

Rudler & Associates, Inc., CPA's PSC
Suite 200 1881 Dixie Highway
Fort Wright, Kentucky 41011
Telephone (859)-331-1717 Telecopier (859)-331-4356

American Watchmakers Institute
701 Enterprise Drive
Harrison, OH 45030

Dear Sir:

Enclosed are the organization's 2006 Exempt Organization returns. The paper filed return(s) should be signed, dated, and mailed, as indicated.

Specific filing instructions are as follows.

FORM 990 RETURN:

This return has been prepared for electronic filing. If you wish to have it transmitted electronically to the IRS, please sign, date, and return Form 8879-EO to our office. We will then submit the electronic return to the IRS. Do not mail a paper copy of the return to the IRS.

FORM 990-T RETURN:

Form 990-T has an overpayment of \$377 and the entire amount will be refunded.

Please sign and mail as soon as possible.

Mail to - Internal Revenue Service Center
Ogden, UT 84201-0027

Copies of all the returns are enclosed for your files. We suggest that you retain these copies indefinitely.

Very truly yours,

Rudler & Associates, Inc., CPA's PSC

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

Department of the Treasury
Internal Revenue Service

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2006 calendar year, or tax year beginning **JUL 1, 2006** and ending **JUN 30, 2007**

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	Please use IRS label or print or type. See Specific Instructions.	C Name of organization AMERICAN WATCHMAKERS INSTITUTE Number and street (or P.O. box if mail is not delivered to street address) Room/suite 701 ENTERPRISE DRIVE City or town, state or country, and ZIP + 4 HARRISON, OH 45030	D Employer identification number 31-0731708 E Telephone number (513) 367-9800 F Accounting method: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) ▶
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• Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

Hand I are not applicable to section 527 organizations.

H(a) Is this a group return for affiliates? Yes No

H(b) If "Yes," enter number of affiliates ▶ **N/A**

H(c) Are all affiliates included? **N/A** Yes No
(If "No," attach a list.)

H(d) Is this a separate return filed by an organization covered by a group ruling? Yes No

G Website: ▶ **WWW.AWCI.COM**

J Organization type (check only one) 501(c) (**6**) ◀ (insert no.) 4947(a)(1) or 527

K Check here if the organization is not a 509(a)(3) supporting organization and its gross receipts are normally not more than \$25,000. A return is not required, but if the organization chooses to file a return, be sure to file a complete return.

I Group Exemption Number ▶ **N/A**

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 ▶ **2,228,055.**

M Check if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF).

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances

	1 Contributions, gifts, grants, and similar amounts received:		
	a Contributions to donor advised funds 1a		
	b Direct public support (not included on line 1a) 1b		
	c Indirect public support (not included on line 1a) 1c		
	d Government contributions (grants) (not included on line 1a) 1d		
	e Total (add lines 1a through 1d) (cash \$ _____ noncash \$ _____) ... 1e		0.
	2 Program service revenue including government fees and contracts (from Part VII, line 93)	2	
	3 Membership dues and assessments	3	644,008.
	4 Interest on savings and temporary cash investments	4	
	5 Dividends and interest from securities	5	348,930.
	6 a Gross rents	6a	
	b Less: rental expenses	6b	
	c Net rental income or (loss). Subtract line 6b from line 6a	6c	
	7 Other investment income (describe ▶ _____)	7	
	8 a Gross amount from sales of assets other than inventory 8a	(A) Securities	(B) Other
		1,235,117.	
	b Less: cost or other basis and sales expenses	8b	
		1,209,242.	
	c Gain or (loss) (attach schedule)	8c	
		25,875.	
	d Net gain or (loss). Combine line 8c, columns (A) and (B) stmt 1	8d	25,875.
	9 Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>		
	a Gross revenue (not including \$ _____ of contributions reported on line 1b) ... 9a		
	b Less: direct expenses other than fundraising expenses	9b	
	c Net income or (loss) from special events. Subtract line 9b from line 9a	9c	
	10 a Gross sales of inventory, less returns and allowances 10a		
	b Less: cost of goods sold	10b	
	c Gross profit or (loss) from sales of inventory (attach schedule). Subtract line 10b from line 10a	10c	
	11 Other revenue (from Part VII, line 103)	11	
	12 Total revenue. Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11	12	1,018,813.
	13 Program services (from line 44, column (B))	13	
	14 Management and general (from line 44, column (C))	14	
	15 Fundraising (from line 44, column (D))	15	
	16 Payments to affiliates (attach schedule)	16	
	17 Total expenses. Add lines 16 and 44, column (A)	17	1,248,341.
	18 Excess or (deficit) for the year. Subtract line 17 from line 12	18	-229,528.
	19 Net assets or fund balances at beginning of year (from line 73, column (A))	19	7,068,016.
	20 Other changes in net assets or fund balances (attach explanation) See Statement 2	20	-50,043.
	21 Net assets or fund balances at end of year. Combine lines 18, 19, and 20	21	6,788,445.

