

**HOROLOGICAL SOCIETY OF NEW YORK, INC.**

**FINANCIAL STATEMENTS  
AND  
ACCOUNTANTS' REPORT**

**MARCH 31, 2020 AND 2019**

# HOROLOGICAL SOCIETY OF NEW YORK, INC.

## Index

	<u>Page</u>
Independent Accountants' Review Report	1
Statements of financial position as of March 31, 2020 and 2019	2
Statements of activities for the years ended March 31, 2020 and 2019	3
Statement of expenses for the year ended March 31, 2020	4
Statement of expenses for the year ended March 31, 2019	5
Statements of cash flows for the years ended March 31, 2020 and 2019	6
Notes to financial statements	7 – 10



# Skody Scot & Company, CPAs, P.C.

520 Eighth Avenue, Suite 2200, New York, NY 10018 • (T) 212-967-1100 • (F) 212-967-2002  
[www.skodyscot.com](http://www.skodyscot.com)

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## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To: The Board of Directors of  
Horological Society of New York, Inc.

We have reviewed the accompanying statements of financial position of Horological Society of New York, Inc., a not-for-profit organization, as of March 31, 2020 and 2019, and the related statements of activities, expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

### ***Accountant's Responsibility***

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with U.S. generally accepted accounting principles. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### ***Accountant's Conclusion***

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with U.S. generally accepted accounting principles.

New York, NY  
July 22, 2020

*Skody Scot & Company, CPAs, P.C.*

**HOROLOGICAL SOCIETY OF NEW YORK, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**MARCH 31, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Cash	\$ 146,720	\$ 192,466
Accounts receivable	1,434	-
Inventory	5,500	-
Prepaid expenses	11,800	16,400
Property and equipment, net	12,140	16,187
Security deposits	3,000	3,000
	<b>\$ 180,594</b>	<b>\$ 228,053</b>
Total assets	<b>\$ 180,594</b>	<b>\$ 228,053</b>

**LIABILITIES AND NET ASSETS**

Liabilities:		
Accounts payable and accrued expenses	\$ 19,492	\$ 8,437
Total liabilities	19,492	8,437
Commitments and contingencies (see notes)		
Net Assets:		
Without donor restrictions	131,102	159,616
With donor restrictions	30,000	60,000
Total net assets	161,102	219,616
Total liabilities and net assets	<b>\$ 180,594</b>	<b>\$ 228,053</b>

**See independent accountants' review report  
and accompanying notes.**

**HOROLOGICAL SOCIETY OF NEW YORK, INC.  
STATEMENTS OF ACTIVITIES  
YEARS ENDED MARCH 31, 2020 AND 2019**

	<b>2020</b>			<b>2019</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and Revenues:</b>						
Contributions	\$ 327,366	\$ -	\$ 327,366	\$ 175,929	\$ -	\$ 175,929
Program service revenue	281,138	-	281,138	286,671	-	286,671
Special events:						
Event revenues	71,835	-	71,835	39,175	-	39,175
Less: related direct costs	(27,589)	-	(27,589)	(13,450)	-	(13,450)
Net special event income	44,246	-	44,246	25,725	-	25,725
Interest income	240	-	240	121	-	121
Net assets released from restriction:						
Satisfaction of purpose restrictions	30,000	(30,000)	-	40,000	(40,000)	-
Total support and revenues	682,990	(30,000)	652,990	528,446	(40,000)	488,446
<b>Expenses:</b>						
Program services	542,490	-	542,490	373,884	-	373,884
Management and general	169,014	-	169,014	82,626	-	82,626
Total expenses	711,504	-	711,504	456,510	-	456,510
Increase/(Decrease) in net assets	(28,514)	(30,000)	(58,514)	71,936	(40,000)	31,936
Net assets, beginning of year	159,616	60,000	219,616	87,680	100,000	187,680
Net assets, end of year	\$ 131,102	\$ 30,000	\$ 161,102	\$ 159,616	\$ 60,000	\$ 219,616

