



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

Financial Statements

March 31, 2025 and 2024



National Association of Watch and Clock Collectors, Inc.

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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, 2025 and 2024, 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, 2025 and 2024, 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, 2025
York, Pennsylvania

National Association of Watch and Clock Collectors, Inc.

Statement of Financial Position

	March 31,	
	2025	2024
Assets		
Current Assets		
Cash	\$ 256,030	\$ 279,610
Accounts receivable	4,699	15,882
Grants receivable	195,107	-
Promises to give	27,572	28,500
Store inventory	45,925	46,614
Prepaid expenses	90,572	98,585
Total Current Assets	619,905	469,191
Property and Equipment, Net	3,811,329	3,456,089
Other Assets		
Investments	4,348,353	4,108,820
Promises to give, net	42,100	66,208
Right-of-use asset - operating leases	59,622	26,163
Total Other Assets	4,450,075	4,201,191
Total Assets	\$ 8,881,309	\$ 8,126,471
Liabilities and Net Assets		
Current Liabilities		
Current portion of charitable gift annuity obligation	\$ 15,800	\$ 15,800
Current portion of obligation under operating leases	13,393	11,071
Accounts payable	256,514	31,666
Accrued payroll and vacation	21,496	16,338
Payroll liabilities	-	1,890
Deferred revenue	250,951	106,618
Total Current Liabilities	558,154	183,383
Other Liabilities		
Charitable gift annuity obligation, net	109,820	115,808
Obligation under operating leases	46,229	15,092
Total Other Liabilities	156,049	130,900
Total Liabilities	714,203	314,283
Net Assets		
Without donor restrictions	6,237,566	5,819,973
With donor restrictions	1,929,540	1,992,215
Total Net Assets	8,167,106	7,812,188
Total Liabilities and Net Assets	\$ 8,881,309	\$ 8,126,471

See accompanying notes.

National Association of Watch and Clock Collectors, Inc.

Statement of Activities

	Year Ended March 31, 2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
In-kind contributions	\$ 900,323	\$ 27,645	\$ 927,968
Membership dues	771,474	-	771,474
Grant income	522,142	-	522,142
Contributions	398,290	15,808	414,098
National events	156,269	-	156,269
Investment income, net of fees	117,644	-	117,644
Advertising income	84,732	-	84,732
Tuition and registration fees	82,002	-	82,002
Museum admissions	69,778	-	69,778
Store sales	45,579	-	45,579
Gain on sale of investments	39,922	-	39,922
Magazine income	30,694	-	30,694
Rental income	15,896	-	15,896
Miscellaneous income	9,743	-	9,743
Net assets released from restrictions	106,128	(106,128)	-
Loss on disposal of property and equipment	(77)	-	(77)
Total Support and Revenue	3,350,539	(62,675)	3,287,864
Expenses			
Program and related services	2,216,415	-	2,216,415
Supporting services			
Management and general	614,638	-	614,638
Fundraising	116,676	-	116,676
Total Supporting Services	731,314	-	731,314
Total Expenses	2,947,729	-	2,947,729
Excess (Deficiency) of Support and Revenue over Expenses	402,810	(62,675)	340,135
Change in Net Assets Related to Collection Items Not Capitalized			
Museum collection items purchased, not capitalized	(26,997)	-	(26,997)
Write-off of Obsolete Inventory	-	-	-
Change in Value of Charitable Gift Annuities	(9,812)	-	(9,812)
Unrealized Holding Gains on Investments	51,592	-	51,592
Changes in Net Assets	\$ 417,593	\$ (62,675)	\$ 354,918

See accompanying notes.

National Association of Watch and Clock Collectors, Inc.

Statement of Activities (continued)