Part II Statement of Functional Expenses

All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others.

<i>Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.</i>	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22a Grants paid from donor advised funds (attach schedule) (cash \$ <u>0</u> . noncash \$ <u>0</u> .) If this amount includes foreign grants, check here <input type="checkbox"/>				
22b Other grants and allocations (attach schedule) (cash \$ <u>0</u> . noncash \$ <u>0</u> .) If this amount includes foreign grants, check here <input type="checkbox"/>				
23 Specific assistance to individuals (attach schedule)				
24 Benefits paid to or for members (attach schedule)				
25a Compensation of current officers, directors, key employees, etc. listed in Part V-A	0 .			
25b Compensation of former officers, directors, key employees, etc. listed in Part V-B	0 .			
25c Compensation and other distributions, not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
26 Salaries and wages of employees not included on lines 25a, b, and c	429,585 .			
27 Pension plan contributions not included on lines 25a, b, and c	24,340 .			
28 Employee benefits not included on lines 25a - 27	39,056 .			
29 Payroll taxes	35,788 .			
30 Professional fundraising fees				
31 Accounting fees				
32 Legal fees	41,187 .			
33 Supplies	24,014 .			
34 Telephone	13,902 .			
35 Postage and shipping	27,928 .			
36 Occupancy				
37 Equipment rental and maintenance	15,218 .			
38 Printing and publications	134,734 .			
39 Travel	36,179 .			
40 Conferences, conventions, and meetings	87,752 .			
41 Interest	66,169 .			
42 Depreciation, depletion, etc. (attach schedule)	60,122 .			
43 Other expenses not covered above (itemize):				
a _____				
b _____				
c _____				
d _____				
e _____				
f _____				
g See Statement 3	212,367 .			
44 Total functional expenses. Add lines 22a through 43g. (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	1,248,341 .			

Joint Costs. Check if you are following SOP 98-2.

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? Yes No
 If "Yes," enter (i) the aggregate amount of these joint costs \$ N/A ; (ii) the amount allocated to Program services \$ N/A ;
 (iii) the amount allocated to Management and general \$ N/A ; and (iv) the amount allocated to Fundraising \$ N/A

Part III Statement of Program Service Accomplishments (See the instructions.)

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

What is the organization's primary exempt purpose? ASSOCIATION OF WATCHMAKERS AND CLOCKMAKERS	Program Service Expenses (Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts; but optional for others.)
All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)	
a TRADE ASSOCIATION OF WATCHMAKERS AND CLOCKMAKERS (Grants and allocations \$) If this amount includes foreign grants, check here <input type="checkbox"/>	
b (Grants and allocations \$) If this amount includes foreign grants, check here <input type="checkbox"/>	
c (Grants and allocations \$) If this amount includes foreign grants, check here <input type="checkbox"/>	
d (Grants and allocations \$) If this amount includes foreign grants, check here <input type="checkbox"/>	
e Other program services (attach schedule) (Grants and allocations \$) If this amount includes foreign grants, check here <input type="checkbox"/>	
f Total of Program Service Expenses (should equal line 44, column (B), Program services)	

Part IV Balance Sheets (See the instructions.)

Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

		(A) Beginning of year		(B) End of year	
Assets	45 Cash - non-interest-bearing	21,853.	45	26,540.	
	46 Savings and temporary cash investments		46		
	47 a Accounts receivable	99,191.			
	b Less: allowance for doubtful accounts				
			85,872.	47c	99,191.
	48 a Pledges receivable				
	b Less: allowance for doubtful accounts				
				48c	
	49 Grants receivable			49	
	50 a Receivables from current and former officers, directors, trustees, and key employees			50a	
	b Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)			50b	
	51 a Other notes and loans receivable				
	b Less: allowance for doubtful accounts				
				51c	
	52 Inventories for sale or use	99,679.	52		82,002.
	53 Prepaid expenses and deferred charges			53	
54 a Investments - publicly-traded securities					
<input type="checkbox"/> Cost <input type="checkbox"/> FMV			54a		
b Investments - other securities					
<input type="checkbox"/> Cost <input type="checkbox"/> FMV			54b		
55 a Investments - land, buildings, and equipment: basis					
b Less: accumulated depreciation					
			55c		
56 Investments - other	See Statement 4	6,575,854.	56	6,437,531.	
57 a Land, buildings, and equipment: basis	57a 2,026,732.				
b Less: accumulated depreciation Stmt 5	57b 911,096.	1,134,192.	57c	1,115,636.	
58 Other assets, including program-related investments (describe ▶ See Statement 6)		34,868.	58	32,906.	
59 Total assets (must equal line 74). Add lines 45 through 58		7,952,318.	59	7,793,806.	
Liabilities	60 Accounts payable and accrued expenses	15,302.	60	14,888.	
	61 Grants payable		61		
	62 Deferred revenue		62		
	63 Loans from officers, directors, trustees, and key employees		63		
	64 a Tax-exempt bond liabilities		64a		
	b Mortgages and other notes payable	869,000.	64b	950,000.	
	65 Other liabilities (describe ▶ bank overdraft)		65	40,473.	
	66 Total liabilities. Add lines 60 through 65		884,302.	66	1,005,361.
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.				
	67 Unrestricted	-31,984.	67	-311,555.	
	68 Temporarily restricted	7,100,000.	68	7,100,000.	
	69 Permanently restricted		69		
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74.				
	70 Capital stock, trust principal, or current funds		70		
	71 Paid-in or capital surplus, or land, building, and equipment fund		71		
	72 Retained earnings, endowment, accumulated income, or other funds		72		
73 Total net assets or fund balances. Add lines 67 through 69 or lines 70 through 72. (Column (A) must equal line 19 and column (B) must equal line 21)		7,068,016.	73	6,788,445.	
74 Total liabilities and net assets/fund balances. Add lines 66 and 73		7,952,318.	74	7,793,806.	

Part IV-A Reconciliation of Revenue per Audited Financial Statements With Revenue per Return (See the instructions.)

a	Total revenue, gains, and other support per audited financial statements	a	1,018,813.
b	Amounts included on line a but not on Part I, line 12:		
1	Net unrealized gains on investments	b1	
2	Donated services and use of facilities	b2	
3	Recoveries of prior year grants	b3	
4	Other (specify):	b4	
	Add lines b1 through b4	b	0.
c	Subtract line b from line a	c	1,018,813.
d	Amounts included on Part I, line 12, but not on line a :		
1	Investment expenses not included on Part I, line 6b	d1	
2	Other (specify):	d2	
	Add lines d1 and d2	d	0.
e	Total revenue (Part I, line 12). Add lines c and d	e	1,018,813.

Part IV-B Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

a	Total expenses and losses per audited financial statements	a	1,248,341.
b	Amounts included on line a but not on Part I, line 17:		
1	Donated services and use of facilities	b1	
2	Prior year adjustments reported on Part I, line 20	b2	
3	Losses reported on Part I, line 20	b3	
4	Other (specify):	b4	
	Add lines b1 through b4	b	0.
c	Subtract line b from line a	c	1,248,341.
d	Amounts included on Part I, line 17, but not on line a :		
1	Investment expenses not included on Part I, line 6b	d1	
2	Other (specify):	d2	
	Add lines d1 and d2	d	0.
e	Total expenses (Part I, line 17). Add lines c and d	e	1,248,341.

Part V-A Current Officers, Directors, Trustees, and Key Employees (List each person who was an officer, director, trustee, or key employee at any time during the year even if they were not compensated.) (See the instructions.)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-.)	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
DENNIS WARNER 701 ENTERPRISE DR HARRISON, OH 45030	PRESIDENT	0.00	0.	0.
MARK BUTTERWORTH 701 ENTERPRISE DR HARRISON, OH 45030	VICE-PRESIDENT	0.00	0.	0.
GENE BERTRAM 701 ENTERPRISE DR HARRISON, OH 45030	2ND VICE-PRESIDENT	0.00	0.	0.
MATT HENNING 701 ENTERPRISE DR HARRISON, OH 45030	SECRETARY	0.00	0.	0.
JACK KURDZIONAK 701 ENTERPRISE DR HARRISON, OH 45030	TREASURER	0.00	0.	0.

Part V-A Current Officers, Directors, Trustees, and Key Employees (continued)		Yes	No
75 a	Enter the total number of officers, directors, and trustees permitted to vote on organization business at board meetings 17		
b	Are any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, related to each other through family or business relationships? If "Yes," attach a statement that identifies the individuals and explains the relationship(s)	75b	X
c	Do any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, receive compensation from any other organizations, whether tax exempt or taxable, that are related to the organization? See the instructions for the definition of "related organization." If "Yes," attach a statement that includes the information described in the instructions.	75c	X
d	Does the organization have a written conflict of interest policy?	75d	X

Part V-B Former Officers, Directors, Trustees, and Key Employees That Received Compensation or Other Benefits (If any former officer, director, trustee, or key employee received compensation or other benefits (described below) during the year, list that person below and enter the amount of compensation or other benefits in the appropriate column. See the instructions.)				
(A) Name and address	(B) Loans and Advances	(C) Compensation (if not paid, enter -0-)	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
None				

