

**New Canaan Mounted Troop, Inc.  
Financial Statements  
and Independent Auditor's Report  
June 30, 2022**

**New Canaan Mounted Troop, Inc.**  
**Index to Financial Statements**  
**June 30, 2022**

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REYNOLDS + ROWELLA  
ACCOUNTING AND CONSULTING

**Independent Auditor's Report**

To the Board of Directors of  
New Canaan Mounted Troop, Inc.  
New Canaan, Connecticut

**Opinion**

We have audited the accompanying financial statements of New Canaan Mounted Troop, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2022, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2022, 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.

**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 the Organization 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 the Organization'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 the Organization'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 the Organization'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.



Reynolds + Rowella, LLP

New Canaan, Connecticut  
March 7, 2023

**New Canaan Mounted Troop, Inc.**  
**Statement of Financial Position**  
**As of June 30, 2022**

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**Assets**

Cash and cash equivalents	\$ 728,455
Investments, at fair value	61,105
Accounts receivable (net of allowance for doubtful accounts of \$972)	21,371
Contributions receivable, net of present value discount	48,968
Prepaid expenses	22,712
Property and equipment, net	<u>2,852,553</u>
<b>Total Assets</b>	<b><u>\$ 3,735,164</u></b>

**Liabilities and Net Assets**

**Liabilities**

Accounts payable and accrued expenses	\$ 47,122
Promissory note payable, net of deferred financing costs	305,505
Deferred revenue	61,840
Bonds payable	<u>89,500</u>
<b>Total Liabilities</b>	<b><u>503,967</u></b>

**Net Assets**

Without donor restrictions	3,167,197
With donor restrictions	<u>64,000</u>
<b>Total Net Assets</b>	<b><u>3,231,197</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 3,735,164</u></b>

See accompanying notes to financial statements.

**New Canaan Mounted Troop, Inc.**  
**Statement of Activities and Changes in Net Assets**  
**For the Year Ended June 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Other Support</b>			
Program services revenue	\$ 845,651	\$ 53,176	\$ 898,827
Fundraising (net of direct expenses of \$50,343)	182,364	-	182,364
Contributions	26,213	31,952	58,165
Grants	53,175	-	53,175
New member fees	52,320	-	52,320
Horse boarding and ring use fees	10,040	-	10,040
Other income	8,237	-	8,237
Interest income	1,032	-	1,032
	<u>1,179,032</u>	<u>85,128</u>	<u>1,264,160</u>
Net assets released from restrictions	<u>139,627</u>	<u>(139,627)</u>	<u>-</u>
<b>Total Revenue and Other Support</b>	<u>1,318,659</u>	<u>(54,499)</u>	<u>1,264,160</u>
<b>Operating Expenses</b>			
Program activities	1,113,753	-	1,113,753
General and administrative	109,192	-	109,192
Fundraising	38,768	-	38,768
Interest on indebtedness	16,201	-	16,201
<b>Total Expenses</b>	<u>1,277,914</u>	<u>-</u>	<u>1,277,914</u>
Investment loss, net	<u>(13,718)</u>	<u>-</u>	<u>(13,718)</u>
<b>Change in Net Assets</b>	<u>27,027</u>	<u>(54,499)</u>	<u>(27,472)</u>
<b>Net Assets, Beginning of Year</b>	<u>3,140,170</u>	<u>118,499</u>	<u>3,258,669</u>
<b>Net Assets, End of Year</b>	<u>\$ 3,167,197</u>	<u>\$ 64,000</u>	<u>\$ 3,231,197</u>

See accompanying notes to financial statements.

**New Canaan Mounted Troop, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2022**

Expenses	Program Services			Supporting Services		Total
	Horsemanship	Therapeutic	Total Programs	General & Administrative	Fund Raising	
Salaries	\$ 352,420	\$ 108,973	\$ 461,393	\$ 40,515	\$ 30,387	\$ 532,295
Horse and barn	251,426	44,369	295,795	-	-	295,795
Administrative	33,674	14,432	48,106	48,106	-	96,212
Depreciation and amortization	72,906	12,867	85,773	-	-	85,773
Payroll taxes and benefits	48,221	21,486	69,707	8,725	6,544	84,976
Insurance	46,622	9,324	55,946	6,216	-	62,162
Occupancy	25,722	5,512	31,234	3,675	1,837	36,746
Repairs and maintenance	14,660	2,932	17,592	1,955	-	19,547
Horse shows	17,049	-	17,049	-	-	17,049
Professional fees	10,800	2,700	13,500	-	-	13,500
Other program costs	9,134	4,043	13,177	-	-	13,177
Bad debt expense	1,889	630	2,519	-	-	2,519
Marketing	1,962	-	1,962	-	-	1,962
<b>Total</b>	<b>886,485</b>	<b>227,268</b>	<b>1,113,753</b>	<b>109,192</b>	<b>38,768</b>	<b>1,261,713</b>
Interest on indebtedness	13,771	2,430	16,201	-	-	16,201
<b>Total Expenses</b>	<b>\$ 900,256</b>	<b>\$ 229,698</b>	<b>\$ 1,129,954</b>	<b>\$ 109,192</b>	<b>\$ 38,768</b>	<b>\$ 1,277,914</b>

See accompanying notes to financial statements.