	Year Ended March 31, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
In-kind contributions	\$ 714,035	\$ 10,580	\$ 724,615
Membership dues	795,121	-	795,121
Grant income	-	-	-
Contributions	338,535	68,141	406,676
National events	207,309	-	207,309
Investment income, net of fees	81,183	-	81,183
Advertising income	101,677	-	101,677
Tuition and registration fees	69,140	-	69,140
Museum admissions	52,985	-	52,985
Store sales	57,036	-	57,036
Gain on sale of investments	37,061	-	37,061
Magazine income	37,785	-	37,785
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)
Total Support and Revenue	2,555,873	42,378	2,598,251
Expenses			
Program and related services	2,012,472	-	2,012,472
Supporting services			
Management and general	570,177	-	570,177
Fundraising	141,892	-	141,892
Total Supporting Services	712,069	-	712,069
Total Expenses	2,724,541	-	2,724,541
Excess (Deficiency) of Support and Revenue over Expenses	(168,668)	42,378	(126,290)
Change in Net Assets Related to Collection Items Not Capitalized			
Museum collection items purchased, not capitalized	(363)	-	(363)
Write-off of Obsolete Inventory	(27,386)	-	(27,386)
Change in Value of Charitable Gift Annuities	(8,976)	-	(8,976)
Unrealized Holding Gains on Investments	445,018	-	445,018
Changes in Net Assets	\$ 239,625	\$ 42,378	\$ 282,003

See accompanying notes.

National Association of Watch and Clock Collectors, Inc.

Statement of Functional Expenses - by Natural Classification

	Year Ended March 31, 2025			
	Program and Related Services	Supporting Services		Total
		Management and General	Fundraising	
Donated clocks and watches	\$ 763,679	\$ -	\$ -	\$ 763,679
Salaries and wages	410,955	267,110	41,250	719,315
Depreciation	297,969	2,859	-	300,828
Professional fees	48,538	75,034	60,409	183,981
Employee benefits and payroll taxes	86,831	47,927	8,735	143,493
Bulletin printing	115,343	-	-	115,343
Committees and conferences	111,174	-	-	111,174
Repairs and maintenance	84,691	23,017	1,287	108,995
Utilities and telephone	76,461	22,872	1,235	100,568
Insurance	8,723	57,350	-	66,073
Bank fees	34,174	7,903	790	42,867
Supplies	22,118	17,248	305	39,671
Travel and meals	4,533	34,043	404	38,980
Publishing expense	34,886	-	-	34,886
Website costs	-	33,323	-	33,323
Miscellaneous expense	21,881	10,666	-	32,547
Other printing and postage	25,709	2,745	403	28,857
Dues and subscriptions	13,038	7,809	1,425	22,272
Cost of sales	21,017	-	-	21,017
Equipment rental and maintenance	16,490	3,114	263	19,867
Advertising and marketing	14,989	1,221	170	16,380
Donated books	3,216	-	-	3,216
Administrative fees	-	397	-	397
MART printing	-	-	-	-
	<u>\$ 2,216,415</u>	<u>\$ 614,638</u>	<u>\$ 116,676</u>	<u>\$ 2,947,729</u>

National Association of Watch and Clock Collectors, Inc.

Statement of Functional Expenses - by Natural Classification (continued)

	Year Ended March 31, 2024			
	Program and Related Services	Supporting Services		Total
		Management and General	Fundraising	
Donated clocks and watches	\$ 676,832	\$ -	\$ -	\$ 676,832
Salaries and wages	337,463	243,042	62,325	642,830
Depreciation	301,117	3,909	-	305,026
Professional fees	40,984	114,995	60,837	216,816
Employee benefits and payroll taxes	69,666	40,294	11,914	121,874
Bulletin printing	83,223	-	-	83,223
Committees and conferences	87,312	-	-	87,312
Repairs and maintenance	62,156	20,065	1,030	83,251
Utilities and telephone	95,155	33,077	1,572	129,804
Insurance	10,216	42,027	-	52,243
Bank fees	33,263	7,428	20	40,711
Supplies	15,529	6,372	132	22,033
Travel and meals	33,186	10,391	87	43,664
Publishing expense	31,207	-	-	31,207
Website costs	-	30,443	-	30,443
Miscellaneous expense	9,516	8,042	250	17,808
Other printing and postage	23,287	1,989	493	25,769
Dues and subscriptions	12,199	3,495	667	16,361
Cost of sales	26,107	-	-	26,107
Equipment rental and maintenance	15,239	2,766	288	18,293
Advertising and marketing	14,666	956	2,277	17,899
Donated books	6,290	-	-	6,290
Administrative fees	-	886	-	886
MART printing	27,859	-	-	27,859
	<u>\$ 2,012,472</u>	<u>\$ 570,177</u>	<u>\$ 141,892</u>	<u>\$ 2,724,541</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>Total</u>
Net Assets at March 31, 2023	\$ 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>
Net Assets at March 31, 2024	5,819,973	1,992,215	7,812,188
Changes in net assets	<u>417,593</u>	<u>(62,675)</u>	<u>354,918</u>
Net Assets at March 31, 2025	<u>\$ 6,237,566</u>	<u>\$ 1,929,540</u>	<u>\$ 8,167,106</u>

National Association of Watch and Clock Collectors, Inc.

