RUSHMORE CONSUMER
CREDIT RESOURCE CENTER

(A NON-PROFIT ORGANIZATION)

Financial Statements

December 31, 2022 and 2021

CASEY • PETERSON

Rushmore Consumer Credit Resource Center
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CASEY • PETERSON
CPAs & FINANCIAL ADVISORS

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Rushmore Consumer Credit Resource Center (a non-profit organization) (the Organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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 and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Casey Peterson, LTD

Rapid City, South Dakota
June 15, 2023

FINANCIAL STATEMENTS

Rushmore Consumer Credit Resource Center
Statements of Financial Position
December 31, 2022 and 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 200,233	$ 198,428
Certificates of Deposit	114,288	113,266
Accounts Receivable	1,519	1,334
Grants Receivable	36,151	45,360
Interest Receivable	-	29
Prepaid Expenses	1,325	594
Inventory	16,442	19,993
Total Current Assets	369,958	379,004
Restricted Cash	7,300	3,333
Property and Equipment, Net	769,030	794,601
TOTAL ASSETS	$ 1,146,288	$ 1,176,938
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 5,996	$ 4,806
Accrued Payroll Liabilities	21,285	22,851
Accrued Interest and Taxes Payable	921	928
Current Portion of Long-term Debt and Lease Liability	15,500	14,452
Total Current Liabilities	43,702	43,037
Tenant Security Deposit	3,200	3,200
Matched Savings Liability	2,700	-
Lease Liability, Less Current Portion	1,851	6,295
Long-term Debt, Less Current Portion	181,906	193,386
Total Liabilities	233,359	245,918
NET ASSETS		
Without Donor Restrictions:		
Board-designated	85,716	85,716
Undesignated	252,140	224,276
Invested in Property and Equipment, Net of Debt	569,773	580,468
Total Without Donor Restrictions	907,629	890,460
With Donor Restrictions:		
Restricted for Purpose	5,300	40,560
Total Net Assets	912,929	931,020
TOTAL LIABILITIES AND NET ASSETS	$ 1,146,288	$ 1,176,938

The accompanying notes are an integral part of these statements.

Rushmore Consumer Credit Resource Center
Statement of Activities
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Education Programs and Projects	$ 84,549	$ -	$ 84,549
Business Fair Share Contributions	5,595	-	5,595
Grants	118,890	6,667	125,557
Client Fees	43,765	-	43,765
United Way Support	9,291	-	9,291
Lease Income	19,844	-	19,844
Interest	1,224	-	1,224
Other Support	42,816	-	42,816
Total Revenues	325,974	6,667	332,641
Net Assets Released from Restrictions	41,927	(41,927)	-
Total Revenue, Gains, and Support	367,901	(35,260)	332,641
EXPENSES			
Program Services:			
Counseling and Debt Management Programs	248,188	-	248,188
Education Programs	45,994	-	45,994
Supporting Services:			
Administration	56,550	-	56,550
Total Expenses	350,732	-	350,732
CHANGE IN NET ASSETS	17,169	(35,260)	(18,091)
NET ASSETS BEGINNING	890,460	40,560	931,020
NET ASSETS ENDING	$ 907,629	$ 5,300	$ 912,929

The accompanying notes are an integral part of these statements.

Rushmore Consumer Credit Resource Center
Statement of Activities
For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Education Programs and Projects	$ 97,191	$ -	$ 97,191
Business Fair Share Contributions	5,154	-	5,154
Grants	101,877	3,333	105,210
Client Fees	69,086	-	69,086
United Way Support	17,197	-	17,197
Lease Income	19,865	-	19,865
Interest	592	-	592
Other Support	27,382	-	27,382
Loan Forgiveness Income	6,000	76,055	82,055
Total Revenues	344,344	79,388	423,732
Net Assets Released from Restrictions	111,188	(111,188)	-
Total Revenue, Gains, and Support	455,532	(31,800)	423,732
EXPENSES			
Program Services:			
Counseling and Debt Management Programs	272,612	-	272,612
Education Programs	115,860	-	115,860
Supporting Services:			
Administration	105,524	-	105,524
Total Expenses	493,996	-	493,996
CHANGE IN NET ASSETS	(38,464)	(31,800)	(70,264)
NET ASSETS BEGINNING	928,924	72,360	1,001,284
NET ASSETS ENDING	$ 890,460	$ 40,560	$ 931,020

