



**National Association of Watch and  
Clock Collectors, Inc.**

**Financial Statements**

March 31, 2024 and 2023



# **National Association of Watch and Clock Collectors, Inc.**

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March 31, 2024 and 2023

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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 the National Association of Watch and Clock Collectors, Inc. (the NAWCC), which comprise the statement of financial position as of March 31, 2024 and 2023, 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, 2024 and 2023, 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 5, 2024  
York, Pennsylvania

# National Association of Watch and Clock Collectors, Inc.

## Statement of Financial Position

	March 31,	
	2024	2023
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 279,610	\$ 375,256
Accounts receivable	15,882	30,444
Promises to give	28,500	26,500
Store inventory	46,614	70,012
Prepaid expenses	98,585	105,050
<b>Total Current Assets</b>	<b>469,191</b>	<b>607,262</b>
<b>Property and Equipment, Net</b>	<b>3,456,089</b>	<b>3,729,670</b>
<b>Other Assets</b>		
Investments	4,108,820	3,473,598
Promises to give, net	66,208	89,386
Right-of-use asset - operating leases	26,163	25,362
<b>Total Other Assets</b>	<b>4,201,191</b>	<b>3,588,346</b>
<b>Total Assets</b>	<b>\$ 8,126,471</b>	<b>\$ 7,925,278</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Current portion of charitable gift annuity obligation	\$ 15,800	\$ 15,800
Current portion of obligation under operating leases	11,071	13,405
Accounts payable	31,666	67,598
Accrued payroll and vacation	16,338	23,056
Payroll liabilities	1,890	98
Deferred revenue	106,618	140,547
<b>Total Current Liabilities</b>	<b>183,383</b>	<b>260,504</b>
<b>Other Liabilities</b>		
Charitable gift annuity obligation, net	115,808	122,632
Obligation under operating leases	15,092	11,957
<b>Total Other Liabilities</b>	<b>130,900</b>	<b>134,589</b>
<b>Total Liabilities</b>	<b>314,283</b>	<b>395,093</b>
<b>Net Assets</b>		
Without donor restrictions	5,819,973	5,580,348
With donor restrictions	1,992,215	1,949,837
<b>Total Net Assets</b>	<b>7,812,188</b>	<b>7,530,185</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 8,126,471</b>	<b>\$ 7,925,278</b>

See accompanying notes.

# National Association of Watch and Clock Collectors, Inc.

## Statement of Activities

	Year Ended March 31, 2024		
	Without Donor Restrictions	With Donor Restrictions	Totals
<b>Support and Revenue</b>			
Membership dues	\$ 795,121	\$ -	\$ 795,121
In-kind contributions	584,470	10,580	595,050
Contributions	338,535	68,141	406,676
National events	207,309	-	207,309
Advertising income	101,677	-	101,677
Investment income, net of fees	81,183	-	81,183
Tuition and registration fees	69,140	-	69,140
Store sales	57,036	-	57,036
Museum admissions	52,985	-	52,985
Magazine income	37,785	-	37,785
Gain on sale of investments	37,061	-	37,061
Rental income	18,987	-	18,987
Miscellaneous income	11,049	-	11,049
Net assets released from restrictions	36,343	(36,343)	-
Loss on disposal of property and equipment	(2,373)	-	(2,373)
<b>Total Support and Revenue</b>	<b>2,426,308</b>	<b>42,378</b>	<b>2,468,686</b>
<b>Expenses</b>			
Program and related services	1,882,907	-	1,882,907
Supporting services			
Management and general	570,177	-	570,177
Fundraising	141,892	-	141,892
<b>Total Supporting Services</b>	<b>712,069</b>	<b>-</b>	<b>712,069</b>
<b>Total Expenses</b>	<b>2,594,976</b>	<b>-</b>	<b>2,594,976</b>
<b>Excess (Deficiency) of Support and Revenue over Expenses</b>	<b>(168,668)</b>	<b>42,378</b>	<b>(126,290)</b>
<b>Change in Net Assets Related to Collection Items Not Capitalized</b>			
Museum collection items purchased, not capitalized	(363)	-	(363)
<b>Write-off of Obsolete Inventory</b>	<b>(27,386)</b>	<b>-</b>	<b>(27,386)</b>
<b>Change in Value of Charitable Gift Annuities</b>	<b>(8,976)</b>	<b>-</b>	<b>(8,976)</b>
<b>Unrealized Holding Gains on Investments</b>	<b>445,018</b>	<b>-</b>	<b>445,018</b>
<b>Changes in Net Assets</b>	<b>\$ 239,625</b>	<b>\$ 42,378</b>	<b>\$ 282,003</b>

See accompanying notes.