Statement of Cash Flows

	Years Ended March 31,	
	2025	2024
Cash Flows from Operating Activities		
Changes in net assets	\$ 354,918	\$ 282,003
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	300,828	305,026
Write-off of obsolete inventory	-	27,386
Restricted contributions - endowment	(4,080)	(38,153)
Restricted contributions - capital	(500)	(27,903)
Restricted grants - capital	(458,357)	-
In-kind contributions - donated securities	(128,430)	(15,887)
Gain on sale of investments	(39,922)	(37,061)
Loss on disposal of property and equipment	77	2,373
Unrealized holding gains on investments	(51,592)	(445,018)
Change in unamortized discount	(2,673)	(3,419)
Purchase of collection items	26,997	363
Proceeds from donated securities - operating	141,139	20,694
Amortization of right-of-use asset - operating leases included in equipment rental and maintenance	14,042	12,941
(Increase) decrease in assets		
Accounts receivable	11,183	14,562
Promises to give	15,000	13,500
Store inventory	689	(3,988)
Prepaid expenses	8,013	6,465
Increase (decrease) in liabilities		
Accounts payable	720	(21,082)
Accrued payroll and vacation	5,158	(6,718)
Payroll liabilities	(1,890)	1,792
Deferred revenue	144,333	(33,929)
Charitable gift annuity obligation	(5,988)	(6,824)
Obligation under operating leases	(14,042)	(12,941)
Net Cash Provided by Operating Activities	315,623	34,182
Cash Flows from Investing Activities		
Capital expenditures	(432,017)	(48,668)
Purchase of collection items	(26,997)	(363)
Purchase of investments	(599,739)	(200,440)
Proceeds from sale of investments	451,720	47,297
Net Cash Used in Investing Activities	(607,033)	(202,174)

National Association of Watch and Clock Collectors, Inc.

Statement of Cash Flows (continued)

	Years Ended March 31,	
	2025	2024
Cash Flows from Financing Activities		
Restricted contributions - endowment	\$ 4,080	\$ 39,153
Restricted contributions - capital	500	27,903
Restricted grants - capital	263,250	-
Proceeds from donated securities - capital	-	5,290
	<u>267,830</u>	<u>72,346</u>
Net Cash Provided by Financing Activities	267,830	72,346
Net Decrease in Cash	(23,580)	(95,646)
Cash at Beginning of Year	279,610	375,256
Cash at End of Year	\$ 256,030	\$ 279,610

Supplementary Schedule of Noncash Investing and Financing Activities

In 2025

Investments of \$12,709 were received as payments on promises to give.

The NAWCC included \$224,128 of property and equipment in accounts payable.

A right-of-use asset - operating leases and operating lease liability of \$52,171 was recorded. Additionally, the NAWCC terminated an operating lease early, which resulted in the write-off of \$4,670 of right-of-use asset - operating leases and operating lease liability.

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.

National Association of Watch and Clock Collectors, Inc.

Notes to Financial Statements

March 31, 2025 and 2024

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, 2025 and 2024, 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 and Grants Receivable

Accounts and grants 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.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

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 2025 or 2024.

Right-of-Use Assets and Lease Liabilities

The NAWCC records leases in accordance with Topic 842, *Leases*, 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.

Note 2 - Summary of Significant Accounting Policies (continued)

Right-of-Use Assets and Lease Liabilities (continued)

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.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Grant Income

Grant income deemed to be a contribution is classified as with donor restrictions when received or receivable. Such revenue is not deemed to be in respect of exchange transactions since the proceeds thereof are non-reciprocal, unconditional, and voluntary.

NAWCC also receives grant income, which is deemed to be in respect of exchange transactions and is classified as revenue without donor restrictions or deferred revenue, as appropriate, when received or receivable. Such revenue is not deemed to be a contribution since the proceeds thereof are used to pursue objectives of the grantor.

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 includes 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.

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.

National Association of Watch and Clock Collectors, Inc.

Notes to Financial Statements

March 31, 2025 and 2024

Note 2 - Summary of Significant Accounting Policies (continued)

Advertising Costs

The NAWCC expenses advertising and marketing costs as incurred. For the years ended March 31, 2025 and 2024, advertising expenses amounted to \$16,380 and \$17,899, respectively.

