

**AMERICAN WATCHMAKERS-
CLOCKMAKERS INSTITUTE**

Financial Statements

June 30, 2022 and 2021



**AMERICAN WATCHMAKERS- CLOCKMAKERS
INSTITUTE**

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ATLAS CPAs & Advisors PLLC
3737 West Fork Road
Cincinnati, OH 45247

It's about time.

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors
American Watchmakers- Clockmakers Institute
Harrison, OH

Management is responsible for the accompanying financial statements of American Watchmakers-Clockmakers Institute (a non-profit corporation), which comprise the statements of financial position as of June 30, 2022 and 2021 and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Known Departure from Accounting Principles Generally Accepted in the United States of America

As disclosed in Note 2 to the financial statements, certain revenues are recognized on a cash basis which is not consistent with US GAAP. Management of the Institute has not performed a detailed analysis of their revenues to determine the amount of revenue earned is consistent with US GAAP for the years ended June 30, 2022 and 2021. It was not practicable to determine the effects of the improper revenue recognition on the statements of financial position, activities, and cash flows.

Supplementary Information

The supplementary information contained in Schedule I and II is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the representation of management. The information was subject to our compilation engagement; however, we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, conclusion, nor provide any assurance on such information.

ATLAS CPAs & Advisors PLLC

Cincinnati, OH
February 6, 2023



AMERICAN WATCHMAKERS - CLOCKMAKERS INSTITUTE
STATEMENTS OF FINANCIAL POSITION
June 30, 2022 and 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 154,146	\$ 164,237
Accounts receivable, net	16,145	3,105
Inventories	75,750	91,830
Investments, at fair value	7,374,486	8,395,178
Prepaid expenses	-	8,175
TOTAL CURRENT ASSETS	7,620,527	8,662,525
PROPERTY AND EQUIPMENT		
Land	237,566	237,566
Building	1,142,519	1,142,519
Equipment	222,409	222,409
Leasehold improvements	16,771	16,771
Vehicle - mobile classroom	400,308	400,308
Furnitures and fixtures	47,794	47,794
Less accumulated depreciation	(1,113,314)	(1,017,887)
TOTAL PROPERTY AND EQUIPMENT, NET	954,053	1,049,480
OTHER ASSETS		
Copyright	5,000	5,000
TOTAL ASSETS	\$ 8,579,580	\$ 9,717,005

The accompanying notes are an integral part of the financial statements.

AMERICAN WATCHMAKERS - CLOCKMAKERS INSTITUTE
STATEMENTS OF FINANCIAL POSITION
June 30, 2022 and 2021

	2022	2021
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 18,576	\$ 28,960
Accounts payable - related party	2,357	1,150
Sales tax payable	21	-
Credit card	17,380	1,083
Deferred revenue	2,785	3,232
Margin loan account - Charles Schwab	401,019	601,102
TOTAL CURRENT LIABILITIES	442,138	635,527
TOTAL LIABILITES	442,138	635,527
NET ASSETS		
Without donor restrictions	8,137,442	9,081,478
TOTAL LIABILITIES AND NET ASSETS	\$ 8,579,580	\$ 9,717,005

The accompanying notes are an integral part of the financial statements.

AMERICAN WATCHMAKERS - CLOCKMAKERS INSTITUTE
STATEMENTS OF ACTIVITIES
For the years ended June 30, 2022 and 2021

	2022	2021
REVENUE AND PUBLIC SUPPORT		
Membership	\$ 163,478	\$ 144,652
Education fees	169,202	50,318
Merchandise sales	54,641	36,881
Advertising revenue	71,294	57,776
Investment income (loss), net	(648,735)	1,565,784
PPP loan forgiveness	-	53,900
Other revenues	3,101	5,061
	(187,019)	1,914,372
FUNCTIONAL EXPENSES		
Program expenses	530,755	465,339
Management and general	226,262	208,535
	757,017	673,874
CHANGE IN NET ASSETS	(944,036)	1,240,498
NET ASSETS - BEGINNING OF YEAR	9,081,478	7,840,980
NET ASSETS - END OF YEAR	\$ 8,137,442	\$ 9,081,478

The accompanying notes are an integral part of the financial statements.