Part VI Other Information (See the instructions.)		Yes	No
76	Did the organization make a change in its activities or methods of conducting activities? If "Yes," attach a detailed statement of each change	76	X
77	Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes.	77	X
78 a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	78a	X
b	If "Yes," has it filed a tax return on Form 990-T for this year? N/A	78b	
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement	79	X
80 a	Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?	80a	X
b	If "Yes," enter the name of the organization N/A and check whether it is <input type="checkbox"/> exempt or <input type="checkbox"/> nonexempt		
81 a	Enter direct or indirect political expenditures. (See line 81 instructions.) 81a 0 .		
b	Did the organization file Form 1120-POL for this year?	81b	X

Part VI Other Information (continued)		Yes	No
82 a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value? b If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.)		X
82b	N/A		
83 a	Did the organization comply with the public inspection requirements for returns and exemption applications?	X	
83b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	X	
84 a	Did the organization solicit any contributions or gifts that were not tax deductible?		X
84b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		X
84b	N/A		
85 a	501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members?	X	
85b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.	X	
85c	Dues, assessments, and similar amounts from members		N/A
85d	Section 162(e) lobbying and political expenditures		N/A
85e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices		N/A
85f	Taxable amount of lobbying and political expenditures (line 85d less 85e)		N/A
85g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?		N/A
85h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?		N/A
86 a	501(c)(7) organizations. Enter: a Initiation fees and capital contributions included on line 12		N/A
86b	Gross receipts, included on line 12, for public use of club facilities		N/A
87 a	501(c)(12) organizations. Enter: a Gross income from members or shareholders		N/A
87b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)		N/A
88 a	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX		X
88b	At any time during the year, did the organization, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Part XI		X
89 a	501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 N/A; section 4912 N/A; section 4955 N/A		
89b	501(c)(3) and 501(c)(4) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction		N/A
89c	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958		0.
89d	Enter: Amount of tax on line 89c, above, reimbursed by the organization		0.
89e	All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction?		X
89f	All organizations. Did the organization acquire a direct or indirect interest in any applicable insurance contract?		X
89g	For supporting organizations and sponsoring organizations maintaining donor advised funds. Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		X
90 a	List the states with which a copy of this return is filed		None
90b	Number of employees employed in the pay period that includes March 12, 2006		10
91 a	The books are in care of JAMES E. LUBIC Telephone no. (513) 367-9800 Located at 701 ENTERPRISE DRIVE, HARRISON, OH ZIP + 4 45030		
91b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If "Yes," enter the name of the foreign country		X
	See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		N/A

Part VI Other Information (continued) Yes No

c At any time during the calendar year, did the organization maintain an office outside of the United States? 91c Yes No
 If "Yes," enter the name of the foreign country N/A

92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041- Check here
 and enter the amount of tax-exempt interest received or accrued during the tax year 92 N/A

Part VII Analysis of Income-Producing Activities (See the instructions.)

Note: Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclu- sion code	(D) Amount	
93 Program service revenue:					
a _____					
b _____					
c _____					
d _____					
e _____					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies ...					
94 Membership dues and assessments					644,008.
95 Interest on savings and temporary cash investments ...					
96 Dividends and interest from securities			14	348,930.	
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					25,875.
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue:					
a _____					
b _____					
c _____					
d _____					
e _____					
104 Subtotal (add columns (B), (D), and (E))		0.		348,930.	669,883.
105 Total (add line 104, columns (B), (D), and (E))					1,018,813.

Note: Line 105 plus line 1e, Part I, should equal the amount on line 12, Part I.

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See the instructions.)

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
94	RECEIPTS CONSIST OF DUES, SEMINAR REGISTRATIONS, CERTIFICATION TESTS, AND ADVERTISING FOR TRADE MAGAZINE, ALL OF WHICH ARE RELATED TO THE ORGANIZATION'S ACTIVITIES TO PROMOTE WATCH AND CLOCKMAKING ACTIVITIES.

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See the instructions.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
N/A	%			
	%			
	%			
	%			

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See the instructions.)

(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes No

(b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No

Note: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).

Part XI Information Regarding Transfers To and From Controlled Entities. Complete only if the organization is a controlling organization as defined in section 512(b)(13). N/A

106 Did the reporting organization **make** any transfers **to** a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity.

Yes	No

	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a	-----			
b	-----			
c	-----			
Totals				

107 Did the reporting organization **receive** any transfers **from** a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity.

Yes	No

	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a	-----			
b	-----			
c	-----			
Totals				

108 Did the organization have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, and annuities described in question 107 above?