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 2022.

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.

National Association of Watch and Clock Collectors, Inc.

Notes to Financial Statements

March 31, 2025 and 2024

Note 4 - Fair Value of Financial Instruments (continued)

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, 2025			
	Total	Level 1	Level 2	Level 3
Cash and Cash Equivalents	\$ 321,748	\$ 321,748	\$ -	\$ -
Equities				
Exchange traded funds	2,066,373	2,066,373	-	-
Mutual funds - international	480,794	480,794	-	-
Mutual funds - domestic	91,737	91,737	-	-
	<u>2,638,904</u>	<u>2,638,904</u>	<u>-</u>	<u>-</u>
Fixed Income				
Mutual funds	1,277,856	1,277,856	-	-
Exchange traded funds	109,845	109,845	-	-
	<u>1,387,701</u>	<u>1,387,701</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,348,353</u>	<u>\$ 4,348,353</u>	<u>\$ -</u>	<u>\$ -</u>
	Fair Value Measurements at March 31, 2024			
Cash and Cash Equivalents	\$ 370,505	\$ 370,505	\$ -	\$ -
Equities				
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>

National Association of Watch and Clock Collectors, Inc.

Notes to Financial Statements

March 31, 2025 and 2024

Note 4 - Fair Value of Financial Instruments (continued)

	Fair Value Measurements at March 31, 2024			
	Total	Level 1	Level 2	Level 3
Fixed Income				
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>

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, 2025 and 2024, 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:

	2025	2024
Financial Assets		
Cash	\$ 256,030	\$ 279,610
Accounts receivable	4,699	15,882
Grants receivable	195,107	-
Promises to give, net - current portion	27,572	28,500
Investments	4,348,353	4,108,820
Estimated endowment spending-rate distributions and appropriations	<u>113,400</u>	<u>110,900</u>
Total Financial Assets	<u>4,945,161</u>	<u>4,543,712</u>

National Association of Watch and Clock Collectors, Inc.

Notes to Financial Statements

March 31, 2025 and 2024

Note 5 - Liquidity and Availability (continued)

	<u>2025</u>	<u>2024</u>
Amounts Not Available to be Used for General Expenditures Within One Year		
Cash and investments subject to donor restrictions	\$ (1,859,868)	\$ (1,897,507)
Promises to give subject to donor restrictions, current portion	(1,980)	(1,000)
Board-designated investments for Endowment	<u>(1,338,424)</u>	<u>(1,279,483)</u>
Total Amounts Not Available to be Used for General Expenditures Within One Year	<u>(3,200,272)</u>	<u>(3,177,990)</u>
Financial Assets Available to be Used for General Expenditures Within One Year		
	<u>\$ 1,744,889</u>	<u>\$ 1,365,722</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

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

	<u>2025</u>	<u>2024</u>
Donated clocks and watches	\$ 763,679	\$ 676,832
Investments - donated securities	128,430	15,887
Travel	20,258	23,112
Publishing costs	8,500	-
Supplies	3,885	2,494
Donated books	<u>3,216</u>	<u>6,290</u>
	<u>\$ 927,968</u>	<u>\$ 724,615</u>

Donated clocks and watches 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.

National Association of Watch and Clock Collectors, Inc.

Notes to Financial Statements

March 31, 2025 and 2024

Note 6 - In-Kind Contributions (continued)

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, \$116,334 and \$10,580 was received with donor restrictions during the years ended March 31, 2025 and 2024, respectively. The amount unspent as of March 31, 2025 and 2024 was \$38,736 and \$20,765, respectively.

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

Donated books, supplies and publishing costs 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, 2025 and 2024, except as noted above for investments - donated securities.

During the years ended March 31, 2025 and 2024, 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.

Note 7 - Concentration of Cash Risk

At times during the years ended March 31, 2025 and 2024, 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>2025</u>	<u>2024</u>
Insurance	\$ 33,180	\$ 40,812
Professional fees	15,960	-
National convention	12,035	10,207
Symposium event	10,157	1,200
Repairs and maintenance	6,440	14,163
Other	6,341	2,756
Other printing and postage	4,196	715
Equipment rental and maintenance	927	1,055
Dues and subscriptions	736	343
Website costs	600	27,334
	<u>\$ 90,572</u>	<u>\$ 98,585</u>

National Association of Watch and Clock Collectors, Inc.