**New Canaan Mounted Troop, Inc.**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2022**

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<b>Operating Activities</b>	
Change in net assets	\$ (27,472)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation and amortization	85,773
Realized loss of investments	13,718
Bad debt expense	2,518
Changes in operating assets and liabilities:	
Accounts receivable	(6,136)
Contributions receivable	10,000
Prepaid expenses and other assets	7,380
Accounts payable and accrued expenses	23,028
Deferred revenue	120
<b>Net Cash Provided by Operating Activities</b>	<u>108,929</u>
<b>Investing Activities</b>	
Purchases of investments	(77,898)
Proceeds from sales of investments	4,073
Purchases of property and equipment	(14,000)
<b>Net Cash Used in Investing Activities</b>	<u>(87,825)</u>
<b>Financing Activities</b>	
Payments on promissory note payable	(17,079)
<b>Net Cash Used in Financing Activities</b>	<u>(17,079)</u>
<b>Net Change In Cash and Cash Equivalents</b>	4,025
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>724,430</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 728,455</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>	
Interest paid	<u>\$ 16,201</u>

See accompanying notes to financial statements.



**New Canaan Mounted Troop, Inc.**  
**Notes to Financial Statements**  
**June 30, 2022**

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**1. Nature of Operations and Summary of Significant Accounting Policies**

Nature of Operations

New Canaan Mounted Troop, Inc. (the "Organization") is a not-for-profit organization incorporated in Connecticut. The Organization is devoted to building leadership, responsibility, and confidence in youth through sound horsemanship and to enriching the lives of individuals with special needs through equine assisted activities. It provides a comprehensive, hands-on learning experience that emphasizes teamwork and follows a curriculum focused on horsemanship and equine care instruction. All activities are conducted in a family atmosphere that encourages participation in community service, a feature rooted in the history of the Organization.

Financial Statement Presentation

The Organization's financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standard Codification No. 958, *Not-for-Profit Entities* (ASC 958). Under those provisions, net assets and revenues, gains and losses are classified based on the absence or existence and nature of donor-imposed restrictions as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions that will be satisfied either by actions of the Organization and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds to be maintained in perpetuity. When a restriction expires or has been met by the Organization, net assets with donor restrictions are reclassified to unrestricted net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. The Organization's accounting policy reports net assets received with donor-imposed restrictions that have been satisfied in the same reporting period as revenues without donor restrictions.

Use of Estimates

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

**New Canaan Mounted Troop, Inc.**  
**Notes to Financial Statements**  
**June 30, 2022**

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Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity date of three months or less on the date of acquisition to be cash equivalents.

Investments

Investments, primarily consisting of equity securities, are stated at fair value. Investments in equity securities with readily determinable values are valued based on quoted market prices in active markets in which the securities are traded. Gains and losses, both realized and unrealized, resulting from increases or decreases in the fair value of investments are reflected in the statements of activities and changes in net assets as increases or decreases in net assets without donor restrictions unless the use was restricted by explicit donor stipulations or by law.

Program Services Revenue and Accounts Receivable

The Organization recognizes revenue in accordance with Financial Accounting Standards Board ("FASB") Accounting Standard Codification ("ASC") Topic 606 *Revenue from Contracts with Customers* ("ASC Topic 606"), as amended. ASC Topic 606 requires the Organization to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange from those goods or services. The Organization follows a five-step model to (a) identify the contract with a customer, (b) identify the performance obligations in the contract, (c) determine the transaction price, (d) allocate the transaction price to the performance obligations in the contract, and (e) recognize revenue when (or as) the Company satisfies a performance obligation.

The Organization receives fees for the following services: instruction provided to students (included in horsemanship and therapeutic programs), ring use fees and boarding of horses. Fees for instruction are classified as program service revenue as services are provided. Horse boarding and ring use fees are recognized as revenue when services are provided. Amounts received in advance of performing the related services are recorded as deferred revenue. Accounts receivable are recognized when fees are billed. The Organization maintains an allowance for bad debts. The allowance for bad debts is based on a review of the current status of existing receivables, historical collection experience, and management's evaluation of the effect of current market conditions. At June 30, 2022, the allowance for doubtful accounts was \$972.