Yes	No

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Please Sign Here	Signature of officer _____ JAMES E. LUBIC, DIRECTOR Type or print name and title	Date _____
Paid Preparer's Use Only	Preparer's signature ► Lawrence D. Boschert II CPA Firm's name (or yours if self-employed), address, and ZIP + 4 ► Rudler & Associates, Inc. Suite 200 1881 Dixie Highway Fort Wright, Kentucky 41011	Date _____ Check if self-employed ► <input type="checkbox"/> Preparer's SSN or PTIN (See Gen. Inst. X) _____ EIN ► _____ Phone no. ► 859-331-1717

2006 DEPRECIATION AND AMORTIZATION REPORT

Asset No.	Description	Date Acquired	Method	Life	Line No.	Unadjusted Cost Or Basis	Bus % Excl	* Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Current Year Deduction
16	Typewriters	040389	SL	10.00	16	3,860.			3,860.	3,860.		0.
2	Wheel cutting module	060190	SL	5.00	16	528.			528.	528.		0.
3	File cabinet	060190	SL	6.00	16	802.			802.	802.		0.
4	American office products	040291	SL	5.00	16	979.			979.	979.		0.
5	Class room equipment	103191	SL	7.00	16	13,422.			13,422.	13,422.		0.
6	1991-92 Additions	063092	SL	7.00	16	775.			775.	775.		0.
7	Visual Edit	063092	SL	7.00	16	2,633.			2,633.	2,633.		0.
8	Storage cabinets	063092	SL	7.00	16	641.			641.	641.		0.
9	Proseer Extend Lathe	063093	SL	7.00	16	6,230.			6,230.	6,230.		0.
10	1993-94 Additions	063094	SL	10.00	16	6,109.			6,109.	6,109.		0.
11	Warehouse Office Furniture	070195	SL	10.00	16	2,238.			2,238.	2,238.		0.
12	Warehouse Office Furniture	070195	SL	10.00	16	204.			204.	204.		0.
13	Warehouse Office Furniture	070195	SL	10.00	16	1,555.			1,555.	1,555.		0.
14	Warehouse Office Furniture	070195	SL	10.00	16	528.			528.	528.		0.
15	Warehouse Office Furniture	070195	SL	10.00	16	2,074.			2,074.	2,074.		0.
16	Land	063095	NC	.000		237,566.			237,566.			0.
17	Land Improvements	063095	SL	10.00	16	1,172.			1,172.	1,172.		0.
18	Building - Harrison	063095	SL	40.00	16	1105466.			1105466.	304,318.		27,637.

2006 DEPRECIATION AND AMORTIZATION REPORT

Asset No.	Description	Date Acquired	Method	Life	Line No.	Unadjusted Cost Or Basis	Bus % Excl	* Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Current Year Deduction
19	Clock Tower Pendulum	063096	SL	40.00	16	1,719.			1,719.	472.		43.
20	Clock Tower	063096	SL	40.00	16	4,032.			4,032.	1,107.		101.
21	Furniture & Fixtures	063095	SL	10.00	16	108,342.			108,342.	108,342.		0.
22	Sign	063095	SL	10.00	16	4,584.			4,584.	4,584.		0.
23	Security System	063096	SL	10.00	16	9,930.			9,930.	9,930.		0.
24	Editing System Upgrade	071801	SL	5.00	16	1,245.			1,245.	1,224.		20.
25	Audio Visual System	063096	SL	10.00	16	21,636.			21,636.	20,000.		0.
26	Lathes	063096	SL	10.00	16	39,256.			39,256.	39,256.		0.
27	Vibrograph	063096	SL	6.00	16	3,095.			3,095.	3,095.		0.
28	OFFICE FURNITURE	121597	200DB	5.00	17	6,607.			6,607.	6,607.		0.
29	NEW COMPUTER SYSTEM	011598	200DB	5.00	17	25,512.			25,512.	25,512.		0.
30	COMPUTER PROTECTION SUITE	011499	200DB	3.00	17	3,063.			3,063.	3,063.		0.
31	IMIS SOFTWARE(GREAT PLAINS)	012099	200DB	3.00	17	36,570.			36,570.	36,570.		0.
32	NETWORK SERVER	012199	200DB	5.00	17	10,006.			10,006.	10,006.		0.
33	COMPAQ ARMADA 1700	012899	200DB	5.00	17	6,067.			6,067.	6,067.		0.
34	IMIS SOFTWARE TRAINING	052899	200DB	3.00	17	17,343.			17,343.	17,343.		0.
35	CANON IR 600 PRINTER/COPIER	052899	200DB	5.00	17	1,666.			1,666.	1,666.		0.
36	DELL 500 PIII COMPUTER	052899	200DB	5.00	17	2,406.			2,406.	2,406.		0.