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, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets:	$ (18,091)	$ (70,264)
Adjustments to Reconcile Change in Net Assets		
to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	25,572	27,007
Loan Forgiveness	-	(82,055)
(Increase) Decrease In:		
Accounts Receivable	(185)	572
Grants Receivable	9,209	11,115
Interest Receivable	29	29
Prepaid Expenses	(731)	2,024
Inventory	3,551	3,147
Increase (Decrease) In:		
Accounts Payable	1,189	1,983
Accrued Payroll Liabilities	(1,566)	(13,476)
Accrued Interest and Taxes Payable	(7)	10
Matched Savings Liability	2,700	-
Net Cash Provided (Used) by Operating Activities	21,670	(119,908)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Certificates of Deposit	(1,022)	(393)
Purchase of Property and Equipment	-	(1,383)
Net Cash Used by Investing Activities	(1,022)	(1,776)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of Finance Lease Liability	(4,444)	(4,445)
Payments on Long-term Debt	(10,432)	(10,001)
Receipt of Paycheck Protection Program and EIDL Funds	-	82,055
Net Cash (Used) Provided by Financing Activities	(14,876)	67,609
INCREASE (DECREASE) IN CASH AND RESTRICTED CASH	5,772	(54,075)
CASH AND RESTRICTED CASH - BEGINNING OF YEAR	201,761	255,836
CASH AND RESTRICTED CASH - END OF YEAR	$ 207,533	$ 201,761
RECONCILIATION OF CASH AND RESTRICTED CASH		
Cash	$ 200,233	$ 198,428
Restricted Cash	7,300	3,333
TOTAL CASH AND RESTRICTED CASH	$ 207,533	$ 201,761
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Interest Paid	$ 8,943	$ 9,373

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, 2022

	Program Services		Supporting Services		
	Consumer Credit Counseling Services (CCCS)	American Center for Credit Education (ACCE)	Administration	Fundraising	Total
Payroll	$ 118,860	$ 17,072	$ 25,125	$ -	$ 161,057
Payroll Benefits	12,988	1,865	2,746	-	17,599
Payroll Taxes	9,144	1,313	1,934	-	12,391
Total Payroll Expenses	140,992	20,250	29,805	-	191,047
Outside Services	17,865	736	11,395	-	29,996
Depreciation and Amortization	18,923	2,557	4,092	-	25,572
Maintenance	16,255	3,632	3,773	-	23,660
Occupancy	16,167	3,112	3,546	-	22,825
Insurance	15,563	1,956	3,337	-	20,856
Office	8,482	3,255	511	-	12,248
Dues	8,479	15	-	-	8,494
Production Costs and Fees	1,424	5,081	-	-	6,505
Awards/Grants - Individuals	-	5,400	-	-	5,400
Conventions	1,189	-	91	-	1,280
Travel	1,224	-	-	-	1,224
Advertising and Promotion	1,050	-	-	-	1,050
Taxes	575	-	-	-	575
	$ 248,188	$ 45,994	$ 56,550	$ -	$ 350,732

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, 2021

	Program Services		Supporting Services		
	Consumer Credit Counseling Services (CCCS)	American Center for Credit Education (ACCE)	Administration	Fundraising	Total
Payroll	$ 158,352	$ 70,665	$ 63,691	$ -	$ 292,708
Payroll Benefits	14,240	4,510	4,984	-	23,734
Payroll Taxes	12,938	5,785	4,660	-	23,383
Total Payroll Expenses	185,530	80,960	73,335	-	339,825
Depreciation and Amortization	14,044	7,292	5,671	-	27,007
Outside Services	12,200	488	11,866	-	24,554
Maintenance	11,509	6,052	4,572	-	22,133
Occupancy	11,374	5,906	4,593	-	21,873
Insurance	10,122	5,256	4,087	-	19,465
Dues	14,163	-	-	-	14,163
Office	8,005	4,539	1,073	-	13,617
Production Costs and Fees	1,541	5,314	-	-	6,855
Conventions	1,859	-	327	-	2,186
Travel	2,103	53	-	-	2,156
Taxes	162	-	-	-	162
	$ 272,612	$ 115,860	$ 105,524	$ -	$ 493,996

The accompanying notes are an integral part of these statements.

NOTE 1 - 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.