Notes to Financial Statements

March 31, 2025 and 2024

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, 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 since March 31, 2023.

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

	<u>2025</u>	<u>2024</u>
Operating	\$ 71,553	\$ 99,262
For All Time - endowment	<u>1,980</u>	<u>1,980</u>
	73,533	101,242
Unamortized discount	<u>(3,861)</u>	<u>(6,534)</u>
	<u>\$ 69,672</u>	<u>\$ 94,708</u>
Current portion	\$ 27,572	\$ 28,500
Noncurrent portion	<u>42,100</u>	<u>66,208</u>
	<u>\$ 69,672</u>	<u>\$ 94,708</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:

2026	\$ 27,572
2027	14,998
2028	13,500
2029	12,963
2030	3,500
Thereafter	<u>1,000</u>
	<u>\$ 73,533</u>

National Association of Watch and Clock Collectors, Inc.

Notes to Financial Statements

March 31, 2025 and 2024

Note 10 - Store Inventory

Store inventory consists of the following as of March 31:

	<u>2025</u>	<u>2024</u>
Books	\$ 30,495	\$ 32,350
Clocks and watches	5,016	4,480
Clothing	3,969	5,385
Toys	2,404	544
Miscellaneous	2,244	1,389
Souvenirs	1,293	1,293
Ornaments	504	1,173
	<u>\$ 45,925</u>	<u>\$ 46,614</u>

Note 11 - Investments

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

	<u>2025</u>			
	<u>Cost</u>	<u>Gross Unrealized</u>		<u>Fair Value</u>
		<u>Gains</u>	<u>Losses</u>	
Cash and Cash Equivalents	<u>\$ 321,748</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 321,748</u>
Equities				
Exchange traded funds	1,356,121	710,252	-	2,066,373
Mutual funds - international	416,189	65,519	(914)	480,794
Mutual funds - domestic	89,205	2,532	-	91,737
Total Equities	<u>1,861,515</u>	<u>778,303</u>	<u>(914)</u>	<u>2,638,904</u>
Fixed Income				
Mutual funds	1,295,824	9,616	(27,584)	1,277,856
Exchange traded funds	109,799	46	-	109,845
Total Fixed Income	<u>1,405,623</u>	<u>9,662</u>	<u>(27,584)</u>	<u>1,387,701</u>
Total Investments	<u>\$ 3,588,886</u>	<u>\$ 787,965</u>	<u>\$ (28,498)</u>	<u>\$ 4,348,353</u>

National Association of Watch and Clock Collectors, Inc.

Notes to Financial Statements

March 31, 2025 and 2024

Note 11 - Investments (continued)

	2024			
	Cost	Gross Unrealized		Fair Value
		Gains	Losses	
Cash and Cash Equivalents	\$ 370,505	\$ -	\$ -	\$ 370,505
Equities				
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
Total Equities	<u>1,837,523</u>	<u>738,694</u>	<u>(117)</u>	<u>2,576,100</u>
Fixed Income				
Mutual funds	1,047,813	4,548	(28,633)	1,023,728
Exchange traded funds	139,755	-	(1,268)	138,487
Total Fixed Income	<u>1,187,568</u>	<u>4,548</u>	<u>(29,901)</u>	<u>1,162,215</u>
Total Investments	<u>\$ 3,395,596</u>	<u>\$ 743,242</u>	<u>\$ (30,018)</u>	<u>\$ 4,108,820</u>

Investments held as of March 31, 2025 and 2024 are comprised of investments in cash and cash equivalents, and debt and equity securities. As of March 31, 2025 and 2024, the NAWCC has recorded unrealized holding losses on six and eight 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:

	2025					
	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 - international	\$ -	\$ -	\$ 15,706	\$ (914)	\$ 15,706	\$ (914)
Fixed Income, Temporarily Impaired						
Mutual funds	105,527	(1,183)	354,882	(26,401)	460,409	(27,584)
Total Investments, Temporarily Impaired	<u>\$ 105,527</u>	<u>\$ (1,183)</u>	<u>\$ 370,588</u>	<u>\$ (27,315)</u>	<u>\$ 476,115</u>	<u>\$ (28,498)</u>

National Association of Watch and Clock Collectors, Inc.

