

**CONNECTICUT COUNCIL ON PROBLEM GAMBLING**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2020**

**CONNECTICUT COUNCIL ON PROBLEM GAMBLING**

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**DECEMBER 31, 2020**

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CARNEY, ROY AND GERROL, P.C.  
*Certified Public Accountants*

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Connecticut Council on Problem Gambling  
Wethersfield, Connecticut

We have audited the accompanying financial statements of Connecticut Council on Problem Gambling, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and changes in net assets, functional expenses, 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.

**Auditor's 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. 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 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 Connecticut Council on Problem Gambling as of December 31, 2020, 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.

*Carnegie, Roy and Smith, P.C.*

Rocky Hill, Connecticut  
July 16, 2021

**CONNECTICUT COUNCIL ON PROBLEM GAMBLING**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2020**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 369,175
Grants and contributions receivable	47,208
Prepaid expenses	<u>12,132</u>
<b>Total current assets</b>	<u><u>428,515</u></u>

**PROPERTY AND EQUIPMENT**

Office equipment	28,725
Less: accumulated depreciation	<u>(23,632)</u>
<b>Total property and equipment, net</b>	<u><u>5,093</u></u>

**OTHER ASSETS**

Security deposit	<u>8,230</u>
<b>Total other assets</b>	<u><u>8,230</u></u>

<b>TOTAL ASSETS</b>	<u><u>\$ 441,838</u></u>
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	\$ 14,186
Accrued expenses	14,240
PPP loan	79,000
Accrued interest - PPP loan	<u>569</u>
<b>Total current liabilities</b>	<u><u>107,995</u></u>

**NET ASSETS**

Without donor restrictions	<u>333,843</u>
<b>Total net assets</b>	<u><u>333,843</u></u>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 441,838</u></u>
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The accompanying notes are an integral part of these financial statements.

**CONNECTICUT COUNCIL ON PROBLEM GAMBLING**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**REVENUES AND OTHER SUPPORT**

Contributions and grants	
Foxwoods Resort Casino	\$ 226,375
Mohegan Sun Casino	323,000
Department of Mental Health	115,000
Individual and corporate contributions	33,909
Contributed services	30,535
Conference income	10,045
Investment income	1,358
Miscellaneous	392
	<hr/>
Total revenues, gains, and other support	740,614

**EXPENSES**

Program services	480,582
Management and general	161,185
Fundraising	23,945
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Total expenses	665,712

<b>CHANGE IN NET ASSETS</b>	74,902
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<b>NET ASSETS - Beginning of year</b>	258,941
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<b>NET ASSETS - End of year</b>	\$ 333,843
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The accompanying notes are an integral part of these financial statements.

# CONNECTICUT COUNCIL ON PROBLEM GAMBLING

## STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services	Management and General	Fundraising	2020 Total
Helpline	\$ 56,995	\$ -	\$ -	\$ 56,995
Salaries	192,750	99,542	16,582	308,874
Occupancy expense	35,573	8,863	-	44,436
Program support and advertising	5,475	-	5,050	10,525
Annual conference and awards dinner	3,742	-	-	3,742
Payroll taxes	17,407	8,990	1,497	27,894
Training and conferences	2,548	30	-	2,578
Insurance	4,262	1,146	-	5,408
Computer support	1,075	221	134	1,430
Professional fees	27,041	18,371	-	45,412
Equipment rental and maintenance	4,578	1,025	-	5,603
Dues and fees	6,968	-	48	7,016
Office expense	5,675	2,016	285	7,976
Travel	10,297	835	-	11,132
Telephone	2,600	929	-	3,529
Depreciation	-	667	-	667
Website expense	6,929	1,467	-	8,396
Employee benefits	53,135	15,616	-	68,751
Payroll processing	2,359	1,219	203	3,781
Postage and shipping	418	65	115	598
Grants made	40,400	-	-	40,400
Interest - PPP Loan	355	183	31	569
Total	\$ 480,582	\$ 161,185	\$ 23,945	\$ 665,712

