



National Association of Watch and Clock Collectors, Inc.

Financial Statements

March 31, 2022 and 2021



National Association of Watch and Clock Collectors, Inc.

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March 31, 2022 and 2021

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Independent Auditor's Report

To the Board of Directors
National Association of Watch and Clock Collectors, Inc.
Columbia, Pennsylvania

Opinion

We have audited the financial statements of National Association of Watch and Clock Collectors, Inc. (the NAWCC), which comprise the statement of financial position as of March 31, 2022 and 2021, the related statements of activities, functional expenses - by natural classification, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the NAWCC as of March 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 NAWCC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 NAWCC's ability to continue as a going concern for one year after the date 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 GAAS 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 GAAS, 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 NAWCC'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 NAWCC'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.

RKL LLP

August 12, 2022
York, Pennsylvania

National Association of Watch and Clock Collectors, Inc.

Statement of Financial Position

	March 31,	
	2022	2021
Assets		
Current Assets		
Cash	\$ 320,960	\$ 307,205
Accounts receivable	41,266	31,922
Promises to give	24,700	51,600
Store inventory	75,963	70,842
Prepaid expenses	109,004	78,768
Total Current Assets	571,893	540,337
Property and Equipment, Net	3,956,021	4,171,157
Other Assets		
Investments	3,763,861	3,674,173
Promises to give, net	110,898	135,762
Total Other Assets	3,874,759	3,809,935
Total Assets	\$ 8,402,673	\$ 8,521,429
Liabilities and Net Assets		
Current Liabilities		
Current portion of charitable gift annuity obligation	\$ 16,290	\$ 16,290
Accounts payable	42,093	25,498
Accrued payroll and vacation	22,188	29,981
Payroll liabilities	1,911	4,682
Deferred revenue	116,303	90,401
Total Current Liabilities	198,785	166,852
Other Liabilities		
Charitable gift annuity obligation, net	133,181	138,064
Notes payable	-	150,000
Total Other Liabilities	133,181	288,064
Total Liabilities	331,966	454,916
Net Assets		
Without donor restrictions	6,150,380	6,020,963
With donor restrictions	1,920,327	2,045,550
Total Net Assets	8,070,707	8,066,513
Total Liabilities and Net Assets	\$ 8,402,673	\$ 8,521,429

See accompanying notes.

National Association of Watch and Clock Collectors, Inc.

Statement of Activities

	Year Ended March 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Totals
Support and Revenue			
Membership dues	\$ 852,768	\$ -	\$ 852,768
Contributions	336,590	132,331	468,921
National events	181,028	-	181,028
Advertising income	137,634	-	137,634
Investment income, net of fees	118,599	-	118,599
Magazine income	47,064	-	47,064
Store sales	45,145	-	45,145
Museum admissions	40,382	-	40,382
Grants	23,570	-	23,570
Tuition and registration fees	22,822	-	22,822
In-kind contributions	20,711	-	20,711
Rental income	12,000	-	12,000
Gain on sale of investments	6,501	-	6,501
Miscellaneous income	4,225	-	4,225
Net assets released from restrictions	257,554	(257,554)	-
Traveling workshop income	-	-	-
Loss on disposal of property and equipment	-	-	-
Silent auction loss	-	-	-
Total Support and Revenue	2,106,593	(125,223)	1,981,370
Expenses			
Program and related services	1,393,684	-	1,393,684
Supporting services			
Management and general	576,709	-	576,709
Fundraising	107,775	-	107,775
Total Supporting Services	684,484	-	684,484
Total Expenses	2,078,168	-	2,078,168
Excess (Deficiency) of Support and Revenue over Expenses	28,425	(125,223)	(96,798)
Change in Net Assets Related to Collection Items Not Capitalized			
Museum collection items purchased, not capitalized	(449)	-	(449)
Forgiveness of Notes Payable	150,000	-	150,000
Change in Value of Charitable Gift Annuities	(11,407)	-	(11,407)
Unrealized Holding Losses on Investments	(37,152)	-	(37,152)
Changes in Net Assets	\$ 129,417	\$ (125,223)	\$ 4,194

See accompanying notes.

National Association of Watch and Clock Collectors, Inc.

Statement of Activities (continued)

	Year Ended March 31, 2021		
	Without Donor Restrictions	With Donor Restrictions	Totals
Support and Revenue			
Membership dues	\$ 773,930	\$ -	\$ 773,930
Contributions	296,344	288,223	584,567
National events	-	-	-
Advertising income	107,547	-	107,547
Investment income, net of fees	75,263	-	75,263
Magazine income	803	-	803
Store sales	23,430	-	23,430
Museum admissions	5,330	-	5,330
Grants	11,059	-	11,059
Tuition and registration fees	1,930	-	1,930
In-kind contributions	59,458	-	59,458
Rental income	6,119	-	6,119
Gain on sale of investments	108,577	-	108,577
Miscellaneous income	22,872	-	22,872
Net assets released from restrictions	115,242	(115,242)	-
Traveling workshop income	900	-	900
Loss on disposal of property and equipment	(29)	-	(29)
Silent auction loss	(396)	-	(396)
Total Support and Revenue	1,608,379	172,981	1,781,360
Expenses			
Program and related services	1,087,294	-	1,087,294
Supporting services			
Management and general	514,916	-	514,916
Fundraising	38,645	-	38,645
Total Supporting Services	553,561	-	553,561
Total Expenses	1,640,855	-	1,640,855
Excess (Deficiency) of Support and Revenue over Expenses	(32,476)	172,981	140,505
Change in Net Assets Related to Collection Items Not Capitalized			
Museum collection items purchased, not capitalized	(5,108)	-	(5,108)
Forgiveness of Notes Payable	209,928	-	209,928
Change in Value of Charitable Gift Annuities	(5,365)	-	(5,365)
Unrealized Holding Gains on Investments	691,742	-	691,742
Changes in Net Assets	\$ 858,721	\$ 172,981	\$ 1,031,702

See accompanying notes.