# National Association of Watch and Clock Collectors, Inc.

Statement of Activities (continued)

	Year Ended March 31, 2023		
	Without Donor Restrictions	With Donor Restrictions	Totals
<b>Support and Revenue</b>			
Membership dues	\$ 820,149	\$ -	\$ 820,149
In-kind contributions	55,249	10,410	65,659
Contributions	275,282	60,263	335,545
National events	172,207	-	172,207
Advertising income	101,868	-	101,868
Investment income, net of fees	70,834	-	70,834
Tuition and registration fees	46,191	-	46,191
Store sales	49,285	-	49,285
Museum admissions	40,664	-	40,664
Magazine income	43,261	-	43,261
Loss on sale of investments	(250,257)	-	(250,257)
Rental income	13,984	-	13,984
Miscellaneous income	11,153	-	11,153
Net assets released from restrictions	41,163	(41,163)	-
Loss on disposal of property and equipment	-	-	-
	<u>1,491,033</u>	<u>29,510</u>	<u>1,520,543</u>
<b>Total Support and Revenue</b>			
<b>Expenses</b>			
Program and related services	<u>1,360,551</u>	<u>-</u>	<u>1,360,551</u>
Supporting services			
Management and general	570,599	-	570,599
Fundraising	<u>86,571</u>	<u>-</u>	<u>86,571</u>
	<u>657,170</u>	<u>-</u>	<u>657,170</u>
<b>Total Supporting Services</b>			
	<u>2,017,721</u>	<u>-</u>	<u>2,017,721</u>
<b>Total Expenses</b>			
	<u>(526,688)</u>	<u>29,510</u>	<u>(497,178)</u>
<b>Excess (Deficiency) of Support and Revenue over Expenses</b>			
<b>Change in Net Assets Related to Collection Items Not Capitalized</b>			
Museum collection items purchased, not capitalized	(740)	-	(740)
<b>Write-off of Obsolete Inventory</b>	-	-	-
<b>Change in Value of Charitable Gift Annuities</b>	(5,128)	-	(5,128)
<b>Unrealized Holding Losses on Investments</b>	<u>(37,476)</u>	<u>-</u>	<u>(37,476)</u>
	<u>\$ (570,032)</u>	<u>\$ 29,510</u>	<u>\$ (540,522)</u>
<b>Changes in Net Assets</b>			

See accompanying notes.

## National Association of Watch and Clock Collectors, Inc.

### Statement of Functional Expenses - by Natural Classification

	Year Ended March 31, 2024			
	Supporting Services			Totals
	Program and Related Services	Management and General	Fundraising	
Salaries and wages	\$ 337,463	\$ 243,042	\$ 62,325	\$ 642,830
Donated clocks	547,267	-	-	547,267
Depreciation	301,117	3,909	-	305,026
Professional fees	40,984	114,995	60,837	216,816
Utilities and telephone	95,155	33,077	1,572	129,804
Employee benefits and payroll taxes	69,666	40,294	11,914	121,874
Committees and conferences	87,312	-	-	87,312
Repairs and maintenance	62,156	20,065	1,030	83,251
Bulletin printing	83,223	-	-	83,223
Insurance	10,216	42,027	-	52,243
Travel and meals	33,186	10,391	87	43,664
Bank fees	33,263	7,428	20	40,711
Publishing expense	31,207	-	-	31,207
Website costs	-	30,443	-	30,443
MART printing	27,859	-	-	27,859
Cost of sales	26,107	-	-	26,107
Other printing and postage	23,287	1,989	493	25,769
Supplies	15,529	6,372	132	22,033
Equipment rental and maintenance	15,239	2,766	288	18,293
Advertising and marketing	14,666	956	2,277	17,899
Miscellaneous expense	9,516	8,042	250	17,808
Dues and subscriptions	12,199	3,495	667	16,361
Donated books	6,290	-	-	6,290
Administrative fees	-	886	-	886
	<u>\$ 1,882,907</u>	<u>\$ 570,177</u>	<u>\$ 141,892</u>	<u>\$ 2,594,976</u>



