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March 29, 2018

Board of Directors
Consumer Credit Counseling Service of Northwest Indiana, Inc.
800 E. 86th Ave., Suite B
Merrillville, IN 46410

We have reviewed the report prepared by Consumer Credit Counseling Service of Northwest Indiana, Inc. and opined upon by Ragland & Associates, LLC, Independent Public Accountants, for the period January 1, 2016 to December 31, 2016. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Consumer Credit Counseling Service of Northwest Indiana, Inc. as of December 31, 2016 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Ragland & Associates, LLC prepared all required independent auditor's reports in accordance with generally accepted auditing standards and guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.


Paul D. Joyce, CPA
State Examiner

**CONSUMER CREDIT COUNSELING SERVICE OF NORTHWEST INDIANA, INC.
MERRILLVILLE, INDIANA**

FINANCIAL AND COMPLIANCE AUDIT REPORT

YEAR ENDED DECEMBER 31, 2016

CONSUMER CREDIT COUNSELING SERVICE OF NORTHWEST INDIANA, INC.

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INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of Consumer Credit Counseling Service of Northwest Indiana, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, and cash flows for the year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 entity'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 entity'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 Consumer Credit Counseling Service of Northwest Indiana, Inc. as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2017, on our consideration of Consumer Credit Counseling Service of Northwest Indiana, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Consumer Credit Counseling Service of Northwest Indiana, Inc.'s internal control over financial reporting and compliance.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Functional Expenses on page 15 is presented for purposes of additional analysis and is not a part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



RAGLAND & ASSOCIATES, LLC
Certified Public Accountants

Mokena, Illinois
October 25, 2017

CONSUMER CREDIT COUNSELING SERVICE OF NORTHWEST INDIANA, INC.

STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2016

ASSETS	
CURRENT ASSETS	
Cash & Cash Equivalents (Note A-1)	\$ 2,254
Client Funds Held in Trust (Note A-2)	5,403
Accounts & Grants Receivable (Note A-3)	11,883
Prepaid Expenses	<u>3,529</u>
Total Current Assets	23,069
Property & Equipment, net of Accumulated Depreciation (Note A-4)	<u>15,839</u>
TOTAL ASSETS	<u>\$ 38,908</u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts Payable	\$ 5,999
Accrued Wages	5,320
Payroll Taxes & Withholding Payable	464
Clients Deposits Due to Creditors	5,403
Short-Term Capital Lease Payable (Note B-1)	-
Short-Term Notes Payable-First Midwest (Note B-2)	2,524
Total Current Liabilities	<u>19,710</u>
LONG-TERM LIABILITIES	
Notes Payable-First Midwest net of Current Portion (Note B-2)	<u>6,993</u>
Total Long-Term Liabilities	<u>6,993</u>
TOTAL LIABILITIES	26,703
NET ASSETS, UNRESTRICTED	<u>12,205</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 38,908</u>

The accompanying notes are an integral part of these financial statements.

CONSUMER CREDIT COUNSELING SERVICE OF NORTHWEST INDIANA, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2016

CHANGES IN UNRESTRICTED NET ASSETS

Public Support, Revenue, and Gains: (Note A-5)

Housing Counseling Program	\$ 237,230
Debt Management Program	77,788
Creditor Contributions & Fair Share	60,799
Contributions	13,000
Credit Counseling Program Fees	9,160
Miscellaneous Income	<u>56</u>

Total Unrestricted Public Support, Revenue, and Gains 398,033

Expenses: (Note A-7)

Program Expenses	356,795
Management & General	61,983
Fundraising	<u>-</u>

Total Expenses 418,778

DECREASE IN UNRESTRICTED NET ASSETS (Note A-6) (20,745)

NET ASSETS, BEGINNING OF YEAR 32,950

Adjustments to Net Assets (Note A-8) -

NET ASSETS, END OF YEAR \$ 12,205

The accompanying notes are an integral part of these financial statements

CONSUMER CREDIT COUNSELING SERVICE OF NORTHWEST INDIANA, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

CASH FLOW FROM OPERATING ACTIVITIES:

Decrease in unrestricted net assets	\$ (20,745)
Adjustments to reconcile change in unrestricted net assets to net cash used in operating activities:	
Depreciation (Note A-4)	2,040
(Increase) decrease in current assets:	
Accounts receivable	8,487
Prepaid expenses	35
Cash in client trust	3
Increase (decrease) in current liabilities:	
Accounts payable	(5,681)
Other adjustments (Note A-8)	<u>-</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(15,861)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of equipment	<u>-</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>-</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Net payments of notes payable-First Midwest	(5,452)
Net payments of capital lease	<u>(3,133)</u>

NET CASH USED IN FINANCING ACTIVITIES (8,585)

NET DECREASE IN CASH AND CASH EQUIVALENTS (24,446)

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 26,700

CASH AND CASH EQUIVALENTS, END OF YEAR (Note A-1) \$ 2,254

SUPPLEMENTAL DATA

Interest Expense Paid \$ 707

The accompanying notes are an integral part of these financial statements.