National Association of Watch and Clock Collectors, Inc.

Statement of Functional Expenses - by Natural Classification

	Year Ended March 31, 2022			
	Program and Related Services	Supporting Services		Totals
		Management and General	Fundraising	
Salaries and wages	\$ 345,216	\$ 148,486	\$ 26,286	\$ 519,988
Professional fees	21,032	258,781	68,732	348,545
Depreciation	325,120	4,221	-	329,341
Committees and conferences	123,539	-	-	123,539
Employee benefits and payroll taxes	90,149	22,592	7,025	119,766
Utilities and telephone	84,220	26,626	1,288	112,134
Repairs and maintenance	71,972	21,635	1,196	94,803
Bulletin printing	74,793	-	-	74,793
MART printing	45,470	-	-	45,470
Publishing expense	37,846	-	-	37,846
Website costs	42	33,201	-	33,243
Other printing and postage	25,091	3,828	1,163	30,082
Bank fees	23,923	5,926	-	29,849
Exhibits and advertising	26,418	1,441	275	28,134
Supplies	20,789	4,630	177	25,596
Insurance	6,828	17,788	-	24,616
Donated clocks	22,870	-	-	22,870
Cost of sales	20,274	-	-	20,274
Dues and subscriptions	4,906	11,251	1,509	17,666
Equipment rental and maintenance	11,283	2,791	124	14,198
Miscellaneous expense	5,645	7,018	-	12,663
Travel and meals	6,182	6,200	-	12,382
Administrative fees	76	294	-	370
Event expenses	-	-	-	-
Traveling workshop	-	-	-	-
	<u>\$ 1,393,684</u>	<u>\$ 576,709</u>	<u>\$ 107,775</u>	<u>\$ 2,078,168</u>

National Association of Watch and Clock Collectors, Inc.

Statement of Functional Expenses - by Natural Classification (continued)

	Year Ended March 31, 2021			
	Program and Related Services	Supporting Services		Totals
		Management and General	Fundraising	
Salaries and wages	\$ 301,693	\$ 199,911	\$ 26,403	\$ 528,007
Professional fees	24,119	102,354	1,633	128,106
Depreciation	309,162	4,014	-	313,176
Committees and conferences	-	-	-	-
Employee benefits and payroll taxes	68,124	47,789	7,818	123,731
Utilities and telephone	59,187	23,470	976	83,633
Repairs and maintenance	22,476	9,720	393	32,589
Bulletin printing	75,192	-	-	75,192
MART printing	47,078	-	-	47,078
Publishing expense	-	-	-	-
Website costs	-	10,444	-	10,444
Other printing and postage	21,647	920	951	23,518
Bank fees	898	976	-	1,874
Exhibits and advertising	9,567	-	-	9,567
Supplies	20,004	17,895	89	37,988
Insurance	6,314	42,122	-	48,436
Donated clocks	51,000	-	-	51,000
Cost of sales	3,428	-	-	3,428
Dues and subscriptions	5,989	4,482	-	10,471
Equipment rental and maintenance	41,853	10,739	382	52,974
Miscellaneous expense	6,219	4,672	-	10,891
Travel and meals	1,299	10,021	-	11,320
Administrative fees	10,880	25,387	-	36,267
Event expenses	665	-	-	665
Traveling workshop	500	-	-	500
	<u>\$ 1,087,294</u>	<u>\$ 514,916</u>	<u>\$ 38,645</u>	<u>\$ 1,640,855</u>

National Association of Watch and Clock Collectors, Inc.**Statement of Changes in Net Assets**

	Without Donor Restrictions	With Donor Restrictions	Totals
Net Assets at March 31, 2020	\$ 5,162,242	\$ 1,872,569	\$ 7,034,811
Changes in net assets	<u>858,721</u>	<u>172,981</u>	<u>1,031,702</u>
Net Assets at March 31, 2021	6,020,963	2,045,550	8,066,513
Changes in net assets	<u>129,417</u>	<u>(125,223)</u>	<u>4,194</u>
Net Assets at March 31, 2022	<u><u>\$ 6,150,380</u></u>	<u><u>\$ 1,920,327</u></u>	<u><u>\$ 8,070,707</u></u>

National Association of Watch and Clock Collectors, Inc.

Statement of Cash Flows

	Years Ended March 31,	
	2022	2021
Cash Flows from Operating Activities		
Changes in net assets	\$ 4,194	\$ 1,031,702
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	329,341	313,176
Restricted contributions - endowment	(21,420)	(21,846)
Restricted contributions - capital	(1,095)	(53,831)
Forgiveness of notes payable	(150,000)	(209,928)
Gain on sale of investments	(6,501)	(108,577)
Loss on disposal of property and equipment	-	29
Unrealized holding (gains) losses on investments	37,152	(691,742)
Change in unamortized discount	1,914	(8,216)
Change in value of promises to give	-	23,922
Purchase of collection items	449	5,108
(Increase) decrease in assets		
Accounts receivable	(9,344)	(3,702)
Promises to give	(1,550)	35,201
Store inventory	(5,121)	(16,747)
Prepaid expenses	(30,236)	(30,282)
Increase (decrease) in liabilities		
Accounts payable	16,595	(30,103)
Accrued payroll and vacation	(7,793)	(29,317)
Payroll liabilities	(2,771)	(3,273)
Other accrued expenses	-	(11)
Chapter deposits	-	(3,465)
Deferred revenue	25,902	(25,487)
Charitable gift annuity obligation	(4,883)	(12,397)
Net Cash Provided by Operating Activities	174,833	160,214
Cash Flows from Investing Activities		
Capital expenditures	(114,205)	(483,398)
Purchase of collection items	(449)	(5,108)
Purchase of investments	(227,244)	(477,348)
Proceeds from sale of investments	106,905	492,168
Net Cash Used in Investing Activities	(234,993)	(473,686)
Cash Flows from Financing Activities		
Restricted contributions - endowment	72,820	112,217
Restricted contributions - capital	1,095	53,831
Proceeds from notes payable	-	359,928
Net Cash Provided by Financing Activities	73,915	525,976
Net Increase in Cash	13,755	212,504
Cash at Beginning of Year	307,205	94,701
Cash at End of Year	\$ 320,960	\$ 307,205

See accompanying notes.

