

CONNECTICUT COUNCIL ON PROBLEM GAMBLING
FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

CONNECTICUT COUNCIL ON PROBLEM GAMBLING

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DECEMBER 31, 2023 AND 2022

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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

Opinion

We have audited the accompanying financial statements of Connecticut Council on Problem Gambling (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Connecticut Council on Problem Gambling's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Connecticut Council on Problem Gambling's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Connecticut Council on Problem Gambling's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited Connecticut Council on Problem Gambling's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 24, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Carnegie, Roy and David, P.C.

Rocky Hill, Connecticut
September 30, 2024

CONNECTICUT COUNCIL ON PROBLEM GAMBLING

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2023, WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 435,519	\$ 569,693
Grants and contributions receivable	68,297	41,250
Prepaid expenses	<u>50,464</u>	<u>28,583</u>
Total current assets	<u>554,280</u>	<u>639,526</u>
PROPERTY AND EQUIPMENT		
Office equipment	11,580	11,580
Less: accumulated depreciation	<u>(6,676)</u>	<u>(4,951)</u>
Total property and equipment, net	<u>4,904</u>	<u>6,629</u>
OTHER ASSETS		
Security deposit	9,123	9,123
Operating lease right-of-use assets	<u>43,344</u>	<u>56,028</u>
Total other assets	<u>52,467</u>	<u>65,151</u>
TOTAL ASSETS	<u>\$ 611,651</u>	<u>\$ 711,306</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 6,679	\$ 4,531
Accrued expenses	69,160	20,130
Current portion of right-of-use operating lease liability	13,200	12,684
Deferred revenue	<u>3,595</u>	<u>49,869</u>
Total current liabilities	<u>92,634</u>	<u>87,214</u>
LONG-TERM LIABILITIES		
Right-of-use operating lease liability, net of current portion	<u>30,144</u>	<u>43,344</u>
Total long-term liabilities	<u>30,144</u>	<u>43,344</u>
NET ASSETS		
Without donor restrictions	<u>488,873</u>	<u>580,748</u>
Total net assets	<u>488,873</u>	<u>580,748</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 611,651</u>	<u>\$ 711,306</u>

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, 2023
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2022

	<u>2023</u>	<u>2022</u>
REVENUES AND OTHER SUPPORT		
Contributions and grants		
Foxwoods Resort Casino	\$ 300,000	\$ 237,500
Mohegan Sun Casino	283,000	359,487
Department of Mental Health	293,821	237,276
Individual and corporate contributions	35,122	73,710
Conference income	11,267	1,704
Investment income	584	716
Loss on disposal of asset	-	(1,141)
Miscellaneous	884	1,693
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Total revenues, gains, and other support	924,678	910,945
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EXPENSES		
Program services	821,219	671,250
Management and general	192,129	164,113
Fundraising	3,205	1,980
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Total expenses	1,016,553	837,343
	<hr/>	<hr/>
CHANGE IN NET ASSETS	(91,875)	73,602
NET ASSETS - Beginning of year	580,748	507,146
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NET ASSETS - End of year	\$ 488,873	\$ 580,748
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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, 2023
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2023 Total</u>	<u>2022 Total</u>
Helpline	\$ 8,062	\$ 69	\$ -	\$ 8,131	\$ 6,977
Salaries	373,870	139,123	1,864	514,857	398,856
Consultants	-	-	-	-	249
Occupancy expense	10,007	1,645	7	11,659	37,436
Program support and advertising	158,747	-	-	158,747	62,099
Annual conference and awards dinner	48,332	-	-	48,332	22,160
Payroll taxes	30,847	11,479	154	42,480	35,769
Training and conferences	6,800	2,500	-	9,300	5,993
Insurance	3,337	589	-	3,926	5,817
Computer support	3,595	75	-	3,670	9,390
Professional fees	21,600	12,706	-	34,306	28,917
Equipment rental and maintenance	5,311	1,057	226	6,594	7,946
Dues and fees	3,975	1,684	-	5,659	5,543
Office expense	31,960	334	22	32,316	13,797
Travel	26,646	573	910	28,129	17,828
Telephone	3,309	45	-	3,354	4,871
Depreciation	24	1,701	-	1,725	1,545
Website expense	3,206	5,176	-	8,382	13,609
Employee benefits	77,675	10,848	-	88,523	113,486
Payroll processing	1,160	2,342	-	3,502	2,125
Postage and shipping	256	166	22	444	930
Grants made	2,500	17	-	2,517	42,000
Total	\$ 821,219	\$ 192,129	\$ 3,205	\$ 1,016,553	\$ 837,343

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, 2023,

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (91,875)	\$ 73,602
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,725	1,545
Realized loss on disposal of fixed assets	-	1,141
Change in cash arising from changes in assets:		
Grants and contributions receivable	(27,047)	(12,500)
Security deposit	-	(893)
Prepaid expenses	(21,881)	(85)
Change in cash arising from changes in liabilities:		
Accounts payable	2,148	(2,304)
Accrued expenses	49,030	(2,013)
Deferred revenue	<u>(46,274)</u>	<u>49,869</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>(134,174)</u>	<u>108,362</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>-</u>	<u>(5,334)</u>
NET CASH USED FOR INVESTING ACTIVITIES	<u>-</u>	<u>(5,334)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(134,174)	103,028
CASH AND CASH EQUIVALENTS - beginning of year	<u>569,693</u>	<u>466,665</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 435,519</u>	<u>\$ 569,693</u>

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

CONNECTICUT COUNCIL ON PROBLEM GAMBLING

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE 1 – DESCRIPTION OF THE COUNCIL AND NATURE OF ACTIVITIES

Connecticut Council on Problem Gambling, Inc. (the Council/CCPG) is a non-profit organization dedicated to reducing gambling related harm and helping those who may be negatively impacted by gambling. 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, 2023 and 2022.

