

# RUSHMORE CONSUMER CREDIT RESOURCE CENTER

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Independent Auditor's Report  
and Financial Statements

**December 31, 2020 and 2019**



**Rushmore Consumer Credit Resource Center  
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December 31, 2020 and 2019**

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## Independent Auditor's Report

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

### Report on the Financial Statements

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, 2020 and 2019, 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.

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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, 2020 and 2019, 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 12, 2021

## FINANCIAL STATEMENTS

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**Rushmore Consumer Credit Resource Center**  
**Statements of Financial Position**  
**December 31, 2020 and 2019**

	2020	2019
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 252,636	\$ 230,767
Certificates of Deposit	112,873	111,457
Accounts Receivable	1,906	1,760
Grants Receivable	56,475	105,377
Interest Receivable	58	218
Prepaid Expenses	2,618	6,316
Inventory	23,140	21,000
Total Current Assets	449,706	476,895
Tenant Security Deposit	3,200	3,200
Property and Equipment, Net	820,225	841,075
<b>TOTAL ASSETS</b>	<b>\$ 1,273,131</b>	<b>\$ 1,321,170</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 2,822	\$ 11,451
Accrued Payroll Liabilities	36,327	40,787
Accrued Interest and Taxes Payable	918	919
Current Portion of Long-term Debt and Capital Lease	13,680	13,978
Total Current Liabilities	53,747	67,135
Tenant Security Deposit	3,200	3,200
Capital Lease, Less Current Portion	10,740	15,184
Long-term Debt, Less Current Portion	204,160	213,349
Total Liabilities	271,847	298,868
<b>NET ASSETS</b>		
Without Donor Restrictions:		
Board-designated	163,095	163,095
Undesignated	174,184	210,300
Invested in Property and Equipment, Net of Debt	591,645	598,564
Total Without Donor Restrictions	928,924	971,959
With Donor Restrictions:		
Restricted for Purpose	72,360	50,343
Total Net Assets	1,001,284	1,022,302
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,273,131</b>	<b>\$ 1,321,170</b>

The accompanying notes are an integral part of these statements.

**Rushmore Consumer Credit Resource Center**  
**Statements of Activities**  
**For the Years Ended December 31, 2020 and 2019**

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES</b>			
Education Programs and Projects	\$ 103,987	\$ -	\$ 103,987
Business Fair Share Contributions	9,883	-	9,883
Grants	89,605	49,726	139,331
Client Fees	94,128	-	94,128
United Way Support	25,777	-	25,777
Lease Income	19,200	-	19,200
Interest	1,696	-	1,696
Other Support	51,161	-	51,161
Loan Forgiveness Income	-	70,000	70,000
	<u>395,437</u>	<u>119,726</u>	<u>515,163</u>
Total Revenues			
Net Assets Released from Restrictions	<u>97,709</u>	<u>(97,709)</u>	<u>-</u>
Total Revenue, Gains, and Support	<u>493,146</u>	<u>22,017</u>	<u>515,163</u>
<b>EXPENSES</b>			
Program Services:			
Counseling and Debt Management Programs	264,652	-	264,652
Education Programs	134,588	-	134,588
Supporting Services:			
Administration	131,133	-	131,133
Fundraising	5,808	-	5,808
	<u>536,181</u>	<u>-</u>	<u>536,181</u>
Total Expenses			
<b>CHANGE IN NET ASSETS</b>	(43,035)	22,017	(21,018)
<b>NET ASSETS BEGINNING</b>	<u>971,959</u>	<u>50,343</u>	<u>1,022,302</u>
<b>NET ASSETS ENDING</b>	<u>\$ 928,924</u>	<u>\$ 72,360</u>	<u>\$ 1,001,284</u>

The accompanying notes are an integral part of these statements.