Note 1 - Nature of Operations

The National Association of Watch and Clock Collectors, Inc. (the NAWCC) is the world's largest museum, research library, educational institution, and international community dedicated to clocks, watches, time, and timekeeping. The NAWCC focuses on being the premier educator and advocate for horology and everyone interested in the story of time. The NAWCC accomplishes this by providing informative, entertaining, social, and educational programs, services, publications, exhibits, and events for members, the general public, and horologists around the globe.

As of March 31, 2022 and 2021, the NAWCC has over one hundred active chapters located throughout the world. The chapters may adopt such bylaws and regulations as they may deem desirable, providing they do not conflict with the constitution and bylaws of the NAWCC. Each chapter operates as a separate entity; however, the NAWCC reserves the right to revoke the charter of any chapter for unethical conduct or inactivity after due hearing before the Board of Directors.

The NAWCC's primary sources of revenue are membership dues, contributions, admissions, and investment income.

Note 2 - Summary of Significant Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Use of Estimates

The preparation of financial statements in accordance 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 the disclosure of contingent assets and liabilities, if any, at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable

Accounts receivable are stated at outstanding balances. The NAWCC considers these receivables to be fully collectible. If collection becomes doubtful, an allowance for doubtful accounts will be established or the accounts will be charged to operations when that determination is made by management. Unpaid balances remaining after the stated payment terms are considered past due. Recoveries of previously charged off accounts are recorded when received. During the course of its operations, the NAWCC extends credit to various members, agencies, and organizations.

Note 2 - Summary of Significant Accounting Policies (continued)

Promises to Give

Promises to give are stated at outstanding balances. The NAWCC considers promises to give to be fully collectible. If collection becomes doubtful, an allowance for doubtful accounts will be established or the amounts will be charged to income when that determination is made by management. Unpaid balances remaining after the stated payment terms will be considered past due. Recoveries of previously charged off accounts are recorded when received. Promises to give due in more than one year are discounted to present value using a risk-adjusted rate, if considered material. Amortization of this discount is included in contribution revenue.

Store Inventory

Store inventory is determined by physical count and is stated at the lower of cost or net realizable value; cost is determined using the weighted average cost method.

Property and Equipment

Property and equipment are carried at cost or, if contributed, at estimated market value, less accumulated depreciation. The NAWCC believes that straight-line depreciation provides for a better matching of costs and revenue over the lives of the assets. Depreciation is computed over the estimated average useful lives of the assets as follows: buildings and improvements, 5 to 39.5 years and furniture and equipment, 3 to 10 years.

The cost and related accumulated depreciation of property and equipment sold, retired, or otherwise disposed of, except for equipment traded, are removed from the appropriate accounts and any resulting gains or losses are reflected in operations.

The NAWCC's policy is to capitalize property and equipment expenditures of \$1,000 or more.

Investments

Investments in debt and equity securities with readily determinable fair values are reported at fair value. Unrealized gains and losses are reported as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulation. Realized gains and losses, if any, on the sale or disposal of investments are computed on a specific identification basis and are also included as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation.

Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable. An asset is considered to be impaired when the undiscounted estimated net cash flows to be generated by the asset are less than the carrying amount. The impairment recognized is the amount by which the carrying amount exceeds the fair value of the impaired asset. Fair value estimates are based on assumptions concerning the amount and timing of estimated future cash flows and discount rates reflecting varying degrees of perceived risk. Management has concluded that no impairment adjustments were required during 2022 or 2021.

Note 2 - Summary of Significant Accounting Policies (continued)

Collections

Assets of historical value are not recorded in the financial statements (refer to Note 13).

Sales Taxes

Sales taxes assessed by a governmental authority on applicable revenue-producing transactions between the NAWCC and its customers are recorded on a net basis, excluding both the collection and payment of such taxes from the NAWCC's revenues and expenses.

Net Assets

Net assets of the NAWCC and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that are restricted for a specified purpose or passage of time or are restricted in perpetuity.

Revenue Recognition

Contributions

The NAWCC recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

All contributions are considered to be available for operations unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as support with donor restrictions that increases that net asset class. However, if a restriction is fulfilled in the same time period in which the contribution is received, the NAWCC reports the support as without donor restrictions.

Membership Dues

Membership dues are recognized as revenue at the time of renewal on an annual basis. The NAWCC offers members discounted advertising and classes; however, there are no significant performance obligations remaining at the time of renewal.

Note 2 - Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

National Events

Income from national events include fees for the annual convention and symposium events. Event income is recognized at the time the event is held. Any amounts collected but unearned would be classified as deferred revenue and recognized as income in the applicable period.

Advertising Income

Advertising income is related to the publication of newsletters. The income is recognized at the time the service is provided. Any amounts collected but unearned would be classified as deferred revenue and recognized as income in the applicable period.

Functional Expense Classification

The cost of providing the various programs and other activities are summarized on a functional basis in the statement of activities and the statement of functional expenses - by natural classification. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Supporting services consist of management and general expenses and fundraising expenses. Expenses require allocation on a reasonable basis that is consistently applied. Expenses are generally allocated on the basis of estimates of time and effort and on square footage.