2006 DEPRECIATION AND AMORTIZATION REPORT

Asset No.	Description	Date Acquired	Method	Life	Line No.	Unadjusted Cost Or Basis	Bus % Excl	* Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Current Year Deduction
37	DELL 550 PIII COMPUTER	062399	200DB	5.00	17	2,943.			2,943.	2,943.		0.
38	CANON 9000S FAX EQUIPMENT FOR	062899	200DB	5.00	17	2,915.			2,915.	2,915.		0.
39	SCHOOL-R.HOVEY	012899	200DB	5.00	17	17,414.			17,414.	17,414.		0.
40	DSR-30	021699	200DB	5.00	17	3,346.			3,346.	3,346.		0.
41	VIDEO EDITING SYSTEM	032599	200DB	5.00	17	7,589.			7,589.	7,589.		0.
42	CANNON COPIER	052899	200DB	5.00	17	25,223.			25,223.	25,223.		0.
43	COMPUTER	052200	200DB	5.00	17	1,721.			1,721.	1,721.		0.
44	COMPUTER EQUIPMENT	052300	200DB	5.00	17	759.			759.	759.		0.
45	JACOT TOOL-CLASSROOM	011200	200DB	5.00	17	1,100.			1,100.	1,100.		0.
46	DESK-CLASSROOM	032800	200DB	5.00	17	2,405.			2,405.	2,405.		0.
47	CROSS-SLIDES A/V EDITING STATION	071699	200DB	5.00	17	16,030.			16,030.	16,030.		0.
48	UPGRADE SECURITY SYSTEM-ADDL	041400	200DB	5.00	17	1,272.			1,272.	1,272.		0.
49	ZONE	122199	SL	10.00	16	673.			673.	437.		67.
50	KINGSTON SERVER	052901	200DB	5.00	17	2,974.			2,974.	2,974.		0.
51	PHONE SYSTEM W/ VOICEMAIL	101700	200DB	5.00	17	16,522.			16,522.	16,522.		0.
52	DELL COMPUTER 4100 PIII	102200	200DB	5.00	17	1,667.			1,667.	1,667.		0.
53	POSTAGE METER	083000	200DB	5.00	17	3,100.			3,100.	3,100.		0.
54	BINDING MACHINE	073100	200DB	5.00	17	1,059.			1,059.	1,059.		0.

Asset No.	Description	Date Acquired	Method	Life	Line No.	Unadjusted Cost Or Basis	Bus % Excl	* Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Current Year Deduction
55	SHERLINE EQUIPT. Development of New Web	022801	200DB	5.00	17	2,221.			2,221.	2,221.		0.
56	Site	101501	SL	3.00	16	2,000.			2,000.	2,000.		0.
57	A/V Equipment	101801	SL	5.00	16	5,000.			5,000.	4,667.		333.
58	Desk & Bookcase	020802	SL	5.00	16	1,169.			1,169.	1,032.		136.
59	Server	041702	SL	3.00	16	9,657.			9,657.	9,657.		0.
60	Video Duplication System	052402	SL	5.00	16	1,582.			1,582.	1,292.		290.
61	5 Computer Workstations	041702	SL	5.00	16	10,498.			10,498.	8,748.		1,750.
62	Sony E540 21" Trinitron Monitor	040403	200DB	5.00	17	635.			635.	525.		73.
63	Installation of Sprinkler system modif	093002	200DB	5.00	17	1,789.			1,789.	1,480.		206.
64	Office Equipment	072202	200DB	5.00	17	2,021.			2,021.	1,672.		233.
65	intel pentium 4, 3 scanjest	092302	200DB	5.00	17	4,628.			4,628.	3,828.		533.
66	Office Equipment	112202	200DB	5.00	17	1,134.			1,134.	938.		131.
67	dlp projector, crown model	032303	200DB	5.00	17	4,470.			4,470.	3,697.		515.
68	4 intel pentium 4s balance of penium 4s -	062203	200DB	5.00	17	8,471.			8,471.	7,007.		976.
69	Accounts Payable	063003	200DB	5.00	17	1,825.			1,825.	1,510.		210.
70	Website - Website development	060104	SL	3.00	16	32,065.		16,032.	16,033.	11,134.		4,899.
71	Dell P4	082204	200DB	5.00	17	1,702.			1,702.	885.		327.
72	Website development	082204	SL	3.00	16	19,600.			19,600.	11,978.		6,533.

