

**RUSHMORE CONSUMER CREDIT
RESOURCE CENTER**

(A NONPROFIT ORGANIZATION)

INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

CASEY  PETERSON
Leading the Way.

RAPID CITY, SOUTH DAKOTA
GILLETTE, WYOMING

**Rushmore Consumer Credit Resource Center
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December 31, 2019 and 2018**

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Independent Auditor's Report

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, 2019 and 2018, 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, 2019 and 2018, and the changes in its net assets, cash flows, and functional expenses 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 13, 2020

FINANCIAL STATEMENTS

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Rushmore Consumer Credit Resource Center
Statements of Financial Position
December 31, 2019 and 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 230,767	\$ 150,518
Certificates of Deposit	111,457	109,802
Accounts Receivable	1,760	1,009
Grants Receivable	105,377	129,440
Interest Receivable	218	165
Prepaid Expenses	6,316	730
Inventory	21,000	10,106
Total Current Assets	476,895	401,770
Tenant Security Deposit	3,200	2,400
Property and Equipment, Net	841,075	848,247
TOTAL ASSETS	\$ 1,321,170	\$ 1,252,417
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 11,451	\$ 9,246
Accrued Payroll Liabilities	40,787	36,270
Accrued Interest and Taxes Payable	919	920
Current Portion of Long-term Debt and Capital Lease	13,978	12,714
Total Current Liabilities	67,135	59,150
Tenant Security Deposit	3,200	2,400
Capital Lease, Less Current Portion	15,184	3,275
Long-term Debt, Less Current Portion	213,349	222,805
Total Liabilities	298,868	287,630
NET ASSETS		
Without Donor Restrictions:		
Board-designated	163,095	163,095
Undesignated	210,300	192,239
Invested in Property and Equipment, Net of Debt	598,564	609,453
Total Without Donor Restrictions	971,959	964,787
With Donor Restrictions:		
Restricted for Purpose	50,343	-
Total Net Assets	1,022,302	964,787
TOTAL LIABILITIES AND NET ASSETS	\$ 1,321,170	\$ 1,252,417

The accompanying notes are an integral part of these statements.

Rushmore Consumer Credit Resource Center
Statements of Activities
For the Years Ended December 31, 2019 and 2018

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Education Programs and Projects	\$ 143,544	\$ -	\$ 143,544
Business Fair Share Contributions	48,887	-	48,887
Grants	231,480	50,343	281,823
Client Fees	100,394	-	100,394
United Way Support	29,368	-	29,368
Lease Income	17,200	-	17,200
Interest	2,521	-	2,521
Other Support	70,748	-	70,748
	<u>644,142</u>	<u>50,343</u>	<u>694,485</u>
EXPENSES			
Program Services:			
Counseling and Debt Management Programs	330,052	-	330,052
Education Programs	177,204	-	177,204
Supporting Services:			
Administration	125,396	-	125,396
Fundraising	4,318	-	4,318
	<u>636,970</u>	<u>-</u>	<u>636,970</u>
CHANGE IN NET ASSETS	7,172	50,343	57,515
NET ASSETS BEGINNING	<u>964,787</u>	<u>-</u>	<u>964,787</u>
NET ASSETS ENDING	<u>\$ 971,959</u>	<u>\$ 50,343</u>	<u>\$ 1,022,302</u>

The accompanying notes are an integral part of these statements.

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Education Programs and Projects	\$ 144,760	\$ -	\$ 144,760
Business Fair Share Contributions	55,040	-	55,040
Grants	225,465	-	225,465
Client Fees	98,927	-	98,927
United Way Support	31,139	-	31,139
Lease Income	8,400	-	8,400
Interest	1,956	-	1,956
Other Support	<u>31,204</u>	<u>-</u>	<u>31,204</u>
Total Revenues	<u>596,891</u>	<u>-</u>	<u>596,891</u>
EXPENSES			
Program Services:			
Counseling and Debt Management Programs	342,424	-	342,424
Education Programs	171,581	-	171,581
Supporting Services:			
Administration	108,884	-	108,884
Fundraising	<u>4,322</u>	<u>-</u>	<u>4,322</u>
Total Expenses	<u>627,211</u>	<u>-</u>	<u>627,211</u>
CHANGE IN NET ASSETS	(30,320)	-	(30,320)
NET ASSETS BEGINNING	<u>995,107</u>	<u>-</u>	<u>995,107</u>
NET ASSETS ENDING	<u>\$ 964,787</u>	<u>\$ -</u>	<u>\$ 964,787</u>