Advertising Costs

The NAWCC expenses advertising and marketing costs as incurred. For the years ended March 31, 2022 and 2021, advertising expenses amounted to \$28,134 and \$9,567, respectively.

Recent Accounting Pronouncements

In February 2016, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, and subsequently amended in ASU 2019-10 and 2020-05. The guidance in these ASUs supersede the leasing guidance in Topic 840, *Leases*, which sets out the principles for the recognition, measurement, presentation, and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases, based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standards require lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases, and operating leases. The new standards will be effective for fiscal years beginning after December 15, 2021.

Note 2 - Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements (continued)

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which will require not-for-profit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. Also, this ASU will require disclosure of a disaggregation of the amount of contributed nonfinancial assets by category that depicts the type of contributed nonfinancial assets as well as additional information around valuation and usage of the contributed nonfinancial assets. The amendments in this standard should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022.

The NAWCC is currently evaluating the impact of the new standards on its financial statements.

Note 3 - Tax Exempt Status

The NAWCC is a not-for-profit entity described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from income taxes on related activities pursuant to Section 509(a) of the Code. In addition, the NAWCC was organized under the Pennsylvania Nonprofit Corporation Law and is exempt from state income taxes.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the NAWCC, including whether the entity is exempt from income taxes. Management evaluated the tax positions taken and concluded that the NAWCC has taken no uncertain tax positions that require recognition or disclosure in the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements. With few exceptions, the NAWCC is no longer subject to income tax examinations by the U.S. Federal, state, or local tax authorities for years before 2019.

Note 4 - Fair Value of Financial Instruments

The fair value hierarchy prioritizes the inputs to valuation methods used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
- Level 2 - Quoted prices in markets that are not active, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported with little or no market activity).

National Association of Watch and Clock Collectors, Inc.

Notes to Financial Statements

March 31, 2022 and 2021

Note 4 - Fair Value of Financial Instruments (continued)

An asset's or liability's level within the fair value hierarchy is based on the lowest level of 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 unobservable inputs.

The following valuation techniques were used to measure fair value of assets in the table below on a recurring basis:

Investments in cash and cash equivalents - The carrying amounts approximate fair value because of the short-term nature of those investments.

Mutual funds and exchange traded funds - Fair value of mutual funds and exchange traded funds was based on quoted market prices for the identical securities.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the NAWCC believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

For assets measured at fair value on a recurring basis, the fair value measurements by level within the fair value hierarchy used are as follows:

	Fair Value Measurements at March 31, 2022			
	Total	Level 1	Level 2	Level 3
Cash and Cash Equivalents	\$ 321,234	\$ 321,234	\$ -	\$ -
Equities				
Exchange traded funds	1,198,631	1,198,631	-	-
Mutual funds - domestic	715,526	715,526	-	-
Mutual funds - international	480,690	480,690	-	-
	<u>2,394,847</u>	<u>2,394,847</u>	<u>-</u>	<u>-</u>
Fixed Income				
Mutual funds	896,610	896,610	-	-
Exchange traded funds	151,170	151,170	-	-
	<u>1,047,780</u>	<u>1,047,780</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,763,861</u>	<u>\$ 3,763,861</u>	<u>\$ -</u>	<u>\$ -</u>

National Association of Watch and Clock Collectors, Inc.

Notes to Financial Statements

March 31, 2022 and 2021

Note 4 - Fair Value of Financial Instruments (continued)

	Fair Value Measurements at March 31, 2021			
	Total	Level 1	Level 2	Level 3
Cash and Cash Equivalents	\$ 373,607	\$ 373,607	\$ -	\$ -
Equities				
Exchange traded funds	1,037,184	1,037,184	-	-
Mutual funds - domestic	657,468	657,468	-	-
Mutual funds - international	578,840	578,840	-	-
	2,273,492	2,273,492	-	-
Fixed Income				
Mutual funds	868,583	868,583	-	-
Exchange traded funds	158,491	158,491	-	-
	1,027,074	1,027,074	-	-
	<u>\$ 3,674,173</u>	<u>\$ 3,674,173</u>	<u>\$ -</u>	<u>\$ -</u>

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another.

We evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the years ended March 31, 2022 and 2021, there were no transfers in or out of Level 3.

Note 5 - Liquidity and Availability

Financial assets available for general expenditures, that is, without donor restrictions or other designations limiting their use, within one year of the statement of financial position, comprise the following as of March 31:

	2022	2021
Financial Assets		
Cash	\$ 320,960	\$ 307,205
Accounts receivable	41,266	31,922
Promises to give, net - current portion	24,700	51,600
Investments	3,763,861	3,674,173
Estimated endowment spending-rate distributions and appropriations	100,000	96,400
Total Financial Assets	<u>4,250,787</u>	<u>4,161,300</u>

National Association of Watch and Clock Collectors, Inc.

Notes to Financial Statements

March 31, 2022 and 2021

Note 5 - Liquidity and Availability (continued)

	<u>2022</u>	<u>2021</u>
Amounts Not Available to be Used for General Expenditures Within One Year		
Cash and investments subject to donor restrictions	\$ (1,784,124)	\$ (1,858,188)
Promises to give subject to donor restrictions, current portion	(1,000)	(11,400)
Board-designated investments for Endowment	(1,087,246)	(1,086,568)
Heritage fund	<u>(9,791)</u>	<u>-</u>
Total Amounts Not Available to be Used for General Expenditures Within One Year	<u>(2,882,161)</u>	<u>(2,956,156)</u>
Financial Assets Available to be Used for General Expenditures Within One Year	<u>\$ 1,368,626</u>	<u>\$ 1,205,144</u>

As part of the NAWCC's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

Endowment funds consist of donor-restricted endowments and board-designated endowments. The NAWCC's endowment funds are subject to a spending policy as described in Note 12. Donor-restricted endowment funds are not available for general expenditures. The board-designated endowment is subject to an annual spending rate as discussed in Note 12. Although the NAWCC does not intend to spend from this board-designated endowment beyond the amounts appropriated per the annual spending policy, these amounts could be made available if necessary with the approval of the Board of Directors.