CONSUMER CREDIT COUNSELING SERVICE OF NORTHWEST INDIANA, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

BACKGROUND

Consumer Credit Counseling Service of Northwest Indiana, Inc. is an Indiana not-for-profit tax-exempt corporation established to provide credit counseling and credit education services to consumers in Northwest Indiana. The mission of the Organization is to work with Northwest Indiana residents to achieve financial stability and improve the quality of their lives. It is a member of the National Foundation for Consumer Credit, Inc. and is accredited by the Council of Accreditation. The Organization has three major programs: The Housing Counseling Program, which offers pre-purchase, default, and post-purchase counseling, first time homebuyer classes, and reverse mortgage counseling; The Debt Management Program teaches the participants money management, financial literacy, income tax assistance, and how to manage and pay off credit card debt; and the Credit Counseling Program works with creditors, with the assistance of several large banks in the area to help individuals pay off debt.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements of Consumer Credit Counseling Service of Northwest Indiana, Inc. have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

FINANCIAL STATEMENT PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Statement of Financial Accounting Standards, *Financial Statements of Not-for-Profit Organizations*. Under the terms of that statement, Consumer Credit Counseling Service of Northwest Indiana, Inc. is required to report information regarding its financial position and activities according to three classes of net assets, as applicable: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Consumer Credit Counseling Service of Northwest Indiana, Inc. had only unrestricted net assets of \$12,205 for the year ended December 31, 2016.

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.

Date of Management's Review

Management has evaluated subsequent events through October 25, 2017, the date which the financial statements were available to be issued.

Comparative Financial Statements

The financial statements do not include prior-year summarized comparative information. This is the first year Ragland & Associates LLC have audited the financial statements and therefore prior year ended December 31, 2015 is not presented with these financial statements.

1. CASH AND CASH EQUIVALENTS

For purposes of the Statement of Cash Flows, Consumer Credit Counseling Service of Northwest Indiana, Inc. considers all highly-liquid investments with original maturities of three months or less to be cash equivalents. As of December 31, 2016, Consumer Credit Counseling Service of Northwest Indiana, Inc. does not have any concentration of credit risk, due to the fact that the four (4) accounts at First Midwest Bank does not exceed FDIC credit ceiling of \$250,000 as of December 31, 2016.

2. CLIENTS FUNDS HELD IN TRUST

Consumer Credit Counseling Service of Northwest Indiana, Inc. accepts a stipulated amount of money each month from over-extended consumers (clients) and pays each month an allocation to these clients' creditors as part of the debt management program. Cash balances in the Trust Fund represent amounts received from clients, but not yet paid to creditors. The current amount due to creditors for the year ended December 31, 2016 is \$5,403. The funds received from consumers are held in a separate cash account and cannot be used for other program or management expenses. A corresponding liability is recorded on the Statement of Financial Position.

3. ACCOUNTS RECEIVABLE

Accounts receivables consist of billings for grants and other agencies that have been earned in the current year, but the money has not yet been received. Management closely monitors outstanding balances and writes off, as of year-end, all balances past due after a certain period of time and for which all collection efforts have been exhausted. Consumer Credit Counseling Service of Northwest Indiana, Inc. considers its receivables 100% collectible, therefore does not record an allowance for doubtful accounts. Its' policy is to write off bad debts directly against income based on specific identification of those accounts determined to be uncollectible. 100% of the Organization's accounts receivable as of December 31, 2016 is from two (2) funding agencies, Indiana Housing and Community Development Authority Hardest Hit Fund Program and Indiana Foreclosure Prevention Network through the NeighborWorks America Program.

4. PROPERTY AND EQUIPMENT

All property and equipment are recorded at cost or fair market value if donated. Depreciation and amortization are computed on estimated useful lives using the straight-line method. The cost of property and equipment is capitalized when the purchase price is \$500 or more and the useful life of the items is more than one (1) year. The estimated useful lives used in computing depreciation expenses are summarized below:

Useful Lives

3 to 10 years- Office Equipment	\$ 126,041
7 years-Furniture & Fixtures	76,377
3 to 10 years-Computer Equipment & Supplies	14,032
15 years-Leasehold Improvements	<u>1,702</u>
Totals	218,152
Less: Accumulated Depreciation	<u>(202,313)</u>
Net Book Cost	<u>\$ 15,839</u>

Depreciation expense for the year ended December 31, 2016 was \$2,040.

5. SUPPORT AND REVENUE

Grants and program fees are recognized as support and revenue during the applicable period in which program costs are incurred. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Contributions from unconditional promises to give that are to be received after one year are discounted at an appropriate discount rate based on an average federal funds rate.

6. INCOME TAX STATUS

Consumer Credit Counseling Service of Northwest Indiana, Inc. is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income. Consumer Credit Counseling Service of Northwest Indiana, Inc. had no unrelated business income during 2016 and, therefore, no provision for federal or state income taxes has been made in the accompanying financial statements.