Notes to Financial Statements

March 31, 2025 and 2024

Note 11 - Investments (continued)

	2024					
	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 - international	\$ -	\$ -	\$ 16,503	\$ (117)	\$ 16,503	\$ (117)
Fixed Income, Temporarily Impaired						
Mutual funds	-	-	355,720	(28,633)	355,720	(28,633)
Exchange traded funds	138,487	(1,268)	-	-	138,487	(1,268)
Total Fixed Income, Temporarily Impaired	138,487	(1,268)	355,720	(28,633)	494,207	(29,901)
Total Investments, Temporarily Impaired	\$ 138,487	\$ (1,268)	\$ 372,223	\$ (28,750)	\$ 510,710	\$ (30,018)

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.

National Association of Watch and Clock Collectors, Inc.

Notes to Financial Statements

March 31, 2025 and 2024

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:

- 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:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 1,338,424	\$ -	\$ 1,338,424
Donor-restricted endowment funds	-	1,499,428	1,499,428
	<u>\$ 1,338,424</u>	<u>\$ 1,499,428</u>	<u>\$ 2,837,852</u>
	2024		
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, 2025 and 2024

Note 12 - Endowment (continued)

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

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets at Beginning of Year	\$ 1,279,483	\$ 1,495,305	\$ 2,774,788
Investment return			
Interest and dividends	99,939	-	99,939
Net gains (realized and unrealized)	68,614	-	68,614
Contributions	-	4,080	4,080
Change in value of promises to give	-	43	43
Disbursements	(94,462)	-	(94,462)
Fees	(15,150)	-	(15,150)
Endowment Net Assets at End of Year	\$ 1,338,424	\$ 1,499,428	\$ 2,837,852
	2024		
Endowment Net Assets at Beginning of Year	\$ 932,825	\$ 1,457,082	\$ 2,389,907
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)
Endowment Net Assets at End of Year	\$ 1,279,483	\$ 1,495,305	\$ 2,774,788

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 the 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, 2025 and 2024.

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 4% and 6% of that value for the years ended March 31, 2025 and 2024, respectively. The NAWCC did not, however, withdraw any of the authorized amounts during the years ended March 31, 2025 and 2024. The finance committee separately authorized usage of the board-designated funds of \$94,462 and \$57,351 during the years ended March 31, 2025 and 2024, respectively.

National Association of Watch and Clock Collectors, Inc.

Notes to Financial Statements

March 31, 2025 and 2024

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>2025</u>	<u>2024</u>
Building and improvements	\$ 10,050,645	\$ 9,955,149
Museum equipment	725,144	729,737
Office furniture and equipment	559,087	528,915
* Construction in progress	491,772	-
School equipment	255,384	255,384
* Land	53,800	53,800
Computer software	23,745	-
	<u>12,159,577</u>	11,522,985
Accumulated depreciation	<u>(8,348,248)</u>	<u>(8,066,896)</u>
	<u>\$ 3,811,329</u>	<u>\$ 3,456,089</u>

* Not depreciated

Depreciation expense amounted to \$300,828 and \$305,026 for the years ended March 31, 2025 and 2024, respectively.

As of March 31, 2025, the NAWCC had long-term construction contracts related to an improvement project amounting to approximately \$975,000. As of March 31, 2025, the NAWCC incurred approximately \$458,000 of this total.

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 the 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, 2025 and 2024. 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, 2025 and 2024

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, 2025 and 2024, retirement expense amounted to \$9,810 and \$4,483, 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 \$1,900 to insure any unpaid bills by the NAWCC, 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, 2025 and 2024 were \$14,838 and \$13,942, respectively.

	<u>2025</u>	<u>2024</u>
Weighted-Average Remaining Lease Term		
Operating leases	4.39 Years	3.77 Years
Weighted-Average Discount Rate		
Operating leases	3.97%	4.30%

National Association of Watch and Clock Collectors, Inc.

Notes to Financial Statements

March 31, 2025 and 2024

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, 2025:

	<u>Operating Leases</u>
2026	\$ 15,513
2027	15,513
2028	15,513
2029	15,173
2030	<u>6,673</u>
Total Lease Payments	68,385
Imputed interest	<u>(8,763)</u>
Total Present Value of Lease Liabilities	<u>\$ 59,622</u>
Current portion of obligation under operating leases	\$ 13,393
Long-term portion of obligation under operating leases	<u>46,229</u>
	<u>\$ 59,622</u>

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>2025</u>	<u>2024</u>
Undesignated	\$ 4,899,142	\$ 4,540,490
Board-designated for Endowment		
Museum and library endowment	601,442	610,799
Museum endowment	337,369	317,910
General	153,456	126,879
Education	136,307	119,387
Library endowment	<u>109,850</u>	<u>104,508</u>
	<u>\$ 6,237,566</u>	<u>\$ 5,819,973</u>

National Association of Watch and Clock Collectors, Inc.