Note 6 - In-Kind Contributions

Contributed assets, including contributed equipment and materials, are reported in the accompanying financial statements at their fair market value as of the date the assets were received.

During the years ended March 31, 2022 and 2021, a substantial number of individual volunteers and businesses have donated significant amounts of time to the NAWCC's programs and administrative functions. These services do not meet the criteria for recognition as contributed services, and are not reflected in the accompanying financial statements.

National Association of Watch and Clock Collectors, Inc.

Notes to Financial Statements

March 31, 2022 and 2021

Note 6 - In-Kind Contributions (continued)

In-kind contributions consist of the following for the years ended March 31:

	<u>2022</u>	<u>2021</u>
Advertising	\$ 13,500	\$ -
Supplies	3,282	1,547
Travel	2,245	3,535
Professional fees	1,040	3,376
Utilities	644	-
Donated clocks	-	51,000
	<u>\$ 20,711</u>	<u>\$ 59,458</u>

Note 7 - Concentration of Cash Risk

At times during the years ended March 31, 2022 and 2021, the NAWCC's cash balances may have exceeded the federally insured limit of \$250,000.

Note 8 - Prepaid Expenses

Prepaid expenses consist of the following for the years ended March 31:

	<u>2022</u>	<u>2021</u>
Insurance	\$ 54,940	\$ 31,862
Website costs	29,308	-
Symposium event	6,620	-
Equipment rental and maintenance	6,489	23,138
National convention	4,501	2,675
Other	3,784	6,102
Printing, publications not yet issued	3,362	8,869
Professional fees	-	3,693
Dues and subscriptions	-	1,535
Supplies	-	894
	<u>\$ 109,004</u>	<u>\$ 78,768</u>

National Association of Watch and Clock Collectors, Inc.

Notes to Financial Statements

March 31, 2022 and 2021

Note 9 - Promises to Give

Promises to give - For All Time represent funds raised during the "For All Time" 75th Anniversary Campaign for endowment and capital improvements. Promises to give - For All Time Campaign received during the years ended March 31, 2018 and prior that are expected to be collected in more than one year are discounted to present value using risk-adjusted rate of return of 3%. There were no new promises to give - For All Time since March 31, 2018.

Promises to give - operating represent funds raised to support operations of the NAWCC. Promises to give - operating received during the years ended March 31, 2022 and prior that are expected to be collected in more than one year are discounted to present value using risk-adjusted rates of return ranging from 3% to 3.36%.

Promises to give consist of the following as of March 31:

	2022	2021
Operating	\$ 145,698	\$ 144,148
For All Time - endowment	4,000	55,400
	149,698	199,548
Unamortized discount	(14,100)	(12,186)
	\$ 135,598	\$ 187,362
Current portion	\$ 24,700	\$ 51,600
Noncurrent portion	110,898	135,762
	\$ 135,598	\$ 187,362

Due dates of promises to give, assuming no changes in current terms, consist of the following for the five years ending March 31 and thereafter:

2023	\$ 24,700
2024	24,500
2025	24,500
2026	24,500
2027	19,998
Thereafter	31,500
	\$ 149,698

National Association of Watch and Clock Collectors, Inc.**Notes to Financial Statements**

March 31, 2022 and 2021

Note 10 - Store Inventory

Store inventory consists of the following as of March 31:

	<u>2022</u>	<u>2021</u>
Books	\$ 39,054	\$ 35,377
Clothing	12,336	11,763
Giftware	6,287	7,532
Stationary	5,361	6,114
Tools	4,412	3,914
Clocks and watches	4,372	2,969
Toys	2,969	2,101
Jewelry	1,075	981
Food	97	91
	<u>\$ 75,963</u>	<u>\$ 70,842</u>

Note 11 - Investments

The cost, gross unrealized gains and losses, and fair value of investments consist of the following as of March 31:

	2022			
	Cost	Gross Unrealized		Fair Value
		Gains	Losses	
Cash and Cash Equivalents	\$ 321,234	\$ -	\$ -	\$ 321,234
Equities				
Exchange traded funds	812,928	385,703	-	1,198,631
Mutual funds - domestic	531,123	186,009	(1,606)	715,526
Mutual funds - international	424,096	57,035	(441)	480,690
Total Equities	1,768,147	628,747	(2,047)	2,394,847
Fixed Income				
Mutual funds	957,140	560	(61,090)	896,610
Exchange traded funds	156,128	-	(4,958)	151,170
Total Fixed Income	1,113,268	560	(66,048)	1,047,780
Total Investments	\$ 3,202,649	\$ 629,307	\$ (68,095)	\$ 3,763,861

National Association of Watch and Clock Collectors, Inc.

Notes to Financial Statements

March 31, 2022 and 2021

Note 11 - Investments (continued)

The cost, gross unrealized gains and losses, and fair value of investments consist of the following as of March 31:

	2021			Fair Value
	Cost	Gains	Losses	
Cash and Cash Equivalents	\$ 373,607	\$ -	\$ -	\$ 373,607
Equities				
Exchange traded funds	732,250	304,934	-	1,037,184
Mutual funds - domestic	477,727	179,889	(148)	657,468
Mutual funds - international	466,183	112,725	(68)	578,840
Total Equities	1,676,160	597,548	(216)	2,273,492
Fixed Income				
Mutual funds	863,811	15,553	(10,781)	868,583
Exchange traded funds	156,128	2,363	-	158,491
Total Fixed Income	1,019,939	17,916	(10,781)	1,027,074
Total Investments	\$ 3,069,706	\$ 615,464	\$ (10,997)	\$ 3,674,173

National Association of Watch and Clock Collectors, Inc.