Uncertainty Income Tax Position

While there is no unrelated business income for the current year and related income taxes, the term "tax position" as used in the FASB interpretation refers to a position in a previously filed tax return or a position expected to be taken in a future tax return that is reflected in measuring current or deferred income tax assets and liabilities for interim or annual periods. The term "tax position" also encompasses, but is not limited to:

- A decision not to file a tax return
- An allocation or a shift of income between jurisdictions
- The characterization of income or a decision to exclude reporting taxable income in a tax return
- A decision to classify a transaction, entity, or other position in a tax return as tax-exempt.

7. FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and the Schedule of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The basis of the allocation among the programs is a 85% Program Expenses to 15% Management Expenses in most cases, with a few expenses directly distributed to those programs benefited.

8. ADJUSTMENTS TO NET ASSETS

There were no adjustments made to net assets for the year then ended, December 31, 2016.

9. DONATED GOODS AND SERVICES

In accordance with the requirements of Statement of Financial Accounting Standards, *Accounting for Contributions Received and Contributions Made*, donated goods are reflected as contributions in the financial statements at fair value. For the year ended December 31, 2016 the Organization has no donated goods and/or services and the Organization pays for most services requiring specific expertise.

10. ADVERTISING

Advertising costs are expensed as incurred. Advertising expense for the year ended December 31, 2016 was \$2,187.

NOTE B - COMMITMENTS AND CONTINGENCIES

1. SHORT-TERM CAPITAL LEASE PAYABLE

Consumer Credit Counseling Service of Northwest Indiana, Inc. currently had equipment purchased under a capital lease (Cannon Copier). In September 2016, it was paid off in full, with a bargain purchase price of \$1. Minimum lease payments were capitalized for the financial statements. As of September 30, 2016, they own the equipment.

2. NOTES PAYABLE-FIRST MIDWEST

Consumer Credit Counseling Service of Northwest Indiana, Inc. had a line of credit at December 31, 2015 and as of February 2016, was converted to a term loan. The note is secured by all business assets. The terms of the note are 60 monthly payment of \$281, including principal and interest of 6.57% APR.

Total Balance at December 31, 2016	\$ 9,517
Less Current Portion	<u>(2,524)</u>
Equals Long-Term Notes Payable	<u>\$ 6,993</u>

Future loan payments are due as follows:

2017	\$ 2,861
2018	2,827
2019	3,018
2020	<u>811</u>
Total minimum payments	<u>\$ 9,517</u>

3. OPERATING LEASE

Consumer Credit Counseling Service of Northwest Indiana, Inc. leases its office space at 800 East 86th Avenue, Merrillville, Indiana, from Greater Northwest Indiana Association of Realtors, Inc., the management agent. The lease is for two (2) years and expires December 31, 2015, with a one year renewal option to December 31, 2016. Rent expense for the year ended December 31, 2016 is \$42,294. The Organization is not considering moving and have signed a new lease for 2017 through 2018.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Consumer Credit Counseling Service of Northwest Indiana, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Consumer Credit Counseling Service of Northwest Indiana, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 25, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Consumer Credit Counseling Service of Northwest Indiana, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Consumer Credit Counseling Service of Northwest Indiana, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Consumer Credit Counseling Service of Northwest Indiana, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Consumer Credit Counseling Service of Northwest Indiana, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Ragland & Associates, LLC". The signature is written in a cursive, flowing style.

RAGLAND & ASSOCIATES, LLC
Certified Public Accountants

Mokena, Illinois
October 25, 2017

SUPPLEMENTARY INFORMATION

CONSUMER CREDIT COUNSELING SERVICE OF NORTHWEST INDIANA, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

FOR YEAR ENDED DECEMBER 31, 2016

CATEGORIES:	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising Services</u>	<u>Totals</u>
Salaries & Wages	\$ 199,905	\$ 35,277	\$ -	\$ 235,182
Payroll Taxes & Fringe Benefits	19,215	3,391	-	22,606
Accreditation Fees	4,712	832	-	5,544
ACH/Internet/Data Transmit Fees	2,696	240	-	2,936
Advertising (Note A-10)	1,859	328	-	2,187
Bank Service Fees	1,059	187	-	1,246
Computer Maintenance Service	21,819	3,850	-	25,669
Credit Reporting Services	4,222	-	-	4,222
Dues, Licenses & Permits	5,130	905	-	6,035
Equipment Lease/Maintenance	1,091	193	-	1,284
Insurance Expense	14,696	2,593	-	17,289
Interest Expense	601	106	-	707
Legal & Professional Fees	17,179	3,032	-	20,211
Meetings & Conferences	676	119	-	795
Occupancy-Rent & In-Kind (Note B-3)	35,950	6,344	-	42,294
Office Supplies & Expenses	4,923	869	-	5,792
Postage & Shipping	2,275	401	-	2,676
Repairs & Maintenance	3,688	651	-	4,339
Telephone & Internet	4,810	849	-	5,659
Training Expense	4,175	737	-	4,912
Travel	2,447	432	-	2,879
Workshops & Presentations	1,933	341	-	2,274
Total Expenses Before Depreciation	355,061	61,677	-	416,738
Depreciation	1,734	306	-	2,040
TOTAL EXPENSES	<u>\$ 356,795</u>	<u>\$ 61,983</u>	<u>\$ -</u>	<u>\$ 418,778</u>

The accompanying notes are an integral part of these financial statements.