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, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets:	\$ 57,515	\$ (30,320)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	29,393	25,147
Gain on Disposal of Assets	(5,061)	-
Write-off of Obsolete Inventory	-	5
(Increase) Decrease In:		
Accounts Receivable	(751)	(43)
Grants Receivable	24,063	(102,021)
Interest Receivable	(53)	(2)
Prepaid Expenses	(5,586)	400
Inventory	(10,894)	2,010
Increase (Decrease) In:		
Accounts Payable	1,702	1,310
Accrued Payroll Liabilities	4,517	2,983
Accrued Interest and Taxes Payable	<u>(1)</u>	<u>(1)</u>
Net Cash Provided (Used) by Operating Activities	<u>94,844</u>	<u>(100,532)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Certificates of Deposit	(1,655)	(1,146)
Purchase of Property and Equipment	<u>-</u>	<u>(4,565)</u>
Net Cash Used by Investing Activities	<u>(1,655)</u>	<u>(5,711)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Capital Lease	(4,675)	(3,275)
Payments on Long-term Debt	(9,065)	(8,778)
Receipts from Security Deposits	<u>800</u>	<u>-</u>
Net Cash Used by Financing Activities	<u>(12,940)</u>	<u>(12,053)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	80,249	(118,296)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>150,518</u>	<u>268,814</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 230,767</u>	<u>\$ 150,518</u>
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Interest Paid	<u>\$ 10,310</u>	<u>\$ 10,696</u>
Property and Equipment Purchased with Debt	<u>\$ 22,221</u>	<u>\$ -</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, 2019**

	Program Services		Supporting Services		
	Consumer Credit Counseling Services (CCCS)	American Center for Credit Education (ACCE)	Administration	Fundraising	Total
Payroll	\$ 171,374	\$ 102,055	\$ 67,721	\$ 3,246	\$ 344,396
Payroll Benefits	12,549	7,529	4,919	100	25,097
Payroll Taxes	<u>13,523</u>	<u>8,054</u>	<u>5,333</u>	<u>299</u>	<u>27,209</u>
Total Payroll Expenses	197,446	117,638	77,973	3,645	396,702
Outside Services	39,480	160	23,031	-	62,671
Office	12,651	6,915	5,996	305	25,867
Depreciation	14,697	8,818	5,761	117	29,393
Advertising and Promotion	9,909	-	-	-	9,909
Maintenance	15,406	6,704	4,380	90	26,580
Occupancy	11,288	6,772	4,426	91	22,577
Dues	9,135	104	-	-	9,239
Production Costs and Fees	-	21,988	-	-	21,988
Insurance	8,778	5,266	3,441	70	17,555
Travel	10,038	2,839	388	-	13,265
Taxes	<u>1,224</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,224</u>
	<u>\$ 330,052</u>	<u>\$ 177,204</u>	<u>\$ 125,396</u>	<u>\$ 4,318</u>	<u>\$ 636,970</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, 2018**