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 years ended December 31, 2023 and 2022. At December 31, 2023 and 2022 there weren't any cash balances in the banks that exceeded the covered amounts.

CONNECTICUT COUNCIL ON PROBLEM GAMBLING

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

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, 2023 and 2022, there are no allowances 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.

Operating Leases

The Council determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use assets (ROU) and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term. Operating lease expense is recognized on a straight-line basis over the lease term. For leases with a term of less than 12 months the Council has elected not to record a right of use asset and lease liability and the payments will be expensed in the change in net assets on a straight line basis over the lease term.

CONNECTICUT COUNCIL ON PROBLEM GAMBLING

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

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 increases 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 no donated services or items received during the year ended December 31, 2023 and 2022. 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, Consequently no provision for income taxes has been made in the accompany financial statements. The Council qualifies for the charitable deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1).

The Council accounts for uncertainty in income taxes in accordance with FASB ASC 740, Income Taxes. The Council files Form 990 which is subject to examination by the IRS until the applicable statute of limitations expires. The statutes of limitations for federal tax years 2020 through 2023 remain open for audit under the various statutes of limitations.

Advertising Costs

Advertising costs are expended as incurred. Total advertising costs charged to expense during 2023 are \$81,842 and total advertising costs charged to expense during 2022 are \$29,267.

CONNECTICUT COUNCIL ON PROBLEM GAMBLING

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE 3 – OPERATING LEASE AND COMMITMENTS

The Council had an operating lease for office space that ended August 31, 2022. The lease expense associated with this lease for the years ended December 31, 2023 and 2022 were \$0 and \$32,923.

The Council has entered into an operating lease for office space from an unrelated third party on August 1, 2022 that requires 60 monthly payments of \$893 through July 31, 2027. The Council used a discount rate of 4% for the lease. Operating lease expenses associated with this lease for the years ended December 31, 2023 and 2022, totaled \$10,710 and \$4,463.

On January 1, 2021 the Council entered an operating lease for a multiuse printer that requires 60 monthly payments of \$332 through December 31, 2025. The council used a discount rate of 4% for the lease. Operating lease expenses associated with this lease for the years ended December 31, 2023 and 2022 were \$3,984 and \$3,984.

At December 31, 2022 the weighted average remaining lease term is approximately 3 years and the weighted average discount rate is 4% for the Council's finance leases. Total operating cash flow paid for operating leases totaled \$14,694 and \$41,370 for the years ending December 31, 2023 and 2022, respectively.

The future minimum payments for these leases are as follows:

Year ending December 31:	<u>Operating</u>
2024	\$ 14,694
2025	14,694
2026	10,710
2027	<u>6,248</u>
Total Lease Payments	<u>46,346</u>
Less: Imputed Interest	<u>(3,002)</u>
Present value of lease liabilities	43,344
Less: current portion	<u>(13,200)</u>
Long-term portion	<u>\$ 30,144</u>

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.

CONNECTICUT COUNCIL ON PROBLEM GAMBLING

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

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 \$13,372 and \$12,029 for the years ended December 31, 2023 and 2022, respectively.

NOTE 6 – CONCENTRATIONS – SOURCE OF REVENUE

A substantial portion of the Council's support and other revenues is derived from substantial contributors. During 2023, Foxwoods Casino, Mohegan Sun Casino, and the State of Connecticut DMHAS provided 32%, 31%, and 32% of support, respectively. During 2022, Foxwoods Casino, Mohegan Sun Casino, and the State of Connecticut DMHAS provided 26%, 39%, and 26% 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.

NOTE 7 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Council's financial assets as of December 31, 2023 and 2022, 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.

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 435,519	\$ 569,693
Grants and contributions receivable	<u>68,297</u>	<u>41,250</u>
Financial assets at year-end	503,816	610,943
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 503,816</u>	<u>\$ 610,943</u>

As part of the Council's liquidity management, it invests cash in excess of daily requirements in a liquid, interest-bearing money market account. The Council has also had access to a line of credit. However, as of December 31, 2023 and 2022, the Council did not have any open lines of credit.

CONNECTICUT COUNCIL ON PROBLEM GAMBLING

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE 8 – REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers during 2023 consisted of conference registration and attendance fees of \$11,267 and trainings and other services of \$884, totaling \$12,151. Revenue from contracts with customers during 2022 consisted of conference registration and attendance fees of \$1,704 and trainings and other services of \$1,693, totaling \$3,397. 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, 2023 and 2022.

NOTE 9 – 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. During the year ended December 31, 2023 the Council's insurance company paid out \$40,000 to settle a prior claim.

NOTE 10 – SUBSEQUENT EVENTS

The Council has evaluated subsequent events through September 30, 2024, which is the date the financial statements were available to be issued, and has determined that there are no subsequent events that have occurred which require adjustment to or disclosure in the financial statements.