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



**CONNECTICUT COUNCIL ON PROBLEM GAMBLING**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 74,902
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	667
Change in cash arising from changes in assets:	
Grants and contributions receivable	(47,208)
Prepaid expenses	(5,724)
Change in cash arising from changes in liabilities:	
Accounts payable	9,575
Accrued expenses	5,249
Accrued interest - PPP loan	<u>569</u>

**NET CASH PROVIDED BY OPERATING ACTIVITIES** 38,030

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of property and equipment (3,290)

**NET CASH USED FOR INVESTING ACTIVITIES** (3,290)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds from PPP loan 79,000

**NET CASH PROVIDED BY FINANCING ACTIVITIES** 79,000

**NET INCREASE IN CASH AND CASH EQUIVALENTS** 113,740

**CASH AND CASH EQUIVALENTS - beginning of year** 255,435

**CASH AND CASH EQUIVALENTS - end of year** \$ 369,175

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



## CONNECTICUT COUNCIL ON PROBLEM GAMBLING

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

#### NOTE 1 – DESCRIPTION OF THE COUNCIL AND NATURE OF ACTIVITIES

Connecticut Council on Problem Gambling, Inc. (the Council/CCPG) is a non-profit organization focused on preventing problem gambling and helping those who may be struggling from disordered gambling as well as persons affected. CCPG provides Connecticut's only 24-hour Problem Gambling Helpline, offering support via phone, live online chat, and text. The Council also implements prevention and education programs serving youth, veterans, and other special populations. CCPG does not advocate for or against gambling, but is committed to working with all stakeholders to help individuals and families dealing with this issue.

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### *Basis of Accounting and Presentation*

The financial statements of the Council have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

The Council is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

*Net assets without donor restrictions* - net assets that are not subject to donor-imposed stipulations. These resources may be expended at the discretion of the Board of Directors.

*Net assets with donor restrictions* - net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Council and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Net assets with donor restrictions may also include net assets subject to donor-imposed stipulations that they be maintained permanently for the Council. Generally, the donors of these assets permit organizations to use all or part of the income earned on any related investment for general or specific purposes. The Council did not have any balances of net assets with donor restrictions at December 31, 2020.

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities, if any, are reported as increases and decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions in the statements of activities and changes in net assets.

##### *Credit Risk*

The Council maintains its cash and cash equivalents in financial institution accounts that, at times during the year, can potentially exceed federally insured limits. The cash balances in the financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for the year ended December 31, 2020. There were cash balances in the banks at year-end that exceeded the covered amounts by \$118,876. Management regularly monitors the financial institutions, together with its cash balances, and tries to keep potential risk from uninsured balances to a minimum.

## CONNECTICUT COUNCIL ON PROBLEM GAMBLING

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

##### *Cash and Cash Equivalents*

For purposes of the Statement of Cash Flows, Connecticut Council on Problem Gambling considers all highly liquid investments available for current use with an initial maturity of less than three months to be cash equivalents.

##### *Investment Valuation and Income Recognition*

The Council follows the guidance on accounting for certain investments held by not-for-profit organizations, which requires that investments with readily determinable fair values be reported at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

##### *Accounts Receivable and Grants and Contributions Receivable*

Accounts receivable and grants and contributions receivable are presented at net of a bad debt allowance. Allowances for receivables are determined by management based on an assessment of their collectability. Management considers past history, current economic conditions and overall viability of the third party. Receivables are written off only when management believes amounts will not be collected. At December 31, 2020, there is no allowance for doubtful accounts.

##### *Property and Equipment*

Fixed assets are recorded at cost. The fair value of donated assets at the date of donation is similarly capitalized. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Council reports expirations of donor restrictions when the donated or acquired assets are placed in service. Depreciation of furniture and equipment is calculated using the straight-line method over the estimated useful lives of the assets. Expenditures for maintenance and repairs are charged to expense as incurred.



