

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The National Council on Problem Gambling, Inc.

We have audited the accompanying statement of financial position of The National Council on Problem Gambling, Inc. (a nonprofit organization) as of December 31, 2007 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The National Council on Problem Gambling, Inc. as of December 31, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.



May 21, 2009
Baltimore, Maryland

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The National Council on Problem Gambling, Inc.
Statement of Financial Position
December 31, 2007

ASSETS

Current Assets

Cash	\$ 285,908
Accounts Receivable	722
Prepaid Expenses	<u>25,848</u>

Total Current Assets 312,478

Property and Equipment

Office Equipment	14,206
Less: Accumulated Depreciation	<u>(11,347)</u>

Net - Property and Equipment 2,859

Other Assets

Security Deposit	<u>6,143</u>
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TOTAL ASSETS \$ 321,480

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	<u>\$ 15,285</u>
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Total Current Liabilities 15,285

Net Assets

Unrestricted	<u>306,195</u>
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TOTAL LIABILITIES AND NET ASSETS \$ 321,480

The National Council on Problem Gambling, Inc.
Statement of Activities
Year Ended December 31, 2007

<u>Revenue and Support</u>	
Contributions	
General	\$ 204,690
Membership - Corporate	95,000
Affiliate Dues	60,932
Certification Fees	27,399
Literature	5,409
Help-Line Reimbursement	5,214
Awareness Week	13,100
National Conference - Registration	157,583
National Conference Sponsorship	115,500
Interest Income	2,213
Other Income	<u>5,006</u>
Total Revenue and Support	692,046
<u>Expenses</u>	
Program Services	
Conferences	273,822
Help-Line	77,475
Literature	8,636
Supporting Services	
Management & General	162,538
Fundraising	<u>18,605</u>
Total Expenses	<u>541,076</u>
Increase in Net Assets	150,970
Net Assets At Beginning of Year	<u>155,225</u>
Net Assets At End of Year	<u><u>\$ 306,195</u></u>

The Accompanying Notes Are An Integral Part of These Financial Statements

The National Council on Problem Gambling, Inc.
Statement of Cash Flows
Year Ended December 31, 2007

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in Net Assets	\$ 150,970
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided By Operating Activities	
Depreciation	1,096
(Increase) / Decrease in:	
Accounts Receivable	(326)
Prepaid Expenses	(23,311)
Increase / (Decrease) in:	
Accounts Payable	<u>8,127</u>
Net Cash Provided By Operating Activities	<u>136,556</u>

CASH FLOWS USED FOR INVESTING ACTIVITIES

Purchase of Equipment	<u>(1,999)</u>
Net Cash Used For Investing Activities	<u>(1,999)</u>
Net Increase in Cash	134,557
Cash at Beginning of Year	<u>151,351</u>
Cash at End of Year	<u><u>\$ 285,908</u></u>

THE NATIONAL COUNCIL ON PROBLEM GAMBLING, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2007

NOTE 1 – ORGANIZATION

The National Council on Problem Gambling's mission is to increase public awareness of problem and pathological gambling; to increase the availability of treatment services for problem gamblers and their families; and to encourage research and educational programs.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of The National Council on Problem Gambling, Inc. have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. There are no permanently or temporarily restricted net assets.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Advertising

Advertising Costs are expensed as incurred.

THE NATIONAL COUNCIL ON PROBLEM GAMBLING, INC.
NOTES TO FINANCIAL STATEMENTS, (Con't)
For the Year Ended December 31, 2007

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CON'T

Accounts Receivable

Accounts receivable are stated at unpaid balances. The Organization writes off uncollectible accounts receivable when management determines the receivable will not be collected. Accounts receivable are considered past due at 90 days.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Property and Equipment

Furniture and fixtures and office equipment are stated at fair value at date of gift and at cost. The council has adopted a policy to capitalize fixed assets with a cost in excess of \$500. Depreciation expense for 2007 was \$1,096. Depreciation is computed using primarily the straight-line method over five years.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the period in which the revenue is recognized. There are no permanently or temporarily restricted net assets.

Income Taxes

The Corporation is exempt from federal income tax under section 501 (C)(3) of the Internal Revenue Code. The Internal Revenue Service has classified The National Council on Problem Gambling, Inc. as a publicly supported organization, and not as a private foundation.

NOTE 3 – CONCENTRATION OF CONTRIBUTIONS

The Organization receives approximately 76% of its Sponsorships and contributions from 5 donors.