Operations are conducted under two divisions: Consumer Credit Counseling Service (CCCS) and the American Center for Credit Education (ACCE). CCCS was established to help the community and surrounding areas overcome financial obstacles and achieve financial goals by offering a variety of financial counseling classes in South Dakota, Nebraska, North Dakota, and Wyoming. ACCE was established to develop and publish financial education and counseling programs used by organizations across the country. Printed, online, and mobile resources are available for use nationwide.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 records resources for accounting and reporting purposes based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates resources be maintained in perpetuity.

Revenue Recognition

The Organization has multiple revenue streams that are accounted for as reciprocal exchange transactions including program fees, book sales, grants, and related services. These contracts with customers are performance obligations that are satisfied upon completion of the class or book sale. Prices are specific to a distinct performance obligation and do not consist of multiple transactions.

The Organization has contracts with various agencies to provide program services to the public based on contract requirements. Such contracts from agencies are recorded as revenue as performance obligations are satisfied, when applicable, or when funds are received.

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give (that is, those with a measurable performance or other barrier and right of return) such as donor-restricted grants and contributions are not recognized until the condition on which they depend have been met.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A portion of the Organization's revenue is derived from cost-reimbursable federal contracts and grants which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions.

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.

Restricted Cash

Restricted cash represents amounts received from United Way for the Organization's Match Savings program. Restricted cash totaled $7,300 at December 31, 2022. Restricted cash and cash equivalents are included in the Statement of Cash Flows.

Grants Receivable and Accounts Receivable

Accounts and grants receivable are stated at the amount management expects to collect from outstanding balances. Past-due accounts are determined based on the 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 bad debt of $0 for the years ended December 31, 2022 and 2021. Customer payments received in advance for online programs are recognized as unearned revenue until the customer has completed the program or until the program fees are no longer refundable to the customer. There were no unearned revenues for the years ended December 31, 2022 and 2021.

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. Land is not a depreciable asset. 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:

	Years
Buildings	40
Building Improvements	15
Equipment	3 - 7

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2022 and 2021 was $1,050 and $0, 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, 2022, 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 2019. 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, 2022 and 2021 was $701 and $897, 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.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Organization determines if an arrangement is or contains a lease at inception. All leases are recorded on the statement of financial position. Operating lease right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future minimum lease payments over the lease term. Operating leases are included in ROU assets and lease liabilities in the statement of financial position. Operating lease expense is recognized on a straight-line basis over the lease term. Finance lease ROU assets are included in property and equipment, net, and the related liabilities are included in the statement of financial position. The Organization does not report ROU assets and lease liabilities for short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term. Lease terms may include options to extend or terminate certain leases. The value of a lease is reflected in the valuation if it is reasonably certain management will exercise an option to extend or terminate a lease.

Recently Adopted Accounting Standards

In 2022, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Organization elected to not restate the comparative period (2021). It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. Upon the implementation of ASU No. 2016-02, the Organization did not recognize any ROU assets or lease liabilities arising from operating leases in its statement of financial position as of January 1, 2022. The implementation of the Organization's finance lease for equipment, formerly known as a capital lease, had a minor impact on assets, liabilities, and lease costs, and the asset continues to be reported in property and equipment, net, and the related liabilities in long-term debt, net. Implementation had no effect on net assets nor on the amounts reported in the statement of activities for the year ended December 31, 2022.

NOTE 3 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure (that is, without restrictions limiting their use) within one year of the statement of financial position date, are comprised of the following:

	2022	2021
Financial Assets Available for Use:		
Cash and Cash Equivalents	$ 200,233	$ 198,428
Certificates of Deposit	114,288	113,266
Accounts Receivable	1,519	1,334
Grants Receivable	36,151	45,360
Interest Receivable	-	29
	$ 352,191	$ 358,417

The Organization's assets available for use consist of cash in bank, short-term investments held in the form of certificates of deposit, and receivables expected to be collected.