	<u>Program Services</u>		<u>Supporting Services</u>		
	Consumer Credit Counseling Services (CCCS)	American Center for Credit Education (ACCE)	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
Payroll	\$ 178,852	\$ 102,110	\$ 67,073	\$ 3,243	\$ 351,278
Payroll Benefits	14,762	4,976	4,885	49	24,672
Payroll Taxes	13,689	7,784	5,100	268	26,841
Total Payroll Expenses	207,303	114,870	77,058	3,560	402,791
Outside Services	35,323	1,106	10,331	-	46,760
Office	15,119	7,292	4,356	85	26,852
Depreciation	12,825	7,293	4,778	251	25,147
Advertising and Promotion	19,576	4	-	-	19,580
Maintenance	14,573	8,114	3,290	33	26,010
Occupancy	12,113	6,887	4,512	237	23,749
Dues	9,255	87	-	-	9,342
Production Costs and Fees	-	16,082	-	-	16,082
Insurance	7,983	4,539	2,974	156	15,652
Travel	7,031	5,295	1,585	-	13,911
Bad Debt	-	12	-	-	12
Taxes	1,323	-	-	-	1,323
	<u>\$ 342,424</u>	<u>\$ 171,581</u>	<u>\$ 108,884</u>	<u>\$ 4,322</u>	<u>\$ 627,211</u>

The accompanying notes are an integral part of these statements.

Rushmore Consumer Credit Resource Center
Notes to the Financial Statements
December 31, 2019 and 2018

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 that resources be maintained in perpetuity.

Revenue Recognition

Rushmore Consumer Credit Resource Center 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) are not recognized until the condition on which they depend have been met.

Rushmore Consumer Credit Resource Center
Notes to the Financial Statements
December 31, 2019 and 2018

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. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

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.

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 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 and \$12 for the years ended December 31, 2019 and 2018, 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.

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

Rushmore Consumer Credit Resource Center
Notes to the Financial Statements
December 31, 2019 and 2018

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, 2019 and 2018 was \$9,909 and \$19,580, respectively.

Accounting Pronouncements Adopted

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers Topic (606). This ASU supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Rushmore Consumer Credit Resource Center adopted this ASU on January 1, 2019. Rushmore Consumer Credit Resource Center implemented ASU 2014-09 using a full retrospective method of application. The adoption of ASU 2014-09 resulted in changes to the disclosure of revenue. There were no material changes to the recognition or presentation of revenue as a result of the application of ASU 2014-09. As a result, no cumulative-effect adjustment was recorded upon adoption.

In June 2018, the FASB issued (ASU) 2018-08, Not-for-Profit Entities: Topic 958. The amendments in this Update provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional. Rushmore Consumer Credit Resource Center adopted this ASU on January 1, 2019. Rushmore Consumer Credit Resource Center implemented ASU 2018-08 using a modified retrospective method of application. Results for reporting periods beginning after January 1, 2019 are reported under the new requirements, while prior period amounts are not adjusted and continue to be reported in accordance with historic accounting requirements. There were no material changes to the recognition or presentation of revenue as a result of the application of ASU 2018-08. As a result, no cumulative-effect adjustment was recorded upon adoption.

Rushmore Consumer Credit Resource Center
Notes to the Financial Statements
December 31, 2019 and 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2019, 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 2016. 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, 2019 and 2018 was \$3,259 and \$3,216, 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.

Concentration of Credit Risk

Rushmore Consumer Credit Resource Center may maintain cash balances at certain financial institutions in excess of the insurance limits provided by the Federal Deposit Insurance Corporation. As of December 31, 2019, the Organization did not have amounts in excess of these limits. The Organization has not experienced any losses in such accounts. The Organization monitors the financial stability of financial institutions regularly and management does not believe there is significant credit risk associated with deposits in excess of federally insured amounts.

Reclassifications

Certain amounts from the accompanying 2018 financial statements have been reclassified to agree with the 2019 presentation with no effect on the previously reported net position.

Rushmore Consumer Credit Resource Center
Notes to the Financial Statements
December 31, 2019 and 2018

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:

	<u>2019</u>	<u>2018</u>
Financial Assets Available for Use:		
Cash and Cash Equivalents	\$ 230,767	\$ 150,518
Certificates of Deposit	111,457	109,802
Accounts Receivable - Trade	1,760	1,009
Grants Receivable	105,377	129,440
Interest Receivable	218	165
	<u>\$ 449,579</u>	<u>\$ 390,934</u>

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, 2019:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Cost</u>
Land	\$ 279,900	\$ -	\$ 279,900
Buildings	720,100	184,500	535,600
Building Improvements	20,587	14,932	5,655
Equipment	68,420	48,500	19,920
	<u>\$ 1,089,007</u>	<u>\$ 247,932</u>	<u>\$ 841,075</u>