**National Association of Watch and Clock Collectors, Inc.**

## Statement of Functional Expenses - by Natural Classification (continued)

	Year Ended March 31, 2023			Totals
	Program and Related Services	Management and General	Fundraising	
Salaries and wages	\$ 325,066	\$ 200,457	\$ 61,642	\$ 587,165
Donated clocks	5,670	-	-	5,670
Depreciation	306,318	3,978	-	310,296
Professional fees	37,072	174,473	2,377	213,922
Utilities and telephone	95,283	28,954	1,445	125,682
Employee benefits and payroll taxes	72,778	27,773	10,785	111,336
Committees and conferences	116,305	-	-	116,305
Repairs and maintenance	51,234	14,460	806	66,500
Bulletin printing	86,489	-	-	86,489
Insurance	9,419	32,591	-	42,010
Travel and meals	17,549	14,703	82	32,334
Bank fees	23,386	8,098	-	31,484
Publishing expense	37,113	-	-	37,113
Website costs	127	41,736	-	41,863
MART printing	38,149	-	-	38,149
Cost of sales	32,355	-	-	32,355
Other printing and postage	21,269	1,116	675	23,060
Supplies	26,901	5,078	107	32,086
Equipment rental and maintenance	15,339	2,045	366	17,750
Advertising and marketing	8,278	890	7,325	16,493
Miscellaneous expense	6,547	3,987	136	10,670
Dues and subscriptions	3,410	10,177	825	14,412
Donated books	24,494	-	-	24,494
Administrative fees	-	83	-	83
	<u>\$ 1,360,551</u>	<u>\$ 570,599</u>	<u>\$ 86,571</u>	<u>\$ 2,017,721</u>

**National Association of Watch and Clock Collectors, Inc.**

## Statement of Changes in Net Assets

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
<b>Net Assets at March 31, 2022</b>	\$ 6,150,380	\$ 1,920,327	\$ 8,070,707
Changes in net assets	<u>(570,032)</u>	<u>29,510</u>	<u>(540,522)</u>
<b>Net Assets at March 31, 2023</b>	5,580,348	1,949,837	7,530,185
Changes in net assets	<u>239,625</u>	<u>42,378</u>	<u>282,003</u>
<b>Net Assets at March 31, 2024</b>	<u>\$ 5,819,973</u>	<u>\$ 1,992,215</u>	<u>\$ 7,812,188</u>

# National Association of Watch and Clock Collectors, Inc.

## Statement of Cash Flows

	Years Ended March 31,	
	2024	2023
<b>Cash Flows from Operating Activities</b>		
Changes in net assets	\$ 282,003	\$ (540,522)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	305,026	310,296
Write-off of obsolete inventory	27,386	-
Restricted contributions - endowment	(38,153)	(41,359)
Restricted contributions - capital	(27,903)	(780)
In-kind contributions - donated securities	(15,887)	(21,115)
(Gain) loss on sale of investments	(37,061)	250,257
Loss on disposal of property and equipment	2,373	-
Unrealized holding (gains) losses on investments	(445,018)	37,476
Change in unamortized discount	(3,419)	(4,147)
Purchase of collection items	363	740
Proceeds from donated securities - operating	20,694	31,254
Amortization of right-of-use asset - operating leases included in equipment rental and maintenance	12,941	12,904
(Increase) decrease in assets		
Accounts receivable	14,562	10,822
Promises to give	13,500	12,700
Store inventory	(3,988)	5,951
Prepaid expenses	6,465	3,954
Increase (decrease) in liabilities		
Accounts payable	(21,082)	10,655
Accrued payroll and vacation	(6,718)	868
Payroll liabilities	1,792	(1,813)
Deferred revenue	(33,929)	24,244
Charitable gift annuity obligation	(6,824)	(11,039)
Obligation under operating leases	(12,941)	(12,904)
<b>Net Cash Provided by Operating Activities</b>	<b>34,182</b>	<b>78,442</b>
<b>Cash Flows from Investing Activities</b>		
Capital expenditures	(48,668)	(69,095)
Purchase of collection items	(363)	(740)
Purchase of investments	(200,440)	(134,499)
Proceeds from sale of investments	47,297	137,029
<b>Net Cash Used in Investing Activities</b>	<b>(202,174)</b>	<b>(67,305)</b>

## National Association of Watch and Clock Collectors, Inc.

### Statement of Cash Flows (continued)

	Years Ended March 31,	
	2024	2023
<b>Cash Flows from Financing Activities</b>		
Restricted contributions - endowment	\$ 39,153	\$ 42,379
Restricted contributions - capital	27,903	780
Proceeds from donated securities - capital	5,290	-
<b>Net Cash Provided by Financing Activities</b>	<b>72,346</b>	<b>43,159</b>
<b>Net Increase (Decrease) in Cash</b>	<b>(95,646)</b>	<b>54,296</b>
<b>Cash at Beginning of Year</b>	<b>375,256</b>	<b>320,960</b>
<b>Cash at End of Year</b>	<b>\$ 279,610</b>	<b>\$ 375,256</b>

### Supplementary Schedule of Noncash Investing and Financing Activities

#### In 2024

Investments of \$10,097 were received as payments on promises to give.

A right-of-use asset - operating leases and operating lease liability of \$19,090 was recorded. Additionally, the NAWCC terminated an operating lease early, which resulted in the write-off of \$5,348 of right-of-use asset - operating leases and operating lease liability.

#### In 2023

Investments of \$10,139 were received as payments on promises to give.

Accounts payable includes \$14,850 of capital expenditures.