**See independent accountants' review report  
and accompanying notes.**

**HOROLOGICAL SOCIETY OF NEW YORK, INC.  
STATEMENT OF EXPENSES  
YEAR ENDED MARCH 31, 2020**

	<u>Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
Salaries	\$ 142,492	\$ 61,068	\$ 203,560
Payroll taxes and benefits	13,196	5,655	18,851
Consultants & outside services	135,008	-	135,008
Depreciation	4,047	-	4,047
Grants and scholarships	70,413	-	70,413
Insurance	-	6,331	6,331
Meals and entertainment	4,139	2,503	6,642
Office expenses	4,493	42,722	47,215
Professional fees	-	8,670	8,670
Promotion	14,218	-	14,218
Rent & utilities	98,150	42,065	140,215
Research library	21,586	-	21,586
Supplies	6,174	-	6,174
Travel, hotels & meetings	18,574	-	18,574
Watch design	10,000	-	10,000
Total expenses	<u>\$ 542,490</u>	<u>\$ 169,014</u>	<u>\$ 711,504</u>

**See independent accountants' review report  
and accompanying notes.**

**HOROLOGICAL SOCIETY OF NEW YORK, INC.  
STATEMENT OF EXPENSES  
YEAR ENDED MARCH 31, 2019**

	<u>Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
Salaries	\$ 78,901	\$ 33,815	\$ 112,716
Payroll taxes	7,963	3,412	11,375
Consultants & outside services	168,010	-	168,010
Depreciation	4,047	-	4,047
Grants and scholarships	41,351	-	41,351
Insurance	-	2,639	2,639
Meals and entertainment	2,043	-	2,043
Office expenses	2,352	27,273	29,625
Professional fees	-	8,947	8,947
Promotion	6,699	-	6,699
Rent & utilities	46,615	6,540	53,155
Supplies	4,780	-	4,780
Travel, hotels & meetings	11,123	-	11,123
Total expenses	<u>\$ 373,884</u>	<u>\$ 82,626</u>	<u>\$ 456,510</u>

**See independent accountants' review report  
and accompanying notes.**

**HOROLOGICAL SOCIETY OF NEW YORK, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED MARCH 31, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ (58,514)	\$ 31,936
Adjustments for non-cash items included in operating activities:		
Depreciation	4,047	4,047
Changes in assets and liabilities:		
Contributions receivable	-	3,500
Accounts receivable	(1,434)	-
Inventory	(5,500)	-
Prepaid expenses	4,600	(16,400)
Accounts payable and accrued expenses	11,055	3,937
Net cash provided/(used) by operating activities	(45,746)	27,020
Cash flows from investing activities:		
Purchase of property and equipment	-	(10,117)
Net cash provided/(used) by investing activities	-	(10,117)
Cash flows from financing activities	-	-
Net increase/(decrease) in cash	(45,746)	16,903
Cash at beginning of year	192,466	175,563
Cash at end of year	\$ 146,720	\$ 192,466

**See independent accountants' review report  
and accompanying notes.**



**HOROLOGICAL SOCIETY OF NEW YORK, INC.  
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies

The Organization

Horological Society of New York, Inc. (Organization), a not-for-profit organization, was incorporated in the State of New York on October 15, 1934. The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal, state or local income taxes has been recorded. The Organization does not believe its financial statements contain any uncertain tax positions. The Organization primarily receives its support from contributions and program service revenue.

The primary purpose of the Organization is to advance the art and science of horology. The Organization seeks to accomplish this by offering horology classes to the public. The classes are taught by professional watchmakers and are intended to make horology accessible and enjoyable.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Change in Accounting Principle

The Organization has elected to defer the adoption of FASB ASU 2014-09 *Revenue from Contracts with Customers* for one year in accordance with amendments contained in FASB ASU 2020-05.

Use of Estimates

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Receivables

Receivables that are expected to be collected within one year are recorded at their net realizable value. Receivables that are expected to be collected in future years are recorded at the present value of estimated future cash flows. All receivables are expected to be received within one year and as such have been stated at their net realizable value with no allowance for uncollectable receivables.