2006 DEPRECIATION AND AMORTIZATION REPORT

Asset No.	Description	Date Acquired	Method	Life	Line No.	Unadjusted Cost Or Basis	Bus % Excl	* Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Current Year Deduction
73	Dell Pentium 4 Oak Cabinet	04/24/05	200DB	5.00	17	1,532.			1,532.	797.		294.
74	(conference Room)	06/23/05	200DB	5.00	17	745.			745.	388.		143.
75	ETA movements	12/30/04	200DB	7.00	17	3,623.		1,812.	1,811.	702.		317.
76	Edgewire	05/23/06	SL	5.00	16	1,661.			1,661.	28.		332.
77	Carpet	12/12/05	SL	7.00	16	14,426.			14,426.	1,202.		2,061.
78	Building Improvements - Stude	03/16/06	SL	15.00	16	31,302.			31,302.	696.		2,087.
79	Dell computer system	07/24/05	SL	7.00	16	1,171.			1,171.	153.		167.
80	Interior Painting	01/27/06	SL	7.00	16	8,466.			8,466.	504.		1,209.
81	Weighing Platform - Pitney Bowes	05/23/06	SL	7.00	16	2,998.			2,998.	36.		428.
82	Dell Computer	12/23/05	SL	5.00	16	1,322.			1,322.	132.		264.
83	File Cabinets	01/31/06	SL	5.00	16	1,809.			1,809.	151.		362.
84	Lockers	02/23/06	SL	5.00	16	1,584.			1,584.	106.		317.
85	Floor Tile	02/28/06	SL	5.00	16	1,248.			1,248.	83.		250.
86	Color Laser Jet Printer	03/23/06	SL	5.00	16	1,038.			1,038.	52.		208.
87	Cabinets and Counters	04/30/06	SL	5.00	16	1,043.			1,043.	35.		209.
88	2 computer systems - microcenter	06/23/06	SL	5.00	16	2,109.			2,109.			422.
89	DV Camcorder	09/24/06	200DB	5.00	19B	898.			898.			180.
90	Benches for classroom	10/06/06	200DB	7.00	19C	39,965.			39,965.			5,709.

2006 DEPRECIATION AND AMORTIZATION REPORT

Asset No.	Description	Date Acquired	Method	Life	Line No.	Unadjusted Cost Or Basis	Bus % Excl	* Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Current Year Deduction
91	LCD Projector	03/23/07	200DB	5.00	19B	752.			752.			150.
	* Total 990 Page 2 Depr					2026732.		17,844.	2008888.	833,130.	0.	60,122.

Form 990	Gain (Loss) From Publicly Traded Securities	Statement	1
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Description	Gross Sales Price	Cost or Other Basis	Expense of Sale	Net Gain or (Loss)
GNMA Bonds	1,113,204.	1,088,924.	0.	24,280.
GNMA Bonds	121,913.	120,318.	0.	1,595.
To Form 990, Part I, line 8	1,235,117.	1,209,242.	0.	25,875.

Form 990	Other Changes in Net Assets or Fund Balances	Statement	2
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Description	Amount
UNREALIZED GAIN (LOSS) ON INVESTMENTS	-50,043.
Total to Form 990, Part I, line 20	-50,043.

Form 990	Other Expenses	Statement	3
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Description	(A)	(B)	(C)	(D)
	Total	Program Services	Management and General	Fundraising
MEMBERSHIP MATERIALS	10,013.			
ROYALTIES	51,617.			
INSURANCE	10,231.			
SECURITY	2,873.			
MISCELLANEOUS	4,957.			
REAL ESTATE TAX	18,318.			
UTILITIES	17,219.			
ADVERTISING	27,210.			
BANK SERVICE CHARGE	11,539.			
AUDIO VISUAL	8,325.			
TECHNICIAN & CERTIFICATION	48,103.			
AMORTIZATION	1,962.			
Total to Fm 990, ln 43	212,367.			

Form 990	Other Investments	Statement	4
Description	Valuation Method	Amount	
INVESTMENTS	Cost	6,437,531.	
Total to Form 990, Part IV, line 56, Column B		6,437,531.	

Form 990	Depreciation of Assets Not Held for Investment	Statement	5
Description	Cost or Other Basis	Accumulated Depreciation	Book Value
6 Typewriters	3,860.	3,860.	0.
Wheel cutting module	528.	528.	0.
File cabinet	802.	802.	0.
American office products	979.	979.	0.
Class room equipment	13,422.	13,422.	0.
1991-92 Additions	775.	775.	0.
Visual Edit	2,633.	2,633.	0.
Storage cabinets	641.	641.	0.
Proseer Extend Lathe	6,230.	6,230.	0.
1993-94 Additions	6,109.	6,109.	0.
Warehouse Office Furniture	2,238.	2,238.	0.
Warehouse Office Furniture	204.	204.	0.
Warehouse Office Furniture	1,555.	1,555.	0.
Warehouse Office Furniture	528.	528.	0.
Warehouse Office Furniture	2,074.	2,074.	0.
Land	237,566.	0.	237,566.
Land Improvements	1,172.	1,172.	0.
Building - Harrison	1,105,466.	331,955.	773,511.
Clock Tower Pendulum	1,719.	515.	1,204.
Clock Tower	4,032.	1,208.	2,824.
Furniture & Fixtures	108,342.	108,342.	0.
Sign	4,584.	4,584.	0.
Security System	9,930.	9,930.	0.
Editing System Upgrade	1,245.	1,244.	1.
Audio Visual System	21,636.	20,000.	1,636.
Lathes	39,256.	39,256.	0.
Vibrograph	3,095.	3,095.	0.
OFFICE FURNITURE	6,607.	6,607.	0.
NEW COMPUTER SYSTEM	25,512.	25,512.	0.
COMPUTER PROTECTION SUITE	3,063.	3,063.	0.
IMIS SOFTWARE(GREAT PLAINS)	36,570.	36,570.	0.
NETWORK SERVER	10,006.	10,006.	0.
COMPAQ ARMADA 1700	6,067.	6,067.	0.
IMIS SOFTWARE TRAINING	17,343.	17,343.	0.