Notes to Financial Statements

March 31, 2022 and 2021

Note 11 - Investments (continued)

Investments held as of March 31, 2022 and 2021 are comprised of investments in cash and cash equivalents, and debt and equity securities. As of March 31, 2022 and 2021, the NAWCC has recorded unrealized holding losses on twenty-five and thirteen of these securities, respectively. Management believes that holding losses recorded on these investments are not a permanent impairment, but rather a temporary market decline. The following tables show the investments, gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, as of March 31:

	2022					
	Less than Twelve Months		Twelve Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Equities, Temporarily Impaired						
Mutual funds - domestic	\$ -	\$ -	\$ 8,394	\$ (1,606)	\$ 8,394	\$ (1,606)
Mutual funds - international	33,304	(441)	-	-	33,304	(441)
Total Equities, Temporarily Impaired	33,304	(441)	8,394	(1,606)	41,698	(2,047)
Fixed Income, Temporarily Impaired						
Mutual funds	549,545	(23,197)	301,268	(37,893)	850,813	(61,090)
Exchange traded funds	151,170	(4,958)	-	-	151,170	(4,958)
Total Fixed Income, Temporarily Impaired	700,715	(28,155)	301,268	(37,893)	1,001,983	(66,048)
Total Investments, Temporarily Impaired	\$ 734,019	\$ (28,596)	\$ 309,662	\$ (39,499)	\$ 1,043,681	\$ (68,095)

National Association of Watch and Clock Collectors, Inc.

Notes to Financial Statements

March 31, 2022 and 2021

Note 11 - Investments (continued)

	2021					
	Less than Twelve Months		Twelve Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Equities, Temporarily Impaired						
Mutual funds - domestic	\$ 9,852	\$ (148)	\$ -	\$ -	\$ 9,852	\$ (148)
Mutual funds - international	-	-	11,874	(68)	11,874	(68)
Total Equities, Temporarily Impaired	9,852	(148)	11,874	(68)	21,726	(216)
Fixed Income, Temporarily Impaired						
Mutual funds	193,763	(4,215)	284,189	(6,566)	477,952	(10,781)
Total Investments, Temporarily Impaired	<u>\$ 203,615</u>	<u>\$ (4,363)</u>	<u>\$ 296,063</u>	<u>\$ (6,634)</u>	<u>\$ 499,678</u>	<u>\$ (10,997)</u>

Note 12 - Endowment

The NAWCC's endowments consist of several funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as an endowment. As required by accounting principles generally accepted in the United States of America (U.S. GAAP), net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the NAWCC has interpreted Pennsylvania Act 141 to allow the NAWCC to select a principal and income or total return policy in the absence of specific donor stipulations. Act 141 seeks to preserve the value of the original gift as of the gift date of the donor restricted endowment funds and provides a framework for the prudent use of endowment earnings to support the NAWCC's operations. As a result of this interpretation, the NAWCC classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Unless specifically defined by donor stipulation, it is NAWCC's policy to account for the change in the underlying investments' fair value in the board-designated portion of the endowment.

National Association of Watch and Clock Collectors, Inc.

Notes to Financial Statements

March 31, 2022 and 2021

Note 12 - Endowment (continued)**Interpretation of Relevant Law (continued)**

Unless specifically defined by a donor-restricted endowment fund required by donor stipulation, the NAWCC considers the following factors in making a determination to accumulate or appropriate endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of the organization

The following schedules represent the endowment net asset composition by type of endowment fund as of March 31:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 1,087,246	\$ -	\$ 1,087,246
Donor-restricted endowment funds	-	1,416,643	1,416,643
	<u>\$ 1,087,246</u>	<u>\$ 1,416,643</u>	<u>\$ 2,503,889</u>

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 1,086,568	\$ -	\$ 1,086,568
Donor-restricted endowment funds	-	1,391,718	1,391,718
	<u>\$ 1,086,568</u>	<u>\$ 1,391,718</u>	<u>\$ 2,478,286</u>

National Association of Watch and Clock Collectors, Inc.

Notes to Financial Statements

March 31, 2022 and 2021

Note 12 - Endowment (continued)

The following schedules represent the changes in endowment net assets for the years ended March 31:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets at Beginning of Year	\$ 1,086,568	\$ 1,391,718	\$ 2,478,286
Investment return			
Interest and dividends	96,379	-	96,379
Net losses (realized and unrealized)	(27,587)	-	(27,587)
Contributions	19,223	21,420	40,643
Change in value of promises to give	-	3,505	3,505
Disbursements	(77,135)	-	(77,135)
Fees	(10,202)	-	(10,202)
Endowment Net Asset at End of Year	\$ 1,087,246	\$ 1,416,643	\$ 2,503,889
2021			
Endowment Net Assets at Beginning of Year	\$ 762,868	\$ 1,392,134	\$ 2,155,002
Investment return			
Interest and dividends	68,509	-	68,509
Net gains (realized and unrealized)	517,514	-	517,514
Contributions	-	21,846	21,846
Change in value of promises to give	-	(22,262)	(22,262)
Disbursements	(251,388)	-	(251,388)
Fees	(10,935)	-	(10,935)
Endowment Net Asset at End of Year	\$ 1,086,568	\$ 1,391,718	\$ 2,478,286

Note 12 - Endowment (continued)

Funds with Deficiencies

The fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the relevant state law requires NAWCC to retain as a fund of perpetual duration. The relevant state law has no requirement to restore donor-restricted fund deficiencies and accounting standards provide that the generally accepted rule of reporting such deficiencies as net assets without donor restrictions should be applied only in the absences of donor stipulations or laws to the contrary. In accordance with the NAWCC's investment policy, endowment funds with donor restrictions are reported at the original value of initial and subsequent gifts (see Interpretation of Relevant Law). As a result, there were no deficiencies reported as of March 31, 2022 and 2021.

