

**RUSHMORE CONSUMER CREDIT
RESOURCE CENTER**

(A NONPROFIT ORGANIZATION)

INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

CASEY  PETERSON
Leading the Way.

RAPID CITY, SOUTH DAKOTA
GILLETTE, WYOMING

Rushmore Consumer Credit Resource Center
Table of Contents
December 31, 2017 and 2016

	<u>PAGE</u>
Independent Auditor's Report	1 - 2
FINANCIAL STATEMENTS	
Statements of Financial Position	5
Statements of Activities.....	6
Statements of Cash Flows	7
Statements of Functional Expenses.....	8 - 9
Notes to the Financial Statements	10 - 14

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, 2017 and 2016 and the related statements of activities, cash flows, and functional expenses 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, 2017 and 2016, 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.

Casey Peterson, LTD.

Casey Peterson, Ltd.

Rapid City, South Dakota

May 3, 2018

FINANCIAL STATEMENTS

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Rushmore Consumer Credit Resource Center
Statements of Financial Position
December 31, 2017 and 2016

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 268,814	\$ 249,665
Certificates of Deposit	108,656	166,058
Accounts Receivable	966	3,402
Grants Receivable	27,419	16,400
Interest Receivable	163	161
Prepaid Expenses	1,130	2,165
Inventory	12,121	16,925
Total Current Assets	419,269	454,776
Funds Held In Trust	44	44
Property And Equipment, Net	868,829	893,738
TOTAL ASSETS	\$ 1,288,142	\$ 1,348,558
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 7,936	\$ 8,086
Accrued Payroll Liabilities	33,287	42,124
Accrued Interest and Taxes Payable	921	923
Deferred Revenue	-	3,000
Current Portion of Long-term Debt and Capital Lease	12,313	11,929
Total Current Liabilities	54,457	66,062
Funds Held in Trust	44	44
Capital Lease, Less Current Portion	6,549	10,122
Long-term Debt, Less Current Portion	231,985	240,676
TOTAL LIABILITIES	293,035	316,904
NET ASSETS		
Unrestricted		
Undesignated	995,107	1,031,654
TOTAL LIABILITIES AND NET ASSETS	\$ 1,288,142	\$ 1,348,558

The accompanying notes are an integral part of these statements.

Rushmore Consumer Credit Resource Center
Statements of Activities
For the Years Ended December 31, 2017 and 2016

	2017	2016
UNRESTRICTED NET ASSETS		
Support:		
Education Programs and Projects	\$ 156,885	\$ 160,591
Business Fair Share Contributions	55,410	59,141
Grants	188,738	174,894
Client Fees	95,269	88,400
United Way Support	32,950	32,840
Interest	2,148	1,888
Other Support	36,850	35,431
Total Support	568,250	553,185
Expenses:		
Program Services:		
Counseling and Debt Management Programs	344,811	378,208
Education Programs	163,517	183,495
Supporting Services		
Administration	96,469	110,141
Total Expenses	604,797	671,844
CHANGE IN UNRESTRICTED NET ASSETS	(36,547)	(118,659)
NET ASSETS BEGINNING	1,031,654	1,150,313
NET ASSETS ENDING	\$ 995,107	\$ 1,031,654

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, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets:	\$ (36,547)	\$ (118,659)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	24,909	26,160
Write-off of Obsolete Inventory	356	-
(Increase) Decrease In:		
Accounts Receivable	2,436	(1,980)
Grants Receivable	(11,019)	7,768
Interest Receivable	(2)	(2)
Prepaid Expenses	1,035	(897)
Inventory	4,448	(6,210)
Increase (Decrease) In:		
Accounts Payable	(150)	3,162
Accrued Payroll Liabilities	(8,837)	14
Accrued Interest and Taxes Payable	(2)	(646)
Deferred Revenue	(3,000)	400
Net Cash Used by Operating Activities	(26,373)	(90,890)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase) Sale of Certificates of Deposit	57,402	(1,562)
Payments on Capital Lease	(3,573)	(3,572)
Payments on Long-term Debt	(8,307)	(8,005)
Net Cash Provided (Used) by Investing Activities	45,522	(13,139)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	19,149	(104,029)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	249,665	353,694
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 268,814	\$ 249,665
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Interest Paid	\$ 11,068	\$ 11,100

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, 2017**

	<u>Program Services</u>		<u>Supporting Services</u>	<u>Total</u>
	Counseling and Debt Management (CCCS)	American Center for Credit Education (ACCE)	Administration	
Payroll	\$ 171,736	\$ 96,068	\$ 58,056	\$ 325,860
Payroll Benefits	15,604	5,202	4,567	25,373
Payroll Taxes	<u>15,399</u>	<u>8,426</u>	<u>5,230</u>	<u>29,055</u>
Total Payroll Expenses	202,739	109,696	67,853	380,288
Outside Services	38,112	894	10,151	49,157
Office	15,606	8,193	4,167	27,966
Depreciation	13,202	7,224	4,483	24,909
Advertising and Promotion	21,135	-	-	21,135
Maintenance	15,015	6,133	1,839	22,987
Occupancy	12,808	7,008	4,350	24,166
Dues	11,464	25	-	11,489
Production Costs and Fees	-	15,751	-	15,751
Insurance	8,238	4,508	2,798	15,544
Travel	5,517	2,875	828	9,220
Bad Debt	139	1,210	-	1,349
Taxes	<u>836</u>	<u>-</u>	<u>-</u>	<u>836</u>
Total	<u>\$ 344,811</u>	<u>\$ 163,517</u>	<u>\$ 96,469</u>	<u>\$ 604,797</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, 2016