Program services include the following:

**Horsemanship:**

The Trooper Program: a horsemanship program based on accountability, kindness and respect. It enrolls boys and girls aged 7-17 who learn barn management and equine care skills as they take riding lessons. Working as a team, students foster collaborative relationships while developing mentoring and leadership skills that are core components of the curriculum.

# New Canaan Mounted Troop, Inc.

## Notes to Financial Statements

### June 30, 2022

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#### **Therapeutic:**

The Super Trooper Program: provides various equine assisted activities for children and adults with physical, emotional, intellectual and developmental disabilities.

#### Property and Equipment

Property and equipment are recorded at cost on the date of acquisition or fair value when contributed. Expenditures for normal repairs and maintenance are expensed as incurred. Depreciation is calculated on a straight-line basis over the estimated useful lives of the respective assets.

#### Contributions and Pledges

Unconditional promises to give are recognized when received or pledged. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of the donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. When a restriction expires, that is, when a stipulated restriction ends or a purpose restriction is accomplished, 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. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions.

Management estimates an allowance for uncollectible contributions receivable based on current economic conditions, historical trends, and current and past experience with donors. At June 30, 2022, management determined that no allowance was necessary.

In-kind contributions of equipment or other items are recorded at their fair value at the date of donation and are unrestricted unless their use has been limited by a restriction imposed by the donor. Contributed services are reported as contributions at their fair value if such services create or enhance nonfinancial assets and were provided by individuals possessing required specialized skills. The Organization received a variety of donated services throughout the year, however, the services did not meet the criteria for recognition, and no fair value has been assigned or recorded.

#### Deferred Financing Fees

Deferred financing costs incurred in connection with obtaining long-term financing are capitalized and amortized to interest expense on a straight-line basis which approximates the effective interest method over the term of the related debt.

#### Allocation of Functional Expenditures

The costs of providing the various programs and other activities of the Organization have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited, based on estimates.

**New Canaan Mounted Troop, Inc.**  
**Notes to Financial Statements**  
**June 30, 2022**

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Income Taxes

The Organization is classified as a Section 501(c)(3) Organization under the Federal Internal Revenue Code (IRC) and has been determined not to be a private foundation under Section 509 (a) (2) of the IRC. Accordingly, no provision for income taxes is included in the accompanying financial statements.

Management has evaluated the Organization's tax positions and concluded that the Organization has taken no uncertain tax positions that require adjustment to or disclosure in the financial statements. The Organization's 2019 through 2022 tax years remain open for examination by federal, state or local tax authorities.

Fair Value Measurement

Investments are reported at fair value. FASB ASC 820, *Fair Value Measurements and Disclosures* establishes a framework for measuring fair value. ASC 820 clarifies the definition of fair value and expands disclosures regarding fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the reporting date. ASC 820 establishes a three-tier hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

**Level 1** – Quoted prices in active markets for identical assets or liabilities.

**Level 2** – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

**Level 3** – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

A financial instrument's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of non-observable inputs.

The following is a description of the valuation methodologies used for instruments measured at fair value:

*Money-Market and Equity Securities Accounts* – valued using quoted prices derived from active markets.

Advertising and Marketing

The Organization expenses advertising and marketing costs as incurred. Advertising expense for the year ended June 30, 2022 was \$1,962.

# New Canaan Mounted Troop, Inc.

## Notes to Financial Statements

### June 30, 2022

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#### Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 is designed to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing agreements. For nonpublic entities, ASU 2016-02 is effective for fiscal years beginning after December 15, 2021, and interim periods with fiscal years beginning after December 15, 2022. Early adoption is permitted. The Organization is currently assessing what the impact of the adoption of ASU 2016-02 will be.

#### Recently Adopted Accounting Pronouncements

Effective July 1, 2021, the Organization adopted Financial Accounting Standards Board ("FASB") Accounting Standard Update (ASU) 2020-07, *Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. ASU 2020-07 aims to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure and is only applicable to organizations that receive contributed nonfinancial assets. This amendment was applied retrospectively and the Organization has determined that there was no effect to opening net assets upon adoption.

#### Events Occurring After Reporting Date

The Organization has evaluated events and transactions occurring between June 30, 2022 and March 7, 2023, which is the date the financial statements were available to be issued for possible disclosure and recognition in the financial statements.

