

HOROLOGICAL SOCIETY OF NEW YORK, INC.

**FINANCIAL STATEMENTS
AND
ACCOUNTANTS' REPORT**

MARCH 31, 2021 AND 2020

HOROLOGICAL SOCIETY OF NEW YORK, INC.

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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, 2021 and 2020, 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 engagements 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
February 20, 2022

Skody Scot & Company, CPAs, P.C.

HOROLOGICAL SOCIETY OF NEW YORK, INC.
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2021 AND 2020

	2021	2020
ASSETS		
Cash	\$ 448,284	\$ 146,720
Contributions and other receivables	6,434	1,434
Inventory	28,500	5,500
Prepaid expenses	10,800	11,800
Property and equipment, net	8,093	12,140
Security deposits	3,000	3,000
	\$ 505,111	\$ 180,594
Total assets	\$ 505,111	\$ 180,594

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	\$ 9,822	\$ 19,492
Refundable advance	48,942	-
Total liabilities	58,764	19,492
Commitments and contingencies (see notes)		
Net Assets:		
Without donor restrictions	446,347	131,102
With donor restrictions	-	30,000
Total net assets	446,347	161,102
Total liabilities and net assets	\$ 505,111	\$ 180,594

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

**HOROLOGICAL SOCIETY OF NEW YORK, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED MARCH 31, 2021 AND 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:						
Contributions	\$ 698,208	\$ -	\$ 698,208	\$ 321,866	\$ -	\$ 321,866
Contributions - noncash	23,000	-	23,000	5,500	-	5,500
Program service revenue	122,966	-	122,966	281,138	-	281,138
Government grants	62,030	-	62,030	-	-	-
Special events:						
Event revenues	-	-	-	71,835	-	71,835
Less: related direct costs	-	-	-	(27,589)	-	(27,589)
Net special event income	-	-	-	44,246	-	44,246
Interest income	170	-	170	240	-	240
Net assets released from restriction:						
Satisfaction of purpose restrictions	30,000	(30,000)	-	30,000	(30,000)	-
Total support and revenues	<u>936,374</u>	<u>(30,000)</u>	<u>906,374</u>	<u>682,990</u>	<u>(30,000)</u>	<u>652,990</u>
Expenses:						
Program services	442,731	-	442,731	542,490	-	542,490
Management and general	178,398	-	178,398	169,014	-	169,014
Total expenses	<u>621,129</u>	<u>-</u>	<u>621,129</u>	<u>711,504</u>	<u>-</u>	<u>711,504</u>
Increase/(Decrease) in net assets	315,245	(30,000)	285,245	(28,514)	(30,000)	(58,514)
Net assets, beginning of year	131,102	30,000	161,102	159,616	60,000	219,616
Net assets, end of year	<u>\$ 446,347</u>	<u>\$ -</u>	<u>\$ 446,347</u>	<u>\$ 131,102</u>	<u>\$ 30,000</u>	<u>\$ 161,102</u>

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

HOROLOGICAL SOCIETY OF NEW YORK, INC.
STATEMENT OF EXPENSES
YEAR ENDED MARCH 31, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
Salaries	\$ 171,730	\$ 73,599	\$ 245,329
Payroll taxes and benefits	18,386	7,880	26,266
Consultants & outside services	15,651	-	15,651
Depreciation	4,047	-	4,047
Grants and scholarships	106,001	-	106,001
Insurance	-	5,668	5,668
Meals and entertainment	398	-	398
Office expenses	1,347	40,257	41,604
Professional fees	-	8,798	8,798
Promotion	4,142	-	4,142
Rent & utilities	98,456	42,196	140,652
Research library	19,339	-	19,339
Supplies	1,648	-	1,648
Travel, hotels & meetings	1,586	-	1,586
Total expenses	<u>\$ 442,731</u>	<u>\$ 178,398</u>	<u>\$ 621,129</u>

**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.
STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ 285,245	\$ (58,514)
Adjustments for non-cash items included in operating activities:		
Depreciation	4,047	4,047
Changes in assets and liabilities:		
Contributions and other receivables	(5,000)	(1,434)
Inventory	(23,000)	(5,500)
Prepaid expenses	1,000	4,600
Accounts payable and accrued expenses	(9,670)	11,055
Refundable advance	48,942	-
Net cash provided/(used) by operating activities	301,564	(45,746)
Cash flows from investing activities	-	-
Cash flows from financing activities	-	-
Net increase/(decrease) in cash	301,564	(45,746)
Cash at beginning of year	146,720	192,466
Cash at end of year	\$ 448,284	\$ 146,720