## CONNECTICUT COUNCIL ON PROBLEM GAMBLING

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### *Revenue and Support With and Without Donor Restrictions*

The Council follows guidance on accounting for contributions made and received. This guidance generally requires that contributions received or made, including unconditional promises to give, are recognized at their fair values, as increase or decreases in net assets in the period received or made. Contributions received are recorded as with or without donor restrictions, depending on the existence and nature of any donor restrictions.

Grants are generally considered to be contributions. Revenue from cost-reimbursement grants and contracts is recognized to the extent of costs incurred. Revenue from performance-based grants and contracts is recognized to the extent of performance achieved. Grant and contract receipts in excess of revenue recognized are presented as deferred revenue.

##### *Contributed Services*

The Council recognizes contributed services if they create or enhance nonfinancial assets or require specialized skills and would typically be purchased if not provided by donation. As reflected in the Statement of Activities, there were donated legal services of \$20,535 and donated advertising services of \$10,000, \$30,535 total, received during 2020. Many individuals volunteer their time and perform a variety of tasks that assist the Council, but these services do not meet the criteria for recognition as contributed services.

##### *Functional Expenses and Cost Allocation*

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated if they are attributable to more than one program or supporting function. Most expenses are allocated on the basis of estimates of employee time and effort. All estimates are updated at least annually.

##### *Income Taxes*

The Council is a nonprofit organization operating under Section 501(c)(3) of the Internal Revenue Code. It is classified as a private non-operating foundation as described in Section 509(a) of the Code. It is generally exempt from federal, state and local taxes but as a private foundation is subject to an excise tax on its net investment income. Cash paid during 2020 for excise taxes was \$19.

The Council accounts for uncertainty in income taxes in accordance with FASB ASC 740, *Income Taxes*. The Council files Form 990-PF, *Return of Private Foundation*, which is subject to examination by the IRS until the applicable statute of limitations expires. The statutes of limitations for federal tax years 2017 through 2020 remain open for audit under the various statutes of limitations.

##### *Advertising Costs*

Advertising costs are expended as incurred. Total advertising costs charged to expense are \$10,050, including \$10,000 of donated advertising services.

# CONNECTICUT COUNCIL ON PROBLEM GAMBLING

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

### NOTE 3 – OPERATING LEASE AND COMMITMENTS

The Council has a 60-month lease for a multifunction printer. Monthly payments of \$332 are required through December of 2022. Rent expenses for the year ended December 31, 2020, were \$5,603. CCPG also leases office space in Wethersfield, Connecticut, through a lease that is active through August of 2022. Monthly payments of rent are required and increase yearly according to a schedule in the lease. Rent expenses for the year ended December 31, 2020, were \$44,436.

The future minimum payments for these leases are as follows:

Year ending December 31:	
2021	\$ 52,412
2022	36,575
	<u>\$ 88,987</u>

The Council has a 36-month contract with a provider of helpline services through December 31, 2020. The Council is charged fees for the services at a monthly rate of \$5,000, which amounts to \$60,000 annually. The agreement renews automatically for successive one-year periods after the initial contract period unless either party delivers written notice of termination at least 90 days prior to the renewal term. The Council has elected not to renew the contract.

### NOTE 4 – CONTINGENCIES - GRANTS

Certain grants require the fulfillment of various conditions as set forth by the grantor. Failure to fulfill the conditions could result in the return of the funds to the grantors. Although that is a possibility, management believes the contingency is remote, since it believes the Council is in compliance with the provision of all grants received.

### NOTE 5 – EMPLOYEE BENEFIT PLANS

The Council has established a 403(b) retirement savings plan for its employees. The Plan allows employees who have been employed for a minimum of 90 days and are at least 21 years of age to make salary reduction contributions to a retirement account. The Council will match employee contributions up to 3% of their eligible compensation. Employer contributions were \$9,173 for the year ended December 31, 2020.