AMERICAN WATCHMAKERS - CLOCKMAKERS INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2022

	Program Services				Supporting Services	Total
	Education	HT Magazine and Retail	Membership	Clock/Watch Certification		
Payroll expenses	\$ 140,555	\$ 81,373	\$ -	\$ -	\$ 24,659	\$ 246,587
Professional services	2,636	-	-	-	52,816	55,452
Office expense	1,510	29,184	5,032	503	14,089	50,318
Information technology	-	-	-	-	8,807	8,807
Overhead	14,913	5,369	19,088	2,983	17,299	59,651
Repairs and maintenance	3,369	-	-	-	7,251	10,620
Insurance	14,004	1,528	5,092	509	4,329	25,462
Travel, lodging and meals	27,229	-	-	-	20,542	47,771
Mid year meeting	-	-	215	-	3,364	3,579
Other program expenses	14,094	108,910	-	-	5,125	128,129
Cost of merchandise sold	-	12,890	-	-	244	13,134
Depreciation	39,770	-	-	-	55,657	95,427
Interest	-	-	-	-	12,081	12,081
Total functional expenses	\$ 258,080	\$ 239,254	\$ 29,427	\$ 3,995	\$ 226,262	\$ 757,018

The accompanying notes are an integral part of the financial statements.

AMERICAN WATCHMAKERS - CLOCKMAKERS INSTITUTE
SCHEDULE OF FUNCTIONAL EXPENSES

For the year ended June 30, 2021

	Program Services				Supporting Services	Total
	Education	HT Magazine and Retail	Membership	Clock/Watch Certification	Management and General	
Payroll expenses	\$ 143,507	\$ 82,616	-	\$ 1,337	\$ 22,725	\$ 250,185
Professional services	-	-	2,244	-	64,714	66,958
Office expense	1,205	22,950	4,329	124	10,971	39,579
Information technology	1,464	7,455	10,177	219	2,048	21,363
Overhead	13,415	4,988	17,431	2,494	15,557	53,885
Repairs and maintenance	731	292	1,024	146	4,030	6,223
Insurance	15,454	1,652	5,619	826	4,670	28,221
Travel, lodging and meals	4,789	-	-	-	3,543	8,332
Other program expenses	6,721	51,366	-	-	2,279	60,366
Cost of merchandise sold	-	7,434	-	-	-	7,434
Depreciation	40,000	-	-	-	57,489	97,489
Interest	13,330	-	-	-	20,509	33,839
Total functional expenses	\$ 240,616	\$ 178,753	\$ 40,824	\$ 5,146	\$ 208,535	\$ 673,874

The accompanying notes are an integral part of the financial statements.

AMERICAN WATCHMAKERS - CLOCKMAKERS INSTITUTE
STATEMENTS OF CASH FLOWS
For the years ended June 30, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (944,036)	\$ 1,240,498
Adjustments to reconcile change in net assets with cash flow from operations:		
Depreciation	95,427	97,489
Gain on sale of investments	(390,944)	(563,336)
Unrealized (gains) losses on investments	1,297,281	(832,380)
(Increase) decrease in:		
Accounts receivable, net	(13,040)	2,612
Prepaid expenses	8,175	2,176
Inventories	16,080	12,849
Increase (decrease) in:		
Accounts payable	(10,384)	(23,330)
Accounts payable - related party	1,207	1,150
Accrued expenses	16,318	(1,564)
Deferred revenue	(447)	(71,908)
	75,637	(135,744)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(6,634)
Proceeds from sale of investments	1,920,019	2,820,364
Purchase of investments	(1,805,664)	(2,618,462)
	114,355	195,268
NET CASH PROVIDED BY INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from lines of credit - First Financial	-	308,397
Payments on line of credit - First Financial	-	(457,933)
Proceeds from margin loan account - Charles Schwab	-	602,286
Payments on margin loan account - Charles Schwab	(200,083)	(1,184)
Repayments of long-term debt	-	(355,988)
	(200,083)	95,578
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES		
NET CHANGE IN CASH AND CASH EQUIVALENTS	(10,091)	155,102
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	164,237	9,135
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 154,146	\$ 164,237
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	\$ 12,081	\$ 33,839

The accompanying notes are an integral part of the financial statements.