Property and equipment consisted of the following at December 31, 2018:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Cost</u>
Land	\$ 279,900	\$ -	\$ 279,900
Buildings	720,100	166,500	553,600
Building Improvements	20,587	13,768	6,819
Equipment	79,154	71,226	7,928
	<u>\$ 1,099,741</u>	<u>\$ 251,494</u>	<u>\$ 848,247</u>

Depreciation expense was \$29,393 and \$25,147 for December 31, 2019 and 2018, respectively.

Rushmore Consumer Credit Resource Center
Notes to the Financial Statements
December 31, 2019 and 2018

NOTE 5 - LONG-TERM DEBT

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

	2019	2018
Note payable to a financial institution, with monthly payments of \$1,615, including 4.50% interest, due March 2036, secured by a building.	\$ 222,882	\$ 231,947
Less: Current Portion	(9,533)	(9,142)
Long-term Debt	\$ 213,349	\$ 222,805

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, 2019:

Year Ending December 31,	
2020	\$ 9,533
2021	10,000
2022	10,459
2023	10,940
2024	11,420
Thereafter	170,530
	\$ 222,882

NOTE 6 - CAPITAL LEASE

The Organization entered into a capital lease during the year ended December 31, 2015 for the purchase of a copier. This copier was disposed of during the year ended December 31, 2019, at which time the Organization entered into a new copier lease agreement. As of December 31, 2019 and 2018, the capitalized costs of the related equipment were \$22,221 and \$17,862, respectively, with accumulated depreciation of \$2,220 and \$10,716, respectively. Capital lease payable consisted of the following at December 31:

	2019	2018
Capital lease to a financial institution used to finance equipment. Monthly payments of \$298, 0% interest. Paid in full in May 2019.	\$ -	\$ 6,847
Capital lease to a financial institution used to finance equipment. Monthly payments of \$370, 0% interest, due in 2024.	19,629	-
Less: Current Portion	(4,445)	(3,572)
Long-term Capital Lease	\$ 15,184	\$ 3,275

Rushmore Consumer Credit Resource Center
Notes to the Financial Statements
December 31, 2019 and 2018

NOTE 6 - CAPITAL LEASE (CONTINUED)

Minimum future lease payments under the capital lease are:

Year Ending December 31,		
2020	\$	4,445
2021		4,445
2022		4,445
2023		4,445
2024		1,849
	<u>\$</u>	<u>19,629</u>

NOTE 7 - BOARD-DESIGNATED NET ASSETS

Board-designated net assets as of December 31, 2019 and 2018 consisted of funds to be used for general operating reserves. The Board policy is to have three months of expenses in reserves.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2019 consisted of funds donated to be used for general operational expenses.

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. 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, 2019 and 2018.

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 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. The value of the investment held by BHACF on the Organization's behalf was \$102,232 and \$53,238 for the years ended December 31, 2019 and 2018, respectively. Amounts distributed are reported as revenue when received by the Organization.

Rushmore Consumer Credit Resource Center
Notes to the Financial Statements
December 31, 2019 and 2018

NOTE 11 - EMERGING ACCOUNTING STANDARDS

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* which supersedes FASB ASC Topic 840, *Leases (Topic 840)* and provides principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than twelve months regardless of classification. If the available accounting election is made, leases with a term of twelve months or less can be accounted for similar to existing guidance for operating leases. The standard is effective for fiscal years beginning after December 15, 2020, with early adoption permitted. The Organization has not yet evaluated the impact this standard will have on the financial statements.

NOTE 12 - SUBSEQUENT EVENTS

The Organization's ongoing profitability may experience instability and estimates included in the financial statements may change due to current political and economic conditions as a result of public health concerns related to the novel coronavirus, or COVID-19. The duration and intensity of these impacts and resulting disruption to which these events affect the Organization's business will depend on future developments, which are highly uncertain and cannot be predicted at this time.

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.