds Held in Trust

The funds held in represent funds held on behalf of a beneficiary. These funds are required to be held for four years before they can be released.

Advertising Costs

The Organization uses advertising to promote its programs. The Organization's policy is to expense advertising costs as the costs are incurred. Advertising expense for the years ended December 31, 2015 and 2014 was \$22,626 and \$26,518, respectively.

Income Taxes

The Organization is a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is exempt from income tax. The Organization is not liable for income taxes if it operates within the confines of its exempt status. However, the Organization may be responsible for taxes on unrelated business activities. In the event of an examination of the income tax returns by taxing authorities, the tax liability of the Organization could be changed if an adjustment in the tax-exempt purpose is determined or if the taxing authorities determine the Organization has engaged in unrelated business activities.

As of December 31, 2015, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Organization's income tax filings are subject to audit by various taxing authorities. The Organization is no longer subject to federal income tax examinations by taxing authorities for years before 2012. Management continually evaluates expiring statutes of limitation, audits, proposed settlements, changes in tax law and new authoritative rulings. The Organization believes its estimates are appropriate based on current facts and circumstances. Interest and penalties assessed by income taxing authorities, if any, are included in interest expense.

Shipping Costs

The Organization classifies costs to ship inventory to customers as cost of sales (cost of sales is reported as production costs and fees in the statement of functional expenses). Shipping expense for the years ended December 31, 2015 and 2014 was \$4,152 and \$6,595, respectively.

Use Tax

The State of South Dakota and its respective counties impose a use tax on the Organization's inventory that is used internally. The Organization records use tax on inventory used for internal purposes as an expense in the statements of functional expenses.

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2015:

	Cost	Accumulated Depreciation	Net Cost
Land	\$ 279,900	\$ -	\$ 279,900
Buildings	720,100	112,500	607,600
Building Improvements	20,587	8,476	12,111
Equipment	91,395	71,108	20,287
	<u>\$ 1,111,982</u>	<u>\$ 192,084</u>	<u>\$ 919,898</u>

Rushmore Consumer Credit Resource Center
Notes to the Financial Statements
December 31, 2015 and 2014

NOTE 2 - PROPERTY AND EQUIPMENT (CONTINUED)

Property and equipment consisted of the following at December 31, 2014:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Cost</u>
Land	\$ 279,900	\$ -	\$ 279,900
Buildings	720,100	94,500	625,600
Building Improvements	20,587	6,712	13,875
Equipment	<u>107,864</u>	<u>97,063</u>	<u>10,801</u>
	<u>\$ 1,128,451</u>	<u>\$ 198,275</u>	<u>\$ 930,176</u>

NOTE 3 - LONG-TERM DEBT

Long-term debt consisted of the following at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Note payable to a financial institution, monthly payments of \$1,615, 5.50% interest, due November 2039, secured by a building. Refinanced July 2015, monthly payments of \$1,615, 4.50% interest, due March 3036, secured by a building.	\$ 257,037	\$ 263,325
Less: Current Portion	<u>(7,958)</u>	<u>(5,144)</u>
Long-term Debt	<u>\$ 249,079</u>	<u>\$ 258,181</u>

The note payable is due on demand but it is not expected that demand will be made. In the absence of demand for payment, long-term debt maturities are as follows as of December 31, 2015:

Year Ending December 31,	
2016	\$ 7,958
2017	8,357
2018	8,741
2019	9,142
2020	9,534
Thereafter	<u>213,305</u>
	<u>\$ 257,037</u>

Rushmore Consumer Credit Resource Center
Notes to the Financial Statements
December 31, 2015 and 2014

NOTE 4 - CAPITAL LEASE

The Organization entered into a capital lease during the year ended December 31, 2015 for a new copier. The cost of the copier was \$17,862 and had \$0 of accumulated depreciation at December 31, 2015. Capital lease payable consisted of the following at December 31, 2015:

	2015	2014
Capital lease to a financial institution used to finance equipment. Monthly payments of \$298, 4.5% interest, due December 2020.	\$ 17,267	\$ -
Capital lease to a financial institution used to finance equipment. Monthly payments of \$384, 6.45%, due November 2015.	-	4,611
Less: Current Portion	(3,573)	(4,611)
Long-term Capital Lease	\$ 13,694	\$ -

Minimum future lease payments under the capital lease as of December 31, 2015 are:

Year Ending December 31,	
2016	\$ 3,573
2017	3,573
2018	3,573
2019	3,573
2020	2,975
	\$ 17,267

NOTE 5 - RETIREMENT PLAN

On March 1, 2001 the Organization adopted the Consumer Rushmore Consumer Credit Resource Center 401(k) Retirement Plan, an Internal Revenue Code Section 401(k) defined contribution plan. Employees may contribute through an elective salary reduction. Employees must complete one year of service and 1,000 hours and attain age 21 before they are eligible to participate.

The Organization can make discretionary matching contributions of employee contributions of up to 4% of wages. Matching contributions to the 401(k) plan were \$0 for each of the years ended December 31, 2015 and 2014, respectively.

NOTE 6 - SUBSEQUENT EVENTS

Management has considered subsequent events through the date of the independent auditor's report, which is the date the financial statements were available to be issued.