## 2. Liquidity

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of the contractual or donor-imposed restrictions within one year of the balance sheet date:

Cash and cash equivalents	\$ 728,455
Investments, at fair value	61,105
Contributions receivable, net	48,968
Accounts receivable, net	21,371
Prepaid expenses	<u>22,712</u>
Total financial assets	882,611
Less: Amounts not available to be used within one year	
Contributions receivable, net	<u>(39,968)</u>
<b>Financial assets available to meet cash needs for general expenditures within one year</b>	<b><u>\$ 842,643</u></b>

**New Canaan Mounted Troop, Inc.**  
**Notes to Financial Statements**  
**June 30, 2022**

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The Organization is primarily supported by contributions and pledges from donors and income from programs it provides. In the event of unanticipated liquidity needs, the Organization would seek donations from other sources.

**3. Donated Services**

A significant portion of the Organization's functions and activities are conducted by unpaid volunteer officers and committees. The value of this contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the criteria for recognition.

**4. Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes at June 30, 2022:

Therapeutic	\$ 50,000
Horsemanship	<u>14,000</u>
Total net assets with donor restrictions	<u>\$ 64,000</u>

**5. Contributions Receivable, Net**

Contributions receivable, net represents amount due from donors for scholarships. The total amount of contributions receivable due over one year is discounted to present value using the Organization's average borrowing rate. Contributions receivable consisted of the following at June 30, 2022:

Due within one year	\$ 10,000
Two to five years	<u>40,000</u>
Total contributions receivable	50,000
Less: discount to present value (borrowing rate of 5.06%)	<u>(1,032)</u>
Total contributions receivable, net	<u>\$ 48,968</u>

**New Canaan Mounted Troop, Inc.**  
**Notes to Financial Statements**  
**June 30, 2022**

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**6. Property and Equipment, Net**

Property and equipment, net consisted of the following at June 30, 2022:

	Estimated Useful Life (in Years)	
Land	N/A	\$1,000,000
Building and building improvements	10 - 39	2,788,709
Horses	3 - 7	70,300
Tack and Equipment	5 - 6	28,676
Tractors	7	25,529
Computers	3	<u>12,321</u>
Total		3,925,535
Less: accumulated depreciation and amortization		<u>(1,072,982)</u>
Total property and equipment, net		<u><u>\$2,852,553</u></u>

Depreciation and amortization expense for the year ended June 30, 2022 was \$85,773.

**7. Concentration of Risk**

The Organization maintains its cash balances in bank accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes there is little or no exposure to any significant credit risk.

**8. Promissory Note Payable**

On October 17, 2008, the Organization entered into a Construction Loan Agreement (the "Loan Agreement") with The Bankwell Bank, formerly known as Bank of New Canaan (the "Lender"). The Loan Agreement provided the Organization the ability to borrow up to \$1,100,000 to fund the construction of the Organization's new facility. Concurrently with entering into the Loan Agreement, the Organization entered into a Construction Loan Promissory Note ("Promissory Note") and an Open-End Mortgage Deed and Security Agreement ("Mortgage Agreement") (collectively, the "Agreements") with the Lender. Under the terms of the Agreements, borrowings are collateralized by the Organization's land and new facility. On August 1, 2012, the Promissory Note was amended (the "Amended Agreement") to adjust the monthly payments due. In September 2018, the Organization exercised the renewal option of the Promissory Note resulting in a new maturity date of September 30, 2023. As a result of the maturity extension, principal and interest in the amount of \$2,344 are due on a monthly basis. The interest rate is fixed at 5.06%. The Organization has an option to renew the term of the Promissory Note for three additional five-year terms.

**New Canaan Mounted Troop, Inc.**  
**Notes to Financial Statements**  
**June 30, 2022**

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Future minimum annual principal payments as of June 30, 2022 are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2023	\$ 11,311
2024	294,194
Total	<u>\$ 305,505</u>

Under the terms of the Promissory Note, the Organization's guarantor is subject to certain reporting and financial covenants including maintaining certain financial covenants. The Organization was not in compliance with its financial reporting covenant (as defined). On January 20, 2023, the Organization received a waiver from the lender for the noncompliance.

**9. Bonds Payable**

In 1995, the Organization issued bonds for the purpose of raising capital to purchase land and existing buildings. Proceeds from the sale of the bonds were used solely for the acquisition of the property and the building of the facilities necessary for the operations of the Organization. Members and their families that purchased bonds were entitled to receive a discount on the Organization's services. The bonds are non-transferable and can be retired by the Organization at the offer price. The bonds have no maturity date and are non-interest bearing. At June 30, 2022, the Organization had a liability of \$89,500 related to these bonds.

**10. Risk and Uncertainties**

The Organization could be party to lawsuits arising in the ordinary course of business. Management believes the Organization has adequate insurance coverage to reduce its risk of loss. The Organization accrues for loss contingencies when any matter becomes known and is deemed to be probable and estimable. As of June 30, 2022, no accrual for loss contingencies was deemed necessary.