AMERICAN WATCHMAKERS- CLOCKMAKERS INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 1 - NATURE OF OPERATIONS

America Watchmakers-Clockmakers Institute (the Institute) is a trade organization for professionals in watchmaking, watch repair, clockmaking and clock repair. The Institute operates as a not-for-profit organization, exempt from taxation under Internal Revenue Code Section 501 (c)(6). The Institute receives membership dues, tuition and advertising revenues and provides members access to education and certifications. Members are also provided with The Horological Times Publication.

On March 11, 2020, the World Health Organization declared Coronavirus (COVID-19) a pandemic. The continued spread of COVID-19, or any similar outbreaks in the future may adversely impact the local, regional, national and global economies. The extent to which COVID-19 impacts the Organization's operating results is dependent on the breadth and duration of the pandemic and could be affected by other factors management is not currently able to predict. Potential impacts include, but are not limited to, additional costs for responding to COVID-19, delays, loss of, or reduction to, revenue and funding. The duration of the reduction in revenue may be only temporary however, the related financial impact and duration cannot be reasonably estimated at this time.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding the Institute's financial statements. The policies conform to generally accepted accounting principles and have been consistently applied. The financial statements and notes are representations of the Institute's management who is responsible for their integrity and objectivity.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting except for revenue recognition as explained below under Revenue Recognition.

Basis of Presentation

The Institute's financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Institute's management and board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Institute or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Institute currently does not have net assets with restrictions that are perpetual in nature.

AMERICAN WATCHMAKERS- CLOCKMAKERS INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Institute's ongoing programs. Non-operating activities include other activities considered to be of a more unusual or nonrecurring nature. All activities of the Institute were operating activities for the years ended June 30, 2022 and 2021.

Cash and Cash Equivalents

The Institute considers all cash and highly liquid investments with original maturities of three months or less, that are not designated for a specific purpose, to be cash equivalents for cash flow statement classification purposes. Money market accounts in investments are not included in cash and cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Concentration of Credit Risk

The Institute maintains cash in bank deposit accounts, which at times may exceed federally insured limits. The Federal Deposit Insurance Corporation (FDIC) provides insurance coverage up to \$250,000 per depositor at each insured financial institution. The Company's cash in bank did not exceed federal insured limits as of June 30, 2022 and 2021, respectively. Management considers this risk to be mitigated by the bank's high credit rating and has not experienced any losses on such accounts.

Accounts Receivable

Accounts receivable are stated at the amount expected to be collected from the balances outstanding at the year-end. It is the opinion of management that all accounts receivable are collectable; therefore, an allowance for doubtful accounts has not been provided for in these financial statements.

AMERICAN WATCHMAKERS- CLOCKMAKERS INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments are reported at their fair values in the statements of financial position. Net investment return is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Inventories

Inventories consist of published books, periodicals and classroom materials valued at the lower of cost or net realizable value on a first in/first out basis.

Property and Equipment

Expenditures greater than \$500 for land, building, and equipment are capitalized at cost when acquired. Donated property and equipment are valued at the approximate fair value on the date of donation. Normal repairs and maintenance are expensed as incurred. Land, by its nature, is neither depreciated or amortized. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings	40 Years
Furniture and Equipment	3-10 Years
Vehicle-Mobile Classroom	10 Years

Depreciation expense was \$95,427 and \$97,489 for the years ended June 30, 2022 and 2021, respectively.

Donated Assets and Property and Equipment

Donated marketable securities, property and equipment, and other noncash donations are recorded as contributions at their fair values at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Institute reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Institute reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. The Institute did not receive any donated property and equipment during the years ended June 30, 2022 and 2021.