**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

In fiscal year 2021, the Organization adopted FASB ASU 2014-09 *Revenue from Contracts with Customers* using the full retrospective approach. Analysis of various provisions of the standards resulted in no significant changes in the way the Organization recognized revenue, and therefore no changes to the previously issued financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

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 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. 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 cash, noncash assets, or unconditional promises to give are received. 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. Amounts received prior to meeting the conditions are reported as refundable advances in the statements of financial position. As of March 31, 2021 and 2020, 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 for a purpose 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 generally contains a single delivery/service element and revenue is recognized at a single point in time when ownership, risks and rewards transfer, and all performance obligations are considered to be satisfied. Membership fee revenue is recognized ratably over the membership period. Any revenue received which has not been earned is recorded as deferred revenue.

The Organization received grants from governmental agencies. Depending upon the terms of the grant, it can be either an exchange transaction or a contribution. In accordance with grant provisions, the grant can be an expense reimbursement grant which requires that approved expenses be incurred prior to reimbursement by the grantor. Other grants permit advances of grant funds or full payment of grant funds at the start of the grant. If the grant is an exchange type grant, all unreimbursed expenses, for approved purposes, as of year-end are recorded as receivables and any unexpended advances are recorded as refundable advances. If the grant is a contribution, it is recognized in accordance with the contribution recognition policy described above.

During the year ended March 31, 2021, the Organization received \$44,089 and \$48,942 of Paycheck Protection Program funds from the U.S. Small Business Administration. Management has determined that the correct model to follow is the grant model and that the purpose-related conditions imposed on the first grant were met by year-end. Therefore, \$44,089 has been recognized as revenue. The amount is included with government grants in the statement of activities for the year ended March 31, 2021. As of March 31, 2021, the purpose-related conditions imposed on the second grant were not met. Therefore, recognition has been deferred, and \$48,942 is reported as refundable advance in the statement of financial position as of March 31, 2021.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

During the year ended March 31, 2021, the Organization received an advance of \$2,000 from EIDL funds from the U.S. Small Business Administration. Management has determined that the correct model to follow for the EIDL advance funds is the grant model and that the purpose-related conditions imposed on the grant were met by year-end. The amount is reported as part of government grants in the statement of activities for the year ended March 31, 2021.

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, 2021 and 2020:

	2021	2020
Watchmaking benches	\$ 20,234	\$ 20,234
Less: Accumulated depreciation	(12,141)	(8,094)
	\$ 8,093	\$ 12,140

Note 3 - Net Assets with Donor Restrictions

As of March 31, 2021 and 2020, net assets with donor restrictions are available as follows:

	2021	2020
Scholarships	\$ -	\$ 30,000

Note 4 - Revenue from Contracts with Customers

All of the revenue derived from contracts with customers during fiscal years 2021 and 2020 was fully earned in the same annual reporting period. Detail of revenue from contracts with customers during the years ended March 31, 2021 and 2020 is as follow:

	2021	2020
Class registration fees	\$ 8,860	\$ 231,039
Membership fees	114,106	50,099

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

Note 5 - Government Grants

The Organization was awarded various grants by government agencies. Total revenue recognized for the years ended March 31, 2021 and 2020, specified by grantor, is as follows:

	2021	2020
The City of New York	\$ 15,941	\$ -
US Small Business Administration	46,089	-

Note 6 - Commitments and Contingencies

The Organization leases office space under a noncancelable operating lease set to expire on August 31, 2024. As of March 31, 2021, the minimum aggregate annual rental commitments are as follows:

Year ended March 31, 2022	\$ 151,414
2023	155,956
2024	160,635
2025	67,753

Note 7 - 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, 2021 and 2020, reduced by amounts not available for general use within one year because of contractual, donor-imposed, or internal restrictions and designations:

	2021	2020
Financial assets:		
Cash	\$ 448,284	\$ 146,720
Receivables	6,434	1,434
Total financial assets	454,718	148,154
Less those unavailable for general expenditures within one year	-	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 454,718	\$ 148,154

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

Note 8 - 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, 2021 and 2020.

For the year ended March 31, 2021 and 2020, approximately 43% and 31%, respectively, of the Organization's total revenue was provided by one major contributor. It is always possible that benefactors, grantors or contributors might be lost in the near term. In the event funding is terminated or significantly reduced, the Organization's ability to continue providing services at the same level would be greatly diminished.

Note 9 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures through February 20, 2022, which is the date the financial statements were available to be issued.