Operating expenses are generally funded annually by grants, donations, and fees for education programs. Management closely monitors revenues and makes adjustments to expenses as needed.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2022:

	Cost	Accumulated Depreciation / Amortization	Net Cost
Land	$ 279,900	$ -	$ 279,900
Buildings	720,100	238,500	481,600
Building Improvements	20,587	18,428	2,159
Equipment	49,689	44,318	5,371
	$ 1,070,276	$ 301,246	$ 769,030

Property and equipment consisted of the following at December 31, 2021:

	Cost	Accumulated Depreciation / Amortization	Net Cost
Land	$ 279,900	$ -	$ 279,900
Buildings	720,100	220,500	499,600
Building Improvements	20,587	17,264	3,323
Equipment	51,945	40,167	11,778
	$ 1,072,532	$ 277,931	$ 794,601

Depreciation expense was $25,572 and $27,007 for December 31, 2022 and 2021, respectively.

NOTE 5 - LONG-TERM DEBT

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

	2022	2021
Note payable to a financial institution, with monthly payments of $1,615, including 4.50% interest, due March 2036, secured by a building.	$ 192,962	$ 203,394
Less: Current Portion	(11,056)	(10,008)
Long-term Debt	$ 181,906	$ 193,386

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, 2022:

Year Ending December 31,	
2023	$ 11,056
2024	11,420
2025	11,967
2026	12,517
2027	13,092
Thereafter	132,910
	$ 192,962

NOTE 6 - LEASES

The Organization evaluated current contracts to determine which met the criteria of a lease. During the year ended December 31, 2019, the Organization entered into a finance lease for the purchase of equipment. The equipment, a copier, included in property and equipment at December 31, 2022 was $22,221 (gross) and had $15,552 and $11,108 of accumulated amortization as of December 31, 2022 and 2021, respectively. Finance lease payable consisted of the following at December 31:

	2022	2021
Direct financing lease to a financial institution used to finance equipment. Monthly payments of $370, 0% interest, due in 2024.	$ 6,295	$ 10,739
Less: Current Portion	(4,444)	(4,444)
Long-term Finance Lease	$ 1,851	$ 6,295

Minimum future lease payments under the finance lease are:

Year Ending December 31,	
2023	$ 4,444
2024	1,851
	$ 6,295

NOTE 7 - BOARD-DESIGNATED NET ASSETS

Board-designated net assets as of December 31, 2022 and 2021 consisted of funds to be used for general operating reserves. The Board policy is to have three months of budgeted expenses in reserves.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2022 and 2021 consisted of funds donated to be used for housing, financial counseling, and educational programs. Amounts released from restrictions include amounts spent on restricted purposes based on incurring eligible expenditures under the terms of the related agreements with granting agencies and donors.

NOTE 9 - 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. As of the effective date of the plan restatement on January 1, 2020, employees must complete 250 hours of service in a three-month period or after one year of service if that service requirement is not met and must be 21 years of age 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, 2022 and 2021.

NOTE 10 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Organization is the beneficiary of assets held by the Black Hills Area Community Foundation (BHACF). Due to the variance power exercised by BHACF, the Organization does not have rights to amounts held by the BHACF. BHACF makes annual distributions based on the earnings of investments held on behalf of the Organization at a percentage determined by BHACF's Board of Directors. Amounts distributed are reported as revenue when received by the Organization.

NOTE 11 - PAYCHECK PROTECTION PROGRAM LOAN

In February 2021, the Organization received loan proceeds in the amount of $76,055 under the Paycheck Protection Program ("PPP") administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the federal government. Established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business's average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" (eight of 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period.

The Organization initially recorded the PPP loan as a refundable advance and subsequently recorded forgiveness for the full amount of $76,055 when the loan obligation was legally released in accordance with guidance for conditional contributions, that is, once the measure performance or other barrier and right of return of the PPP loan no longer existed. In addition, the Organization was granted full forgiveness of an Economic Injury Disaster Loan (EIDL) in 2021, which was received and repaid in full in the amount of $6,000 during 2020. The Organization recognized $76,055 of loan forgiveness income for the forgiveness of the PPP loan and $6,000 for the forgiveness of the EIDL loan, resulting in a total of $82,055 of loan forgiveness income recognized during the year ended December 31, 2021. The Organization did not recognize any loan forgiveness income during the year ended December 31, 2022.

NOTE 12 - EMERGING ACCOUNTING STANDARDS

In 2016, the Financial Accounting Standards Board issued updates to ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This standard impacts the reporting and measurement of credit losses and enhances disclosures. The standard is effective for periods beginning after December 15, 2022. The Organization has not yet implemented this update and is in the process of assessing the effect on the financial statements.

NOTE 13 - 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.