Return Objectives and Risk Parameters

The NAWCC has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the NAWCC must hold in perpetuity or for a donor-specified period(s), as well as board-designated funds. The policy underlines the need for diversification, preservation of capital and risk awareness with the goal of providing endowment growth and income in perpetuity.

Strategies Employed for Achieving Objectives

The investment strategy of the NAWCC is to emphasize total return; that is, the aggregate return from capital appreciation (realized and unrealized) and dividend and interest income. The NAWCC targets a diversified asset allocation that places a greater emphasis on fixed income investments to achieve its long-term return objectives within prudent risk constraints.

Endowment Spending Policy and How the Investment Objectives Relate to the Spending Policy

The general spending policy of the endowment funds is based on a total return policy in which capital gains, interest, and dividends are reinvested in the endowment. The spending rate shall be based upon the portfolio value and will be equal to 4% of that value set by the investment committee.

Note 13 - Collections

The NAWCC's collections are made up of horological artifacts and research materials of historical significance that are held for educational, research, and curatorial purposes. Each of the items is preserved and cared for and activities verifying their existence and assessing their condition are performed continuously. The collections are subject to a policy that requires proceeds from their sales to be used to acquire other items for the collection or for conservation of items in the collection.

National Association of Watch and Clock Collectors, Inc.

Notes to Financial Statements

March 31, 2022 and 2021

Note 14 - Property and Equipment

Property and equipment consist of the following as of March 31:

	<u>2022</u>	<u>2021</u>
Building and improvements	\$ 9,912,783	\$ 9,785,809
Museum equipment	732,121	732,121
Office furniture and equipment	538,361	528,291
School equipment	293,453	293,453
* Land	53,800	53,800
* Construction in progress	<u>3,650</u>	<u>26,489</u>
	11,534,168	11,419,963
Accumulated depreciation	<u>(7,578,147)</u>	<u>(7,248,806)</u>
	<u><u>\$ 3,956,021</u></u>	<u><u>\$ 4,171,157</u></u>

* Not depreciated

Depreciation expense amounted to \$329,341 and \$313,176 for the years ended March 31, 2022 and 2021, respectively.

Note 15 - Charitable Gift Annuity Obligation

The NAWCC is the beneficiary of various charitable gift annuities that provide for the payment of distributions to the annuitants for the remainder of their lives. After this time period, the remaining assets are available for the NAWCC's use. The value of the gift annuities received over the calculated liability is recognized as contribution revenue without donor restrictions, unless restricted by donor stipulation. The annuities are reflected as a liability on NAWCC's statement of financial position at their present value discounted over the expected lives of the annuitants using a discount rate of 3%. There were no new gift annuities during the years ended March 31, 2022 and 2021. The NAWCC will calculate the present value of the estimated future payments to the annuitants on an annual basis. The current portion of the liability consists of all payment distributions due within one year.

Note 16 - Notes Payable

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) which established the Paycheck Protection Program (the Program). The Program was created to assist small businesses in paying their employees and certain other expenses during the COVID-19 crisis (refer to Note 23). The NAWCC applied for a loan under the Program and received from its bank a loan in the amount of \$209,928 on May 3, 2020. The loan was forgivable if the NAWCC met certain criteria as established under the Program. The loan was unsecured and did not require personal guarantees. During the year ended March 31, 2021, the NAWCC received full forgiveness of the loan.

On January 6, 2021, the SBA and the U.S. Department of the Treasury released interim final rules related to the expansion and extension of the Program that was enacted on March 27, 2020 by the CARES Act. The NAWCC applied for a second loan under this Program and received a loan in the amount of \$150,000 on February 1, 2021. The NAWCC applied for loan forgiveness in accordance with the Program. No payments are due on this loan until ten months after the end of the covered period of up to twenty-four weeks after loan disbursement. At the end of the deferment period, the NAWCC will be required to make monthly principal and interest payments. Any of the loan amount not forgiven under the Program is expected to be due February 1, 2026. The loan bears interest at a fixed rate of 1.00%. The loan is unsecured and does not require personal guarantees. During the year ended March 31, 2022, the NAWCC received full forgiveness of the loan.

Note 17 - Retirement Plan

The NAWCC maintains a qualified defined contribution 401(k) plan (Plan) covering eligible employees. Full time employees who attain 21 years of age are eligible to participate in the Plan. A full time employee has to complete one year of service in order to become eligible to share in employer contributions. Participants are 100% vested in all employer contributions. Each year the employer shall contribute to the trust fund such amount as shall be determined by the employer acting through the members of its Board of Directors. The contribution rate for the NAWCC was a 3% matching contribution. For the years ended March 31, 2022 and 2021, retirement expense amounted to \$5,061 and \$7,603, respectively.

Note 18 - Unemployment Compensation Fund

The NAWCC reimburses the Pennsylvania Unemployment Compensation Fund for actual unemployment compensation claims paid (self-insured). When employees receive unemployment compensation benefits, the Pennsylvania Unemployment Compensation Fund is reimbursed for the amount of the payment by the NAWCC. The NAWCC posted a surety bond in the amount of \$3,000 to insure any unpaid bills by the NAWCC, which expires December 31, 2022.

National Association of Watch and Clock Collectors, Inc.**Notes to Financial Statements**

March 31, 2022 and 2021

Note 19 - Commitments

The NAWCC leases office equipment under various operating leases. Total lease expense for the years ended March 31, 2022 and 2021 amounted to \$11,928 and \$21,341, respectively.