THE NATIONAL COUNCIL ON PROBLEM GAMBLING, INC.
NOTES TO FINANCIAL STATEMENTS, (Con't)
For the Year Ended December 31, 2007

NOTE 4 – PENSION PLAN

The Organization maintains a simple IRA plan. An employee becomes eligible after one year of service and is reasonably expected to receive at least \$5,000 in compensation. The Organization contributes a matching contribution to each employee's account equal to the employee's salary reduction contributions up to a limit of 3% of the employee's compensation for the calendar year. The pension expense for 2007 was \$2,832.

NOTE 5 – LEASES

The National Council on Problem Gambling, Inc. leases office space at 216 G Street NE, Washington D.C.. The lease is for a five-year period ending October 31, 2009. The lease calls for an annual increase in rent of 3%. The National Council on Problem Gambling, Inc. may not sublet any of its office space without prior approval of the landlord. The rent expense for 2007 was \$26,262.

The future minimum lease payments for each remaining period of the lease are as follows:

2007	26,197
2008	26,983
2009	27,792

Subsequently after the year, the Organization entered into a new lease at 730 11th Street NW. This lease was for a term of 5 years commencing June 2008. Future minimum lease payments are as follows:

2008	30,402
2009	61,566
2010	63,108
2011	64,687
2012	66,304

The Organization has an operating lease for a copier. The lease is for 60 months with a monthly lease payment of \$306.

NOTE 6 – SIGNIFICANT CONCENTRATIONS OF RISK

The Council has concentrated its risk for cash by maintaining deposits in local financial institutions. The maximum loss that would have resulted from that risk totaled approximately \$150,000 at the end of 2007 for the excess of the deposit liabilities reported by the banks over the amount that would have been covered by federal insurance.

Independent Auditor's Report on Additional Information

To the Board of Directors of
The National Council on Problem Gambling, Inc.

Our report of our audit of the basic financial statements of The National Council on Problem Gambling, Inc. for 2007 appears on page 1. That audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses in schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



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The National Council on Problem Gambling, Inc.
Schedule 1 - Functional Expenses
For the Year Ended December 31, 2007

	Program Services				Supporting Services			2007 Total
	Conferences	Help-Line	Literature	Total	Management & General	Fundraising	Total	
Salaries	\$ 54,812	\$ 14,094	\$ 3,132	\$ 72,038	\$ 68,906	\$ 15,661	\$ 84,567	\$ 156,605
Payroll Taxes	4,613	1,186	264	6,063	5,799	1,318	7,117	13,180
Insurance - Benefits	4,700	1,209	269	6,178	5,908	1,343	7,251	13,429
Retirement Plan	991	255	57	1,303	1,246	283	1,529	2,832
Total Compensation	65,116	16,744	3,722	85,582	81,859	18,605	100,464	186,046
Awareness Week	8,363	-	-	8,363	-	-	-	8,363
IGCCB Expenses	1,579	-	-	1,579	-	-	-	1,579
Bank Service Charges	-	-	-	-	4,041	-	4,041	4,041
Board of Directors	17,443	-	-	17,443	-	-	-	17,443
Computer Hardware	287	74	16	377	442	-	442	819
Conference Expenses	141,284	-	-	141,284	-	-	-	141,284
Dues & Subscriptions	-	-	-	-	2,876	-	2,876	2,876
Equipment Rental	1,897	488	108	2,493	2,927	-	2,927	5,420
Insurance	-	-	-	-	2,353	-	2,353	2,353
Interest Expense	-	-	-	-	704	-	704	704
Literature	-	-	3,662	3,662	-	-	-	3,662
Miscellaneous	-	-	-	-	77	-	77	77
Office	1,166	300	67	1,533	1,799	-	1,799	3,332
Postage & Delivery	2,263	582	129	2,974	3,492	-	3,492	6,466
Printing Reproduction	3,103	798	177	4,078	4,787	-	4,787	8,865
Professional Fees	-	-	-	-	35,368	-	35,368	35,368
Rent	8,991	2,312	514	11,817	14,445	-	14,445	26,262
Telephone	3,736	55,897	179	59,812	5,488	-	5,488	65,300
Travel & Entertainment	17,505	-	-	17,505	-	-	-	17,505
Utilities	775	199	44	1,018	1,197	-	1,197	2,215
Depreciation	314	81	18	413	683	-	683	1,096
Total	\$ 273,822	\$ 77,475	\$ 8,636	\$ 359,933	\$ 162,538	\$ 18,605	\$ 181,143	\$ 541,076