A right-of-use asset - operating leases and operating lease liability of \$38,266 was recorded in conjunction with the adoption of Accounting Standards Codification (ASC) Topic 842, *Leases*.

# **National Association of Watch and Clock Collectors, Inc.**

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## Notes to Financial Statements

March 31, 2024 and 2023

### **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, 2024 and 2023, 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 (U.S. GAAP) 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 credit losses 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 \$2,500 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 2024 or 2023.

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Right-of-Use Assets and Lease Liabilities**

The NAWCC records leases in accordance with Topic 842, *Leases*, as of April 1, 2022, which recognizes most leases on the statement of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis.

The NAWCC determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the NAWCC obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The NAWCC also considers whether its service arrangements include the right to control the use of an asset.

The NAWCC made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the NAWCC made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date.

**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 revenue 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.

**Note 2 - Summary of Significant Accounting Policies (continued)**

**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.

**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.



**Note 2 - Summary of Significant Accounting Policies (continued)**

**Donated or Contributed Investments, Services, or Materials**

Donated or contributed investments, services, or materials meeting the criteria for recognition, are reflected in the financial statements as in-kind contributions at their estimated value on the date of receipt. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributions of goods and services received for special event auctions are valued at the realized sales price. Contributions of other tangible assets are recognized at the fair value when received.

**Advertising Costs**

The NAWCC expenses advertising and marketing costs as incurred. For the years ended March 31, 2024 and 2023, advertising expenses amounted to \$17,899 and \$16,493, respectively.

**Recent Accounting Pronouncement**

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments-Credit Losses (Topic 326)*. The NAWCC adopted ASU 2016-13 as of April 1, 2023. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the NAWCC that are subject to the guidance in FASB Accounting Standards Codification 326 are accounts receivable. The NAWCC implemented the provisions of this standard, but management determined the ASU did not have a material impact on the NAWCC's 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 2021.

**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).

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 tables 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.

## National Association of Watch and Clock Collectors, Inc.

### Notes to Financial Statements

March 31, 2024 and 2023

#### Note 4 - Fair Value of Financial Instruments (continued)

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, 2024			
	Total	Level 1	Level 2	Level 3
<b>Cash and Cash Equivalents</b>	\$ 370,505	\$ 370,505	\$ -	\$ -
<b>Equities</b>				
Exchange traded funds	1,983,905	1,983,905	-	-
Mutual funds - international	495,301	495,301	-	-
Mutual funds - domestic	96,894	96,894	-	-
	<u>2,576,100</u>	<u>2,576,100</u>	<u>-</u>	<u>-</u>
<b>Fixed Income</b>				
Mutual funds	1,023,728	1,023,728	-	-
Exchange traded funds	138,487	138,487	-	-
	<u>1,162,215</u>	<u>1,162,215</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,108,820</u>	<u>\$ 4,108,820</u>	<u>\$ -</u>	<u>\$ -</u>
	<b>Fair Value Measurements at March 31, 2023</b>			
<b>Cash and Cash Equivalents</b>	\$ 288,230	\$ 288,230	\$ -	\$ -
<b>Equities</b>				
Exchange traded funds	1,565,614	1,565,614	-	-
Mutual funds - international	487,150	487,150	-	-
Mutual funds - domestic	104,467	104,467	-	-
	<u>2,157,231</u>	<u>2,157,231</u>	<u>-</u>	<u>-</u>
<b>Fixed Income</b>				
Mutual funds	948,040	948,040	-	-
Exchange traded funds	80,097	80,097	-	-
	<u>1,028,137</u>	<u>1,028,137</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,473,598</u>	<u>\$ 3,473,598</u>	<u>\$ -</u>	<u>\$ -</u>

## National Association of Watch and Clock Collectors, Inc.

### Notes to Financial Statements

March 31, 2024 and 2023

#### Note 4 - Fair Value of Financial Instruments (continued)

##### 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, 2024 and 2023, 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:

	<u>2024</u>	<u>2023</u>
<b>Financial Assets</b>		
Cash	\$ 279,610	\$ 375,256
Accounts receivable	15,882	30,444
Promises to give, net - current portion	28,500	26,500
Investments	4,108,820	3,473,598
Estimated endowment spending-rate distributions and appropriations	110,900	96,400
<b>Total Financial Assets</b>	<u>4,543,712</u>	<u>4,002,198</u>
<b>Amounts Not Available to be Used for General Expenditures Within One Year</b>		
Cash and investments subject to donor restrictions	(1,897,507)	(1,833,951)
Promises to give subject to donor restrictions, current portion	(1,000)	(1,000)
Board-designated investments for Endowment	(1,279,483)	(932,825)
<b>Total Amounts Not Available to be Used for General Expenditures Within One Year</b>	<u>(3,177,990)</u>	<u>(2,767,776)</u>
<b>Financial Assets Available to be Used for General Expenditures Within One Year</b>	<u>\$ 1,365,722</u>	<u>\$ 1,234,422</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.