AMERICAN WATCHMAKERS- CLOCKMAKERS INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Membership dues are recognized as income when received. The payments vary based on annual membership. Management of the Institute has not performed a detailed analysis of their revenues to determine the amount of revenue earned consistent with US GAAP for the years ended June 30, 2022 and 2021. It was not practical to determine the effects of the improper revenue recognition on the financial statements. Contributions received are measured at their fair values and are reported as increases in net assets. Revenues from sources other than contributions are reported as increases in net asset without donor restrictions unless use of the related assets is limited by donor-imposed restrictions, or if they are designated as support for future periods.

Allocation of Functional Expenses

The costs of program, management supporting service, and fundraising activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among programs and supporting services benefited. Management, on an equitable basis that reflects time and effort, determines such allocations. Expenses are directly applied when applicable. The following expenses include allocated expenses based on a periodic review performed by management: professional services, payroll, office, information technology, overhead, repairs and maintenance, insurance, travel, meetings, depreciation and interest.

For the year ended June 30, 2022, approximately 70% of the Institute's total expenses related to program services, 30% to management and general services, and 0% to fundraising activities. For the year ended June 30, 2021, approximately 69% of the Institute's total expenses related to program services, 31% to management and general services, and 0% to fundraising activities.

Income Taxes

The Institute is an Ohio nonprofit corporation and is exempt from income tax under Section 501(c)(6) of the Internal Revenue Code. Therefore, no provision or liability for federal income taxes has been included in the financial statements.

The Institute has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report any unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Institute has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements as of June 30, 2022 and 2021..

Advertising Costs

The Institute expenses advertising costs as they are incurred. Adverting costs were \$1,565 and \$226 for the years ended June 30, 2022 and 2021, respectively.

AMERICAN WATCHMAKERS- CLOCKMAKERS INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Significant Accounting Standards

Lease Accounting Standard

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This new standard is intended to improve financial reporting about leasing transactions by requiring entities that lease assets to recognize on their statement of financial position the assets and liabilities for the rights and obligations created by those leases, and to provide additional disclosures regarding the leases. Leases with terms (as defined in the ASU) of twelve months or less are not required to be reflected on an entity's statement of financial position. The ASU is effective for the years beginning after December 15, 2022.

NOTE 3 - AVAILABILITY AND LIQUIDITY

The following reflects the Institute's financial assets as of June 30, 2022 and 2021 reduced by amounts not available for general use within one year of the balance sheet date. Amounts not available include amounts set aside as Board designated net assets (see Note 5) that could be drawn upon if the governing board approves that action.

	2022	2021
Financial assets at year end:		
Cash and cash equivalents	\$ 154,146	\$ 164,237
Investments, at fair value	7,374,486	8,395,178
Accounts receivable, net	16,145	3,105
	7,544,777	8,562,520
Less those unavailable for general expenditures within one year:		
Board designated assets	(7,259,564)	(8,280,255)
Financial assets available to meet cash needs for general expenditures within one year	\$ 285,213	\$ 282,265

AMERICAN WATCHMAKERS- CLOCKMAKERS INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 4 - INVESTMENTS

The Institute's investments consist of common stocks, money market funds and corporate bonds. All of the investments are valued based on Level 1 for fair value measurements. Investments are stated at fair value of June 30 2022 and 2021, and are summarized as follows:

	2022	
	Cost	Fair Value
Money Market Funds	\$ 36,989	\$ 36,989
Fixed Income	2,679,872	2,442,376
Equity Securities	4,089,931	4,895,121
Total Investments	\$ 6,806,792	\$ 7,374,486
	2021	
	Cost	Fair Value
Money Market Funds	\$ 29,578	\$ 29,578
Fixed Income	2,784,364	2,871,003
Equity Securities	3,718,296	5,494,597
Total Investments	\$ 6,532,238	\$ 8,395,178

Due to the marketability of the investments all are considered current assets. Proceeds from all sales are immediately reinvested. Dividends and interest earnings are recorded as investment income. The following schedule summarizes the investment return and its classification in the statements of activities for the years ended June 30, 2022 and 2021:

	Without Donor Restrictions	
	2022	2021
Interest Income	\$ 148,059	\$ 101,058
Dividend Income	109,543	69,010
Realized Gains	390,944	563,336
Unrealized Gains (Losses)	(1,297,281)	832,380
Total Investment Income (Loss), Net	\$ (648,735)	\$ 1,565,784

NOTE 5 - BOARD DESIGNATED NET ASSETS

Net assets without donor restrictions also include the James M. Dodson Perpetuation Fund, derived from the sale of the Packard Watch Collection. Earnings received from the investment principal is to be used for the benefit of the membership. The Institute's Board of Directors established the corpus of the Board Designated fund at \$7,100,000 at its inception.