### NOTE 6 – CONCENTRATIONS – SOURCE OF REVENUE

A substantial portion of the Council's support and other revenues is derived from substantial contributors. During 2020, Foxwoods Casino, Mohegan Sun Casino, and the State of Connecticut DMHAS provided 31%, 44%, and 16% of support, respectively. Any significant reduction in the amounts received from these sources could have a material adverse effect on the Council. Grants and contributions receivable are due entirely from Foxwoods and DMHAS.



# CONNECTICUT COUNCIL ON PROBLEM GAMBLING

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

### NOTE 7 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Council's financial assets as of December 31, 2020, reduced by amounts not available for general use because of contractual, donor-imposed, or Board-designated restrictions within one year of the statement of financial position date. There were no such restrictions as of the statement of financial position date.

Cash and cash equivalents	\$ 369,175
Grants and contributions receivable	<u>47,208</u>
Financial assets at year-end	416,383
Financial assets available to meet cash needs for general expenditure within one year	<u><u>\$ 416,383</u></u>

As part of the Council's liquidity management, it invests cash in excess of daily requirements in a money market account which has extensive holdings in highly-liquid cash equivalents. The Council has also had access to a line of credit. However, as of December 31, 2020, the Council did not have any open lines of credit.

### NOTE 8 – REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers during 2020 consisted of conference registration and attendance fees of \$5,045 and trainings and other services of \$392, totaling \$5,437. Any consideration received prior to the event is considered to be a contract liability. The Council's performance obligation is considered satisfied when the conference event or training has concluded. The fees are recognized as revenue at that point in time, accordingly, and a decrease in contract liability or increase in amounts receivable from customers depending on whether payment has been received from the customer. Payment is typically received during the same year that the event or training is held. Amounts receivable from customer contracts, and contract liabilities, totaled \$-0- at December 31, 2020.

### NOTE 9 – COVID-19 PANDEMIC

The COVID-19 outbreak in the United States during 2020 has caused business disruption through mandated and voluntary limitations on businesses, individuals, and not-for-profit entities. The disruption is currently expected to be temporary, and the State has eased many of the restrictions subsequent to December 31, 2020. There is considerable uncertainty around the duration and extent of any additional impact on the Council, and the financial impact cannot be reasonably estimated at this time.

## **CONNECTICUT COUNCIL ON PROBLEM GAMBLING**

### **NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2020

#### **NOTE 10 – PPP LOAN**

On April 13, 2020, the Council obtained a Paycheck Protection Program (PPP) loan in the amount of \$79,000. The loan has a fixed interest rate of 1 % and is not secured by collateral. The PPP is part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and was amended by the Paycheck Protection Program Flexibility Act (PPPF Act). Under the PPP, the loan will be partially or fully forgiven if the Council maintains its workforce and salaries and uses the loan proceeds for qualifying amounts of payroll, rent, mortgage interest, or utilities costs during the Covered Period. The PPPF Act increases the Covered Period from 8 weeks to 24 weeks after the loan was issued and amends the loan repayment deferral from six months to until the date on which the amount of forgiveness determined under Section 1106 of the CARES Act is remitted to the lender; any borrowers who fail to apply for forgiveness within 10 months of the last day of the Covered Period must make loan repayments beginning on that date.

#### **NOTE 11 – CONTINGENCIES – CLAIMS AND LITIGATION**

The Council is occasionally a party to routine legal proceedings and litigation arising in the ordinary course of business. In the opinion of management, the outcome of such actions will have no material impact on the Council's financial position.

#### **NOTE 12 – SUBSEQUENT EVENTS**

The Council has evaluated subsequent events through July 16, 2021, which is the date the financial statements were available to be issued. The Council received a Second Draw PPP Loan of \$64,347 on February 1, 2021. Like the first loan, this loan will be partially or fully forgiven if the Council maintains its workforce and salaries and uses the loan proceeds for qualifying amounts of payroll, rent, mortgage interest, or utilities costs during the Covered Period for the loan. The Council has determined that no other subsequent events have occurred which require further adjustment to or disclosure in the financial statements.