## National Association of Watch and Clock Collectors, Inc.

### Notes to Financial Statements

March 31, 2024 and 2023

#### Note 5 - Liquidity and Availability (continued)

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

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

	<u>2024</u>	<u>2023</u>
Donated clocks	\$ 547,267	\$ 5,670
Travel	23,112	10,758
Investments - donated securities	15,887	21,115
Donated books	6,290	24,494
Supplies	2,494	3,622
	<u>\$ 595,050</u>	<u>\$ 65,659</u>

Donated clocks include various clocks and watches that are donated to the NAWCC for use in programs. They are valued at the estimated fair value in the financial statements based on current costs for similar products or based on appraisals obtained by the donor.

Travel includes costs donated that are associated with board member travel expenses for NAWCC business. This support is valued at actual cost of expense.

Investment securities are valued at market value on the date contributed. Fair value was based on quoted market prices for the identical securities. It is the NAWCC's policy to sell contributed securities immediately upon receipt. If there are any associated donor restrictions, the proceeds from the sale of the securities are included with net assets with donor restrictions until spent. Of the donated securities, \$10,580 and \$16,410 was received with donor restrictions during the years ended March 31, 2024 and 2023, respectively. The amount unspent as of March 31, 2024 and 2023 was \$20,765 and \$10,410, respectively.

Donated books and supplies are goods and services donated to the NAWCC for general program use. This support is valued at the estimated fair value in the financial statements based on current costs for similar services and products.

There are no associated donor restrictions related to in-kind contributions received during the years ended March 31, 2024 and 2023, except as noted above for investments - donated securities.

During the years ended March 31, 2024 and 2023, 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, 2024 and 2023

#### Note 7 - Concentration of Cash Risk

At times during the years ended March 31, 2024 and 2023, 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>2024</u>	<u>2023</u>
Insurance	\$ 40,812	\$ 44,771
Website costs	27,334	24,271
Repairs and maintenance	14,163	6,972
National convention	10,207	14,100
Other	2,756	2,613
Symposium event	1,200	1,000
Equipment rental and maintenance	1,055	2,354
Printing for publications not yet issued	715	5,117
Dues and subscriptions	343	3,515
Professional fees	-	337
	<u>\$ 98,585</u>	<u>\$ 105,050</u>

#### Note 9 - Promises to Give

Promises to give - For All Time represent funds raised during the "For All Time" 75<sup>th</sup> 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, 2023 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 4.71%. There were no new promises to give - operating during the year ended March 31, 2024.

## National Association of Watch and Clock Collectors, Inc.

### Notes to Financial Statements

March 31, 2024 and 2023

#### Note 9 - Promises to Give (continued)

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

	<u>2024</u>	<u>2023</u>
Operating	\$ 99,262	\$ 122,859
For All Time - endowment	<u>1,980</u>	<u>2,980</u>
	101,242	125,839
Unamortized discount	<u>(6,534)</u>	<u>(9,953)</u>
	<u>\$ 94,708</u>	<u>\$ 115,886</u>
Current portion	\$ 28,500	\$ 26,500
Noncurrent portion	<u>66,208</u>	<u>89,386</u>
	<u>\$ 94,708</u>	<u>\$ 115,886</u>

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:

2025	\$ 28,500
2026	26,480
2027	14,998
2028	13,500
2029	13,264
Thereafter	<u>4,500</u>
	<u>\$ 101,242</u>

#### Note 10 - Store Inventory

Store inventory consists of the following as of March 31:

	<u>2024</u>	<u>2023</u>
Books	\$ 32,350	\$ 35,424
Clothing	5,385	14,309
Clocks and watches	4,480	3,572
Miscellaneous	1,389	-
Souvenirs	1,293	-
Ornaments	1,173	-
Toys	544	1,644
Giftware	-	6,056
Stationary	-	4,824
Tools	-	3,458
Jewelry	-	720
Food	-	5
	<u>\$ 46,614</u>	<u>\$ 70,012</u>