AMERICAN WATCHMAKERS- CLOCKMAKERS INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 5 - BOARD DESIGNATED NET ASSETS (Continued)

The following schedule summarizes the changes in the Board Designated fund as of June 30, 2022 and 2021:

	Without Donor Restrictions	
	2022	2021
Net assets - board designated, beginning of year	\$ 8,280,255	\$ 7,086,427
Investment returns, net	(648,735)	1,565,784
Appropriation of fund assets for expenditure	(371,956)	(371,956)
Net assets - board designated, end of year	\$ 7,259,564	\$ 8,280,255

NOTE 6 - LINE OF CREDIT

The Institute entered into a margin loan account agreement with its investment broker in April 2021. An initial amount of \$600,250 was borrowed, bearing interest at the base rate determined by the investment broker and secured by the equity investments in the brokerage account. The interest rate at June 30, 2022 was 3.50%. The outstanding balance at June 30, 2022 was \$401,019.

NOTE 7 - PPP LOAN

The Institute was awarded a Paycheck Protection Program ("PPP") loan as a result of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") on March 26, 2021 in the amount of \$53,900. The Institute expected to be eligible for loan forgiveness, concluding that the PPP loan represents, in essence, a grant; thus, the Institute has elected to use the guidance in *ASC 958-605, Not-for-Profit Entities: Revenue Recognition* as allowable by the AICPA. The Institute utilized the funds for payroll expenses during the period March 26, 2021 through August 3, 2021. As the Institute has incurred the majority of the qualifying expenses during the year ended June 30, 2021, the entire \$53,900 has been recorded as other income for the year ended June 30, 2021. The entire amount of \$53,900 was forgiven on October 14, 2021.

NOTE 8 - RELATED PARTY TRANSACTIONS

The Institute's board appoints members to the board of a related entity, ELM Trust. ELM Trust is a 501 (c)(3) organization that provides educational support to the Institute and its members. The ELM Trust financial information is not combined or consolidated in these financial statements. The Institute receives contributions from time to time that are partially or wholly designated to the ELM Trust. At June 30, 2022 and 2021 the Institute had accounts payable to the ELM Trust of \$2,357 and \$1,150, respectively.

AMERICAN WATCHMAKERS- CLOCKMAKERS INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 9 - FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Agencies group assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1: Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2: Other observable inputs, either directly or indirectly, including:

- quoted prices for similar assets/liabilities in active markets;
- quoted prices for identical or similar assets in non-active markets;
- inputs other than quoted prices that are observable for the asset or liability; and,
- inputs that are derived principally from or corroborated by other observable market data.

Level 3: Unobservable inputs that cannot be corroborated by observable market data.

The assets or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of June 30, 2015.

Common stocks, money market fund, corporate bond and U.S. governmental securities:

Values at the closing price reported on the active market on which the individual securities are traded.

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 Institute believes its valuation techniques are appropriate and consistent with other organizations, 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.

NOTE 10 – RISKS AND UNCERTAINTIES

The Institute's investments consist of equity and fixed income mutual funds, and other marketable securities. Investment securities are exposed to various risks, such as credit, market and interest rate. Due to the level of uncertainty related to changes in interest rates, market volatility and credit risks, it is at least reasonably possible that changes in these risks could materially affect the fair value of the investments reported in the statement of financial position at June 30, 2022. Investments are managed by the Board of Directors with advice and assistance from investment professionals.