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES</b>			
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
Total Revenues	<u>644,142</u>	<u>50,343</u>	<u>694,485</u>
<b>EXPENSES</b>			
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
Total Expenses	<u>636,970</u>	<u>-</u>	<u>636,970</u>
<b>CHANGE IN NET ASSETS</b>	7,172	50,343	57,515
<b>NET ASSETS BEGINNING</b>	<u>964,787</u>	<u>-</u>	<u>964,787</u>
<b>NET ASSETS ENDING</b>	<u>\$ 971,959</u>	<u>\$ 50,343</u>	<u>\$ 1,022,302</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, 2020 and 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets:	\$ (21,018)	\$ 57,515
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	24,947	29,393
Loan Forgiveness	(70,000)	-
Gain on Disposal of Assets	-	(5,061)
(Increase) Decrease In:		
Accounts Receivable	(146)	(751)
Grants Receivable	48,902	24,063
Interest Receivable	160	(53)
Prepaid Expenses	3,698	(5,586)
Inventory	(2,140)	(10,894)
Increase (Decrease) In:		
Accounts Payable	(8,628)	1,702
Accrued Payroll Liabilities	(4,460)	4,517
Accrued Interest and Taxes Payable	(1)	(1)
Net Cash (Used) Provided by Operating Activities	(28,686)	94,844
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Certificates of Deposit	(1,416)	(1,655)
Purchase of Property and Equipment	(4,098)	-
Net Cash Used by Investing Activities	(5,514)	(1,655)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on EIDL Loan	(6,000)	-
Payments on Capital Lease	(4,444)	(4,675)
Payments on Long-term Debt	(9,487)	(9,065)
Receipts from Security Deposits	-	800
Receipt of Paycheck Protection Program Funds	76,000	-
Net Cash Provided (Used) by Financing Activities	56,069	(12,940)
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	21,869	80,249
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	230,767	150,518
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 252,636	\$ 230,767
<b>SUPPLEMENTAL CASH FLOW DISCLOSURES</b>		
Interest Paid	\$ 9,888	\$ 10,310
Property and Equipment Purchased with Debt	\$ -	\$ 22,221

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, 2020**

	Program Services		Supporting Services		
	Consumer Credit Counseling Services (CCCS)	American Center for Credit Education (ACCE)	Administration	Fundraising	Total
Payroll	\$ 143,779	\$ 84,989	\$ 79,111	\$ 3,824	\$ 311,703
Payroll Benefits	9,729	5,922	5,288	212	21,151
Payroll Taxes	<u>11,320</u>	<u>6,891</u>	<u>6,153</u>	<u>247</u>	<u>24,611</u>
Total Payroll Expenses	164,828	97,802	90,552	4,283	357,465
Outside Services	10,773	-	13,150	-	23,923
Office	8,630	4,335	810	307	14,082
Conventions	2,340	-	3,540	-	5,880
Depreciation	11,975	6,486	6,237	249	24,947
Advertising and Promotion	10,771	-	-	-	10,771
Maintenance	10,598	6,451	10,325	230	27,604
Occupancy	10,323	5,764	5,535	517	22,139
Dues	19,995	-	-	-	19,995
Production Costs and Fees	1,513	7,980	-	-	9,493
Insurance	10,653	5,770	984	222	17,629
Travel	1,816	-	-	-	1,816
Taxes	<u>437</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>437</u>
	<u>\$ 264,652</u>	<u>\$ 134,588</u>	<u>\$ 131,133</u>	<u>\$ 5,808</u>	<u>\$ 536,181</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	13,523	8,054	5,333	299	27,209
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	1,224	-	-	-	1,224
	<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**  
**Notes to the Financial Statements**  
**December 31, 2020 and 2019**

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**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) such as donor-restricted grants and contributions 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, 2020 and 2019**

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**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.

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 for the years ended December 31, 2020 and 2019. 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. 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:

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



**Rushmore Consumer Credit Resource Center**  
**Notes to the Financial Statements**  
**December 31, 2020 and 2019**

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**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, 2020 and 2019 was \$10,771 and \$9,909, 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, 2020, 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 2017. 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, 2020 and 2019 was \$1,351 and \$3,259, 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.