**HOROLOGICAL SOCIETY OF NEW YORK, INC.  
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies (Continued)

Inventory

Inventory is stated at fair market value and consists of two watches which are to be auctioned at an upcoming gala.

Property and Equipment

The Organization capitalizes certain property and equipment with estimated lives of three years or more. Purchased property and equipment are stated at cost, less accumulated depreciation. Depreciation of furniture and equipment is computed by the straight-line method over estimated useful lives ranging from three to ten years. Leasehold improvements are amortized by the straight-line method over the life of the improvement or the term of the lease, whichever is shorter. Expenditures for repairs and maintenance are expensed as incurred and major renewals and betterments are capitalized.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. This classification includes net assets designated by the board or management for a specified purpose.

Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature (endowment), where the donor stipulates that resources be maintained in perpetuity.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries and related expenses based on estimated time and effort and meals and entertainment, office expenses, and rent and utilities based on usage. The Organization classifies expenses, which are not directly related to a specific program, as Management and General expenses.

**HOROLOGICAL SOCIETY OF NEW YORK, INC.  
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition

The Organization recognizes contributions when an unconditional pledge is made. Conditional promises to give, which have a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. At March 31, 2020 and 2019, the Organization did not have any conditional pledges that were not recognized.

Contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as support with donor restrictions and increases in net assets with donor restrictions. Contributions received with restrictions that are met in the same reporting period are reported as support without donor restrictions and increases in net assets without donor restrictions. When a restriction expires (either a stipulated time period ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions.

Program service revenue relates to fees received in exchange for program services and mainly consisted of class registration and membership fees. Class registration revenue is recognized when the program service is provided and membership fee revenue is based on the membership period. Any revenue received which has not been earned is recorded as deferred revenue.

The Organization receives special events revenue which contains both an exchange component and a conditional contribution component. Both components are recognized when the event takes place. Any event revenue received in advance of the event is recorded as deferred revenue.

Note 2 - Property and Equipment

Property and equipment consisted of the following at March 31, 2020 and 2019:

	2020	2019
Watchmaking benches	\$ 20,234	\$ 20,234
Less: Accumulated depreciation	( 8,094)	( 4,047)
	\$ 12,140	\$ 16,187

Note 3 - Net Assets with Donor Restrictions

As of March 31, 2020 and 2019, net assets with donor restrictions are available as follows:

	2020	2019
Scholarships	\$ 30,000	\$ 60,000

**HOROLOGICAL SOCIETY OF NEW YORK, INC.  
NOTES TO FINANCIAL STATEMENTS**

Note 4 - Concentrations

The Organization maintains its checking account with a major financial institution. The Federal Deposit Insurance Corporation (FDIC) insures bank deposits up to \$250,000 per financial institution. At times, the balance of the account may have exceeded the insurance limits during the years ended March 31, 2020 and 2019.

Note 5 - Commitments and Contingencies

The Organization leases office space under a noncancelable operating lease set to expire on December 31, 2022. As of March 31, 2020, the minimum aggregate annual rental commitments are as follows:

Year ended March 31, 2021	\$	38,477
2022		39,635
2023		30,387

Note 6 - Liquidity and Availability of Financial Assets

The Organization regularly monitors liquidity required to meet its operating needs and other obligations as they come due. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities to be general expenditures. Amounts available for general expenditures over a 12-month period include donor-restricted amounts that are available for ongoing programmatic and support expenditures.

The following reflects the Organization's financial assets, as of March 31, 2020 and 2019, reduced by amounts not available for general use within one year because of contractual, donor-imposed, or internal restrictions and designations:

	2020	2019
Financial assets:		
Cash	\$ 146,720	\$ 192,466
Accounts receivable	1,434	-
Total financial assets	148,154	192,466
Less those unavailable for general expenditures within one year	-	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 148,154	\$ 192,466

Note 7 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures through July 22, 2020, which is the date the financial statements were available to be issued.