AMERICAN WATCHMAKERS- CLOCKMAKERS INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 11 - SUBSEQUENT EVENTS

Management reviews events and transactions occurring subsequent to the date of the financial statements for matters requiring potential recognition or disclosure in the financial statements. The Institute has evaluated subsequent events through February 6, 2023, the date the financial statements were available to be issued. Management has determined that no events require disclosure, except those noted below.

SUPPLEMENTAL INFORMATION

AMERICAN WATCHMAKERS - CLOCKMAKERS INSTITUTE
SCHEDULE I
SUPPLEMENTAL SCHEDULES OF REVENUES AND GAINS
For the years ended June 30, 2022 and 2021

	2022	2021
MEMBERSHIP DUES		
Active members dues	\$ 148,578	\$ 133,072
Industry advisory board	11,000	6,480
Affiliate chapter dues	2,400	3,000
Research and educational council	1,500	2,100
TOTAL MEMBERSHIP DUES	163,478	144,652
EDUCATION FEES		
Bench courses	35,000	20,175
Webinars	125	115
Academy	134,077	29,028
TOTAL EDUCATION FEES	169,202	49,318
WATCH AND CLOCK CERTIFICATION	-	1,000
ADVERTISING REVENUE		
Display	63,341	50,697
Classified	7,953	7,079
TOTAL ADVERTISING REVENUE	71,294	57,776
MERCHANDISE SALES		
Books	47,044	30,846
Media	7,597	6,035
TOTAL MERCHANDISE SALES	54,641	36,881
OTHER REVENUES		
Workers compensation rebates	-	4,181
Business contributions	-	130
PPP loan forgiveness	-	53,900
Miscellaneous	3,101	750
TOTAL OTHER REVENUES	3,101	58,961
TOTAL SUPPORT FROM OPERATIONS	461,716	348,588

See independent accountant's compilation report

AMERICAN WATCHMAKERS - CLOCKMAKERS INSTITUTE
SCHEDULE I
SUPPLEMENTAL SCHEDULES OF REVENUES AND GAINS
For the years ended June 30, 2022 and 2021

	2022	2021
INVESTMENT INCOME (LOSS)		
Interest income	\$ 148,059	\$ 101,058
Dividend income	109,543	69,010
Realized gains	390,944	563,336
Unrealized gains (losses)	(1,297,281)	832,380
TOTAL INVESTMENT INCOME (LOSS), NET	(648,735)	1,565,784
TOTAL REVENUE (LOSS) AND PUBLIC SUPPORT	\$ (187,019)	\$ 1,914,372

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AMERICAN WATCHMAKERS - CLOCKMAKERS INSTITUTE
SCHEDULE II
SUPPLEMENTAL SCHEDULES OF EXPENSES
For the years ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
PAYROLL EXPENSES		
Salaries and wages	\$ 228,232	\$ 207,406
Payroll taxes	18,355	16,775
Health insurance	-	22,577
Other employee benefit	-	3,427
	<u>246,587</u>	<u>250,185</u>
TOTAL PAYROLL EXPENSES		
PROFESSIONAL SERVICES		
Accounting	10,090	23,950
Legal	3,716	1,324
Outside contracted services	718	-
Ohio annual report	200	200
Financing fees	-	2,875
Election balloting	2,359	2,244
Investment management	38,369	36,365
	<u>55,452</u>	<u>66,958</u>
TOTAL PROFESSIONAL SERVICES		
OFFICE EXPENSES		
Payroll processing	1,515	920
Bank charges	4,000	3,131
Advertising and marketing	1,565	226
Office supplies	3,404	3,110
Dues and subscriptions	12,766	3,343
Postage and shipping	12,503	17,825
Printing and copying	2,312	3,972
Credit card fees	11,750	6,357
Membership other costs	249	591
Licenses and fees	254	78
Shipping supplies	-	26
	<u>50,318</u>	<u>39,579</u>
TOTAL OFFICE EXPENSES		
INFORMATION TECHNOLOGY		
IT Support	1,515	11,082
Software	-	7,757
Website	7,292	2,524
	<u>8,807</u>	<u>21,363</u>
TOTAL INFORMATION TECHNOLOGY		

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