CANON IR 600 PRINTER/COPIER	1,666.	1,666.	0.
DELL 500 PIII COMPUTER	2,406.	2,406.	0.
DELL 550 PIII COMPUTER	2,943.	2,943.	0.
CANON 9000S FAX	2,915.	2,915.	0.
EQUIPMENT FOR SCHOOL-R.HOVEY	17,414.	17,414.	0.
DSR-30	3,346.	3,346.	0.
VIDEO EDITING SYSTEM	7,589.	7,589.	0.
CANNON COPIER	25,223.	25,223.	0.
COMPUTER	1,721.	1,721.	0.
COMPUTER EQUIPMENT	759.	759.	0.
JACOT TOOL-CLASSROOM	1,100.	1,100.	0.
DESK-CLASSROOM	2,405.	2,405.	0.
CROSS-SLIDES	16,030.	16,030.	0.
A/V EDITING STATION UPGRADE	1,272.	1,272.	0.
SECURITY SYSTEM-ADDL ZONE	673.	504.	169.
KINGSTON SERVER	2,974.	2,974.	0.
PHONE SYSTEM W/ VOICEMAIL	16,522.	16,522.	0.
DELL COMPUTER 4100 PIII	1,667.	1,667.	0.
POSTAGE METER	3,100.	3,100.	0.
BINDING MACHINE	1,059.	1,059.	0.
SHERLINE EQUIPT.	2,221.	2,221.	0.
Development of New Web Site	2,000.	2,000.	0.
A/V Equipment	5,000.	5,000.	0.
Desk & Bookcase	1,169.	1,168.	1.
Server	9,657.	9,657.	0.
Video Duplication System	1,582.	1,582.	0.
5 Computer Workstations	10,498.	10,498.	0.
Sony E540 21" Trinitron Monitor	635.	598.	37.
Installation of Sprinkler system modifications	1,789.	1,686.	103.
Office Equipment	2,021.	1,905.	116.
intel pentium 4, 3 scanjest	4,628.	4,361.	267.
Office Equipment	1,134.	1,069.	65.
dlp projector, crown model	4,470.	4,212.	258.
4 intel pentium 4s	8,471.	7,983.	488.
balance of penium 4s - Accounts Payable	1,825.	1,720.	105.
Website - Website development	32,065.	32,065.	0.
Dell P4	1,702.	1,212.	490.
Website development	19,600.	18,511.	1,089.
Dell Pentium 4	1,532.	1,091.	441.
Oak Cabinet (conference Room)	745.	531.	214.
ETA movements	3,623.	2,831.	792.
Edgewire	1,661.	360.	1,301.
Carpet	14,426.	3,263.	11,163.
Building Improvements - Stude	31,302.	2,783.	28,519.
Dell computer system	1,171.	320.	851.
Interior Painting	8,466.	1,713.	6,753.
Weighing Platform - Pitney Bowes	2,998.	464.	2,534.
Dell Computer	1,322.	396.	926.
File Cabinets	1,809.	513.	1,296.

AMERICAN WATCHMAKERS INSTITUTE

31-0731708

Lockers	1,584.	423.	1,161.
Floor Tile	1,248.	333.	915.
Color Laser Jet Printer	1,038.	260.	778.
Cabinets and Counters	1,043.	244.	799.
2 computer systems - microcenter	2,109.	422.	1,687.
DV Camcorder	898.	180.	718.
Benches for classroom	39,965.	5,709.	34,256.
LCD Projector	752.	150.	602.
Total to Form 990, Part IV, ln 57	2,026,732.	911,096.	1,115,636.

Form 990	Other Assets	Statement	6
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Description	Amount
COPYRIGHT	5,000.
DEPOSIT-BWC	99.
DEFERRED FINANCING COSTS (NET)	27,807.
Total to Form 990, Part IV, line 58, Column B	32,906.