# National Association of Watch and Clock Collectors, Inc.

## Notes to Financial Statements

March 31, 2024 and 2023

### Note 11 - Investments

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

	2024			
	Cost	Gross Unrealized		Fair Value
		Gains	Losses	
<b>Cash and Cash Equivalents</b>	\$ 370,505	\$ -	\$ -	\$ 370,505
<b>Equities</b>				
Exchange traded funds	1,343,363	640,542	-	1,983,905
Mutual funds - international	404,801	90,617	(117)	495,301
Mutual funds - domestic	89,359	7,535	-	96,894
<b>Total Equities</b>	<b>1,837,523</b>	<b>738,694</b>	<b>(117)</b>	<b>2,576,100</b>
<b>Fixed Income</b>				
Mutual funds	1,047,813	4,548	(28,633)	1,023,728
Exchange traded funds	139,755	-	(1,268)	138,487
<b>Total Fixed Income</b>	<b>1,187,568</b>	<b>4,548</b>	<b>(29,901)</b>	<b>1,162,215</b>
<b>Total Investments</b>	<b>\$ 3,395,596</b>	<b>\$ 743,242</b>	<b>\$ (30,018)</b>	<b>\$ 4,108,820</b>
	2023			
<b>Cash and Cash Equivalents</b>	\$ 288,230	\$ -	\$ -	\$ 288,230
<b>Equities</b>				
Exchange traded funds	1,299,993	265,677	(56)	1,565,614
Mutual funds - international	467,319	29,123	(9,292)	487,150
Mutual funds - domestic	107,894	893	(4,320)	104,467
<b>Total Equities</b>	<b>1,875,206</b>	<b>295,693</b>	<b>(13,668)</b>	<b>2,157,231</b>
<b>Fixed Income</b>				
Mutual funds	970,771	12,669	(35,400)	948,040
Exchange traded funds	79,938	159	-	80,097
<b>Total Fixed Income</b>	<b>1,050,709</b>	<b>12,828</b>	<b>(35,400)</b>	<b>1,028,137</b>
<b>Total Investments</b>	<b>\$ 3,214,145</b>	<b>\$ 308,521</b>	<b>\$ (49,068)</b>	<b>\$ 3,473,598</b>



# National Association of Watch and Clock Collectors, Inc.

## Notes to Financial Statements

March 31, 2024 and 2023

### Note 11 - Investments (continued)

Investments held as of March 31, 2024 and 2023 are comprised of investments in cash and cash equivalents, and debt and equity securities. As of March 31, 2024 and 2023, the NAWCC has recorded unrealized holding losses on eight and eighteen 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:

	2024					
	Less than Twelve Months		Twelve Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
<b>Equities, Temporarily Impaired</b>						
Mutual funds - international	\$ -	\$ -	\$ 16,503	\$ (117)	\$ 16,503	\$ (117)
<b>Fixed Income, Temporarily Impaired</b>						
Mutual funds	-	-	355,720	(28,633)	355,720	(28,633)
Exchange traded funds	138,487	(1,268)	-	-	138,487	(1,268)
<b>Total Fixed Income, Temporarily Impaired</b>	<b>138,487</b>	<b>(1,268)</b>	<b>355,720</b>	<b>(28,633)</b>	<b>494,207</b>	<b>(29,901)</b>
<b>Total Investments, Temporarily Impaired</b>	<b>\$ 138,487</b>	<b>\$ (1,268)</b>	<b>\$ 372,223</b>	<b>\$ (28,750)</b>	<b>\$ 510,710</b>	<b>\$ (30,018)</b>
	<b>2023</b>					
<b>Equities, Temporarily Impaired</b>						
Exchange traded funds	\$ 8,202	\$ (56)	\$ -	\$ -	\$ 8,202	\$ (56)
Mutual funds - international	148,904	(6,889)	24,884	(2,403)	173,788	(9,292)
Mutual funds - domestic	82,543	(4,320)	-	-	82,543	(4,320)
<b>Total Equities, Temporarily Impaired</b>	<b>239,649</b>	<b>(11,265)</b>	<b>24,884</b>	<b>(2,403)</b>	<b>264,533</b>	<b>(13,668)</b>
<b>Fixed Income, Temporarily Impaired</b>						
Mutual funds	150,324	(1,477)	402,846	(33,923)	553,170	(35,400)
<b>Total Investments, Temporarily Impaired</b>	<b>\$ 389,973</b>	<b>\$ (12,742)</b>	<b>\$ 427,730</b>	<b>\$ (36,326)</b>	<b>\$ 817,703</b>	<b>\$ (49,068)</b>

# National Association of Watch and Clock Collectors, Inc.

## Notes to Financial Statements

March 31, 2024 and 2023

### 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 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.

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:

- a) The duration and preservation of the fund
- b) The purposes of the organization and the donor-restricted endowment fund
- c) General economic conditions
- d) The possible effect of inflation and deflation
- e) The expected total return from income and appreciation of investments
- f) Other resources of the organization
- g) The investment policies of the organization

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

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 1,279,483	\$ -	\$ 1,279,483
Donor-restricted endowment funds	-	1,495,305	1,495,305
	<u>\$ 1,279,483</u>	<u>\$ 1,495,305</u>	<u>\$ 2,774,788</u>