Notes to Financial Statements

March 31, 2025 and 2024

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>2025</u>	<u>2024</u>
Subject to the Passage of Time		
Promises to give - operating	\$ 67,692	\$ 92,771
Subject to Expenditure for Specific Purpose		
Education		
Wilbur Pritchard Fund for Awards of Excellence in Watch Repair or Restoration	53,875	53,875
Education General	27,645	5,290
Memorial Scholarship	4,254	-
Dutton-Lindow Education Program	3,064	7,693
Midwest Regional Scholarship	1,258	629
Horological Workbook J L Gropengiesser	-	1,519
Anthony Montefusco Memorial Scholarship	-	675
Watch and Clock Museum		
Dutton Strategic Transition Fund	78,637	100,660
Museum flooring and maintenance	7,907	22,399
Ansonia clock rebuild	7,606	7,606
Museum and library fund	7,265	9,769
Museum education program	6,521	3,118
Strike and Chiming Clock Mechanisms Course	5,801	10,185
Heating, ventilation, and air conditioning	5,290	5,290
Carriage Clock Chapter Exhibit	2,000	2,000
Time Explorer's workshop	1,449	1,449
Wristwatch acquisitions	1,291	1,800
Engle clock restoration	1,250	1,250
Orrery pedestal/security	750	750
Hamilton video project	573	573
Museum DVD project	500	500
Road signs	500	-
Research	480	802
50 Year membership plaque	375	375
Museum acquisitions	-	18,976
Server migration project	-	2,224
Museum education outreach	-	1,734
Museum public programs	-	1,669
Theater upgrade A/V	-	500

National Association of Watch and Clock Collectors, Inc.

Notes to Financial Statements

March 31, 2025 and 2024

Note 20 - Net Assets With Donor Restrictions (continued)

	<u>2025</u>	<u>2024</u>
Subject to Expenditure for Specific Purpose (continued)		
National		
Public Time Initiative	\$ 50,301	\$ 50,301
Symposium committee	35,084	28,153
Facilities projects	12,949	6,500
Traveling workshop	7,408	8,428
Webinars education committee	6,801	7,901
Regional registration program	4,481	1,000
Buckeye Chapter 23 education	4,000	4,000
Zspace project	2,037	2,037
Pocket Watch webinar	1,000	1,000
National convention - youth programs	193	193
Collect Fond Memories	175	175
Capital projects	-	5,118
Regional computer system	-	3,481
Small building improvements	-	2,091
Estate horological collection	-	375
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	460	813
Keystone microfilm	384	384
Library acquisitions	-	23
Publications Department		
Special publications	4,841	4,841
Perpetual in Nature		
NAWCC endowment	547,581	545,081
Museum endowment, including promises to give of \$1,980 and \$1,937, respectively	480,453	479,910
Education endowment	324,937	324,917
Library and research center endowment	137,897	137,897
Museum and Library endowment	8,560	7,500
	<u>\$ 1,929,540</u>	<u>\$ 1,992,215</u>

National Association of Watch and Clock Collectors, Inc.

Notes to Financial Statements

March 31, 2025 and 2024

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>2025</u>	<u>2024</u>
Promises to give	<u>\$ 6,000</u>	<u>\$ 11,000</u>

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

	<u>2025</u>	<u>2024</u>
Revenue		
In-kind contributions	\$ 22,882	\$ 21,678
Contributions	18,732	12,750
Expenses		
Professional fees	36,823	-
Travel	32,576	29,218
Other	5,037	8,080
Convention	1,856	2,099
Inventory purchases	221	2,299

Note 22 - Reclassifications

Certain information in the 2024 financial statements and related footnotes contain reclassifications necessary to make that information comparable to information presented in the 2025 financial statements. There was no change to total changes in net assets or total net assets.

Note 23 - Subsequent Events

The NAWCC has evaluated subsequent events through August 5, 2025. This date is the date the financial statements were available to be issued. No material events subsequent to March 31, 2025 were noted.