Future minimum lease payments, assuming no change in current terms, consist of the following for the remaining three years ending March 31:

2023	\$	14,056
2024		14,056
2025		11,713
		<u>11,713</u>
	\$	<u>39,825</u>

Note 20 - Net Assets Without Donor Restrictions

The NAWCC's net assets without donor restrictions is comprised of undesignated and board-designated amounts for the following purposes as of March 31:

	<u>2022</u>	<u>2021</u>
Undesignated	\$ 5,053,343	\$ 4,934,395
Board-designated for		
Endowment		
Museum and library endowment	584,426	626,844
Museum endowment	259,884	243,496
Library endowment	87,110	82,090
Education	86,361	77,546
General	69,465	56,592
Heritage fund	9,791	-
	<u>\$ 6,150,380</u>	<u>\$ 6,020,963</u>

National Association of Watch and Clock Collectors, Inc.**Notes to Financial Statements**

March 31, 2022 and 2021

Note 21 - Net Assets With Donor Restrictions

The NAWCC's net assets with donor restrictions are restricted for the following purposes or periods as of March 31:

	<u>2022</u>	<u>2021</u>
Subject to the Passage of Time		
Promises to give - operating	\$ 131,811	\$ 135,680
Subject to Expenditure for Specific Purpose		
Education		
Wilbur Pritchard Fund for Awards of Excellence in		
Watch Repair or Restoration	53,875	53,875
Dutton-Lindow Education Program	10,000	10,000
Education General	3,167	-
Horological Workbook J L Gropengiesser	1,519	1,519
Anthony Montefusco Memorial Scholarship	675	675
Midwest Regional Scholarship	629	629
Purchase of books for school	-	1,842
Watch and Clock Museum		
Dutton Strategic Transition Fund	106,260	206,599
Museum acquisitions	18,976	18,976
Museum and library fund	9,769	9,769
Ansonia clock rebuild	7,306	7,306
Museum education program	3,118	3,118
iMIS customization for convention	2,344	-
Wristwatch acquisitions	1,800	1,800
Museum education outreach	1,734	1,734
Museum public programs	1,669	1,669
Time Explorer's workshop	1,449	1,449
Engle clock restoration	1,250	1,250
James Bond exhibit	1,043	1,043
Research	802	802
Orrery pedestal/security	750	750
Hamilton video project	573	573
Museum DVD project	500	500
Theater upgrade A/V	500	500
50 Year membership plaque	375	375
Computer upgrades	-	13,678
Four sided clock	-	3,000
Digital camera	-	1,736
Arthur clock	-	1,300
McClintock clock 514 Poplar Street	-	1,146

National Association of Watch and Clock Collectors, Inc.**Notes to Financial Statements**

March 31, 2022 and 2021

Note 21 - Net Assets With Donor Restrictions (continued)

	2022	2021
Subject to Expenditure for Specific Purpose (continued)		
National		
Public Time Initiative	\$ 50,301	\$ 49,801
Symposium committee	23,858	22,658
Webinars education committee	9,102	9,102
Traveling workshop	8,428	8,428
Facilities projects	6,500	6,500
Crystal fund - unidentified use	6,407	6,407
Buckeye Chapter 23 education	4,000	4,000
Regional computer system	3,481	3,481
Small building improvements	2,091	7,872
Zspace project	2,037	2,037
Regional registration program	1,000	1,000
Pocket Watch webinar	1,000	1,000
LED light project	819	819
Capital projects	792	23,218
Free Student Memberships	600	-
Collect Fond Memories	580	580
Estate horological collection	375	375
National convention - youth programs	193	193
Director search	-	500
Waterproof Depollier lab test fee	-	75
MB:Forum 400-Day, ATMOS and Other Torsion	-	50
Library and Research Center		
Acquisition of horological art items	7,115	7,115
Seth Thomas collection book rebinding	2,423	2,423
Hamilton Watch Company records	2,277	2,277
French horology journal	2,200	2,200
Binding	813	813
Keystone microfilm	384	384
Library acquisitions	173	173
Hamilton ledger digitization	-	2,208
Publications Department		
Special publications	4,841	4,841
Mailing costs for Tower Talk Chapter 134 newsletter	-	9
Perpetual in Nature		
NAWCC endowment, including promises to give of \$-0- and \$11,754, respectively	513,222	504,176
Museum endowment, including promises to give of \$3,787 and \$16,420, respectively	466,640	456,573
Education endowment, including promises to give of \$-0- and \$11,754, respectively	301,884	297,388
Library and research center endowment, including promises to give of \$-0- and \$11,754, respectively	134,897	133,581
	<u>\$ 1,920,327</u>	<u>\$ 2,045,550</u>

National Association of Watch and Clock Collectors, Inc.

Notes to Financial Statements

March 31, 2022 and 2021

Note 22 - Related Parties

The NAWCC has related party transactions and balances with members of its Board of Directors and management.

The NAWCC had the following balances with the Board of Directors and management as of March 31:

	<u>2022</u>	<u>2021</u>
Promises to give	<u>\$ 29,000</u>	<u>\$ 90,000</u>

The NAWCC had the following transactions with the Board of Directors and management during the years ended March 31:

	<u>2022</u>	<u>2021</u>
Revenue		
Contributions	\$ 82,881	\$ 286,401
Expenses		
Professional fees	22,500	-
Travel	5,068	7,572
Inventory purchases	4,248	-
Other	2,600	-
Convention	1,236	-

Note 23 - Risks and Uncertainties

Investment securities are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the value of investments in the near term would materially affect the amounts reported in the statement of financial position and the statement of activities.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. The actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economy, financial markets, public support, and the geographical area in which the NAWCC operates. It is unknown how long these conditions will last and what the complete financial effect will be to the NAWCC.

Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions.

Note 24 - Subsequent Events

The NAWCC has evaluated subsequent events through August 12, 2022. This date is the date the financial statements were available to be issued. No material events subsequent to March 31, 2022 were noted.