**National Association of Watch and Clock Collectors, Inc.**

Notes to Financial Statements

March 31, 2024 and 2023

**Note 12 - Endowment (continued)**

	<b>2023</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Board-designated endowment funds	\$ 932,825	\$ -	\$ 932,825
Donor-restricted endowment funds	-	1,457,082	1,457,082
	<u>\$ 932,825</u>	<u>\$ 1,457,082</u>	<u>\$ 2,389,907</u>

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

	<b>2024</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Endowment Net Assets at Beginning of Year</b>	<b>\$ 932,825</b>	<b>\$ 1,457,082</b>	<b>\$ 2,389,907</b>
Investment return			
Interest and dividends	70,039	-	70,039
Net gains (realized and unrealized)	343,943	-	343,943
Contributions	2,968	38,153	41,121
Change in value of promises to give	-	70	70
Disbursements	(57,351)	-	(57,351)
Fees	(12,941)	-	(12,941)
<b>Endowment Net Assets at End of Year</b>	<b>\$ 1,279,483</b>	<b>\$ 1,495,305</b>	<b>\$ 2,774,788</b>

	<b>2023</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Endowment Net Assets at Beginning of Year</b>	<b>\$ 1,087,246</b>	<b>\$ 1,416,643</b>	<b>\$ 2,503,889</b>
Investment return			
Interest and dividends	63,145	-	63,145
Net losses (realized and unrealized)	(203,213)	-	(203,213)
Contributions	3,736	41,359	45,095
Change in value of promises to give	-	(920)	(920)
Disbursements	(6,139)	-	(6,139)
Fees	(11,950)	-	(11,950)
<b>Endowment Net Assets at End of Year</b>	<b>\$ 932,825</b>	<b>\$ 1,457,082</b>	<b>\$ 2,389,907</b>

**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 absence 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, 2024 and 2023.

**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 set by the finance committee annually. It is based upon the portfolio value and was authorized at 6% and 4% of that value for the years ended March 31, 2024 and 2023, respectively. NAWCC did not, however, withdraw any of the authorized amount during the years ended March 31, 2024 and 2023. The finance committee separately authorized usage of the board-designated fund of \$57,351 and \$6,139 during the years ended March 31, 2024 and 2023, respectively.

## National Association of Watch and Clock Collectors, Inc.

### Notes to Financial Statements

March 31, 2024 and 2023

#### 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.

#### Note 14 - Property and Equipment

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

	<u>2024</u>	<u>2023</u>
Building and improvements	\$ 9,955,149	\$ 9,965,878
Museum equipment	729,737	732,121
Office furniture and equipment	528,915	526,583
School equipment	255,384	293,453
* Land	53,800	53,800
* Construction in progress	-	29,700
	<u>11,522,985</u>	11,601,535
Accumulated depreciation	<u>(8,066,896)</u>	<u>(7,871,865)</u>
	<u>\$ 3,456,089</u>	<u>\$ 3,729,670</u>

\* Not depreciated

Depreciation expense amounted to \$305,026 and \$310,296 for the years ended March 31, 2024 and 2023, 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, 2024 and 2023. 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.

## National Association of Watch and Clock Collectors, Inc.

### Notes to Financial Statements

March 31, 2024 and 2023

#### Note 16 - 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. The contribution rate for the NAWCC was a matching contribution of up to 3% of the employee's annual salary. For the years ended March 31, 2024 and 2023, retirement expense amounted to \$4,483 and \$2,779, respectively.

#### Note 17 - 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 expired December 31, 2022. Effective January 1, 2023, the NAWCC posted a surety bond in the amount of \$1,900, which expires December 31, 2026.

#### Note 18 - Leases

The NAWCC leases office equipment under multiple operating lease agreements with initial terms ranging from 60 to 63 months. The options to extend or terminate a lease are included in the lease terms only if applicable and when it is reasonably certain that the NAWCC will exercise that option. The NAWCC's operating leases generally do not contain any material restrictive covenants or residual value guarantees.

Operating lease cost is recognized on a straight-line basis over the lease term. The NAWCC does not have any finance leases.

The total operating lease cost for the NAWCC for the years ended March 31, 2024 and 2023 were \$13,942 and \$14,094, respectively.

	<u>2024</u>	<u>2023</u>
<b>Weighted-Average Remaining Lease Term</b>		
Operating leases	<b>3.77 Years</b>	2.09 Years
<b>Weighted-Average Discount Rate</b>		
Operating leases	<b>4.30%</b>	2.61%

## National Association of Watch and Clock Collectors, Inc.

### Notes to Financial Statements

March 31, 2024 and 2023

#### Note 18 - Leases (continued)

Future undiscounted cash flows for each of the remaining five years and a reconciliation to the lease liabilities recognized on the statement of financial position are as follows as of March 31, 2024:

	<u>Operating Leases</u>
2025	\$ 11,918
2026	4,073
2027	4,073
2028	4,073
2029	<u>4,073</u>
<b>Total Lease Payments</b>	<b>28,210</b>
Imputed interest	<u>(2,047)</u>
<b>Total Present Value of Lease Liabilities</b>	<b><u>\$ 26,163</u></b>
Current portion of obligation under operating leases	\$ 11,071
Long-term portion of obligation under operating leases	<u>15,092</u>
	<b><u>\$ 26,163</u></b>

#### Note 19 - 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>2024</u>	<u>2023</u>
Undesignated	\$ 4,540,490	\$ 4,647,523
Board-designated for Endowment		
Museum and library endowment	610,799	540,805
Museum endowment	317,910	217,639
General	126,879	36,491
Education	119,387	63,806
Library endowment	<u>104,508</u>	<u>74,084</u>
	<b><u>\$ 5,819,973</u></b>	<b><u>\$ 5,580,348</u></b>

# National Association of Watch and Clock Collectors, Inc.

## Notes to Financial Statements

March 31, 2024 and 2023

### Note 20 - 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>2024</u>	<u>2023</u>
<b>Subject to the Passage of Time</b>		
Promises to give - operating	\$ 92,771	\$ 113,019
<b>Subject to Expenditure for Specific Purpose</b>		
Education		
Wilbur Pritchard Fund for Awards of Excellence in Watch Repair or Restoration	53,875	53,875
Dutton-Lindow Education Program	7,693	10,000
Education General	5,290	-
Horological Workbook J L Gropengiesser	1,519	1,519
Anthony Montefusco Memorial Scholarship	675	675
Midwest Regional Scholarship	629	629
Watch and Clock Museum		
Dutton Strategic Transition Fund	100,660	100,660
Museum flooring and maintenance	22,399	-
Museum acquisitions	18,976	18,976
Strike and Chiming Clock Mechanisms Course	10,185	10,410
Museum and library fund	9,769	9,769
Ansonia clock rebuild	7,606	7,606
Heating, ventilation, and air conditioning	5,290	-
Museum education program	3,118	3,118
Server migration project	2,224	-
Carriage Clock Chapter Exhibit	2,000	2,000
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
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
James Bond exhibit	-	1,043
iMIS customization for convention	-	993



# National Association of Watch and Clock Collectors, Inc.

## Notes to Financial Statements

March 31, 2024 and 2023

### Note 20 - Net Assets With Donor Restrictions (continued)

	2024	2023
<b>Subject to Expenditure for Specific Purpose (continued)</b>		
National		
Public Time Initiative	\$ 50,301	\$ 50,301
Symposium committee	28,153	23,858
Traveling workshop	8,428	8,428
Webinars education committee	7,901	9,102
Facilities projects	6,500	6,500
Capital projects	5,118	4,118
Buckeye Chapter 23 education	4,000	4,000
Regional computer system	3,481	3,481
Small building improvements	2,091	2,091
Zspace project	2,037	2,037
Regional registration program	1,000	1,000
Pocket Watch webinar	1,000	1,000
Estate horological collection	375	375
National convention - youth programs	193	193
Collect Fond Memories	175	580
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	23	173
Hamilton Film scan project	-	9,771
Publications Department		
Special publications	4,841	4,841
<b>Perpetual in Nature</b>		
NAWCC endowment	545,081	541,931
Museum endowment, including promises to give of \$1,937 and \$2,867, respectively	479,910	471,590
Education endowment	324,917	306,014
Library and research center endowment	137,897	137,547
Museum and Library endowment	7,500	-
	<u>\$ 1,992,215</u>	<u>\$ 1,949,837</u>

## National Association of Watch and Clock Collectors, Inc.

### Notes to Financial Statements

March 31, 2024 and 2023

#### Note 21 - 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>2024</u>	<u>2023</u>
Promises to give	<u>\$ 11,000</u>	<u>\$ 31,500</u>

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

	<u>2024</u>	<u>2023</u>
<b>Revenue</b>		
In-kind contributions	\$ 21,678	\$ -
Contributions	12,750	13,697
<b>Expenses</b>		
Travel	29,218	9,951
Other	8,080	2,696
Inventory purchases	2,299	1,425
Convention	2,099	190

#### Note 22 - Subsequent Events

The NAWCC has evaluated subsequent events through August 5, 2024. This date is the date the financial statements were available to be issued. The following event subsequent to March 31, 2024 was noted:

During the year ended March 31, 2024, the NAWCC was awarded a Local Share Account Program grant from the Commonwealth of Pennsylvania for \$1 million. The grant period is March 16, 2023 through June 30, 2026. There were no costs incurred through March 31, 2024; therefore, no revenue was recognized. The NAWCC will recognize revenue as project costs are incurred, which is expected to begin during the year ending March 31, 2025.

No other material events subsequent to March 31, 2024 were noted.