	Program Services		Supporting Services	Total
	Counseling and Debt Management (CCCS)	American Center for Credit Education (ACCE)	Administration	
Payroll	\$ 185,188	\$ 106,267	\$ 68,341	\$ 359,796
Payroll Benefits	20,549	5,071	6,010	31,630
Payroll Taxes	17,187	10,110	6,403	33,700
Total Payroll Expenses	222,924	121,448	80,754	425,126
Outside Services	34,798	5,250	10,140	50,188
Office	19,229	8,915	4,319	32,463
Depreciation	13,987	7,203	4,970	26,160
Advertising and Promotion	25,360	-	-	25,360
Maintenance	16,284	6,315	1,963	24,562
Occupancy	12,319	6,280	4,363	22,962
Dues	17,052	25	-	17,077
Production Costs and Fees	-	15,829	-	15,829
Insurance	8,020	4,717	2,988	15,725
Travel	7,215	7,438	644	15,297
Taxes	813	-	-	813
Interest	207	75	-	282
Total	\$ 378,208	\$ 183,495	\$ 110,141	\$ 671,844

The accompanying notes are an integral part of these statements.

Rushmore Consumer Credit Resource Center
Notes to the Financial Statements
December 31, 2017 and 2016

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 South Dakota, Nebraska, North Dakota, and Wyoming. 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

The Organization reports 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, 2017 and 2016.

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 investments 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, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants Receivable, 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 no bad debt during the years ended December 31, 2017 and 2016. 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.

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 or fair value at the date received 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 to 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.

Funds Held in Trust

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

Rushmore Consumer Credit Resource Center
Notes to the Financial Statements
December 31, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2017 and 2016 was \$21,135 and \$25,360, 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, 2017, 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 2014. 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, 2017 and 2016 was \$3,466 and \$4,045, 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, 2017:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Cost</u>
Land	\$ 279,900	\$ -	\$ 279,900
Buildings	720,100	148,500	571,600
Building Improvements	20,587	12,004	8,583
Equipment	<u>86,899</u>	<u>78,153</u>	<u>8,746</u>
	<u>\$ 1,107,486</u>	<u>\$ 238,657</u>	<u>\$ 868,829</u>

Rushmore Consumer Credit Resource Center
Notes to the Financial Statements
December 31, 2017 and 2016

NOTE 2 - PROPERTY AND EQUIPMENT (CONTINUED)

Property and equipment consisted of the following at December 31, 2016:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Cost</u>
Land	\$ 279,900	\$ -	\$ 279,900
Buildings	720,100	130,500	589,600
Building Improvements	20,587	10,240	10,347
Equipment	<u>87,772</u>	<u>73,881</u>	<u>13,891</u>
	<u>\$ 1,108,359</u>	<u>\$ 214,621</u>	<u>\$ 893,738</u>

NOTE 3 - LONG-TERM DEBT

Long-term debt consisted of the following at December 31:

	<u>2017</u>	<u>2016</u>
Note payable to a financial institution, monthly payments of \$1,615 including 4.50% interest, due March 2036, secured by a building.	\$ 240,726	\$ 249,032
Less: Current Portion	<u>(8,741)</u>	<u>(8,356)</u>
Long-term Debt	<u>\$ 231,985</u>	<u>\$ 240,676</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, 2017:

Year Ending December 31,	
2018	\$ 8,741
2019	9,142
2020	9,534
2021	10,000
2022	10,459
Thereafter	<u>192,850</u>
	<u>\$ 240,726</u>

Rushmore Consumer Credit Resource Center
Notes to the Financial Statements
December 31, 2017 and 2016

NOTE 4 - CAPITAL LEASE

The Organization entered into a capital lease during the year ended December 31, 2015 for the purchase of a copier. The copier is recorded as an asset at cost of \$17,862 and had \$7,144 and \$3,357 of accumulated depreciation as of December 31, 2017 and 2016, respectively. Capital lease payable consisted of the following at December 31:

	2017	2016
Capital lease to a financial institution used to finance equipment. Monthly payments of \$298, 0% interest, due December 2020.	\$ 10,121	\$ 13,695
Less: Current Portion	(3,572)	(3,573)
Long-term Capital Lease	\$ 6,549	\$ 10,122

Minimum future lease payments under the capital lease are:

Year Ending December 31,	
2018	\$ 3,572
2019	3,572
2020	2,977
	\$ 10,121

NOTE 5 - RETIREMENT PLAN

On March 1, 2001 the Organization adopted the 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 annual wages. Matching contributions to the 401(k) plan were \$0 for each of the years ended December 31, 2017 and 2016.

NOTE 6 - SUBSEQUENT EVENTS

Subsequent events were evaluated through the date of the independent auditor's report, which is the date the financial statements were available to be issued.