**Rushmore Consumer Credit Resource Center**  
**Notes to the Financial Statements**  
**December 31, 2020 and 2019**

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**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>2020</u>	<u>2019</u>
Financial Assets Available for Use:		
Cash and Cash Equivalents	\$ 252,636	\$ 230,767
Certificates of Deposit	112,873	111,457
Accounts Receivable - Trade	1,906	1,760
Grants Receivable	56,475	105,377
Interest Receivable	58	218
	<u>\$ 423,948</u>	<u>\$ 449,579</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, 2020:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Cost</u>
Land	\$ 279,900	\$ -	\$ 279,900
Buildings	720,100	202,500	517,600
Building Improvements	20,587	16,096	4,491
Equipment	63,930	45,696	18,234
	<u>\$ 1,084,517</u>	<u>\$ 264,292</u>	<u>\$ 820,225</u>

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>

Depreciation expense was \$24,947 and \$29,393 for December 31, 2020 and 2019, respectively.

**Rushmore Consumer Credit Resource Center**  
**Notes to the Financial Statements**  
**December 31, 2020 and 2019**

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**NOTE 5 - LONG-TERM DEBT**

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

	2020	2019
Note payable to a financial institution, with monthly payments of \$1,615, including 4.50% interest, due March 2036, secured by a building.	\$ 213,396	\$ 222,882
Less: Current Portion	(9,236)	(9,533)
Long-term Debt	\$ 204,160	\$ 213,349

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, 2020:

Year Ending December 31,	
2021	\$ 9,236
2022	10,459
2023	10,940
2024	11,420
2025	11,967
Thereafter	159,374
	\$ 213,396

**NOTE 6 - CAPITAL LEASE**

The Organization entered into a capital lease during the year ended December 31, 2019 for the purchase of a copier. The copier is recorded as an asset at the cost of \$22,221 and had \$6,664 and \$2,220 of accumulated depreciation as of December 31, 2020 and 2019, respectively. Capital lease payable consisted of the following at December 31:

	2020	2019
Capital lease to a financial institution used to finance equipment. Monthly payments of \$370, 0% interest, due in 2024.	\$ 15,184	\$ 19,629
Less: Current Portion	(4,444)	(4,445)
Long-term Capital Lease	\$ 10,740	\$ 15,184

Minimum future lease payments under the capital lease are:

Year Ending December 31,	
2021	\$ 4,444
2022	4,444
2023	4,444
2024	1,852
	\$ 15,184

**Rushmore Consumer Credit Resource Center**  
**Notes to the Financial Statements**  
**December 31, 2020 and 2019**

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**NOTE 7 - BOARD-DESIGNATED NET ASSETS**

Board-designated net assets as of December 31, 2020 and 2019 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, 2020 and 2019 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, 2020 and 2019.

**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. Amounts distributed are reported as revenue when received by the Organization.

**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, 2021, with early adoption permitted. The Organization has not yet evaluated the impact this standard will have on the financial statements.

**Rushmore Consumer Credit Resource Center**  
**Notes to the Financial Statements**  
**December 31, 2020 and 2019**

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**NOTE 12 - PAYCHECK PROTECTION PROGRAM LOAN**

On April 8, 2020, the Organization received loan proceeds in the amount of \$70,000 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 or 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 a refundable advance and subsequently recorded forgiveness when the loan obligation was legally released in accordance with guidance for conditional contributions, that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The Organization recognized \$70,000 of loan forgiveness for the year ended December 31, 2020.

**NOTE 13 - SUBSEQUENT EVENTS**

Subsequent to year-end, the Organization applied for and received additional PPP loan proceeds in the amount of \$76,065. Included in this amount was \$6,000 related to the Economic Injury Disaster Loan (EIDL) that had been awarded and repaid by the Organization during the year ended December 31, 2020. The EIDL proceeds were recognized as grant revenue subsequent to year-end.

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.