

**TOUCHSTONES DISCUSSION PROJECT, INC.**

**FINANCIAL REPORT**

**December 31, 2019 and 2018**

## **C O N T E N T S**

---

<b>INDEPENDENT ACCOUNTANTS REVIEW REPORT</b>	<b>1</b>
--	----------

---

### **FINANCIAL STATEMENTS**

Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	5

---

<b>NOTES TO THE FINANCIAL STATEMENTS</b>	<b>6 - 15</b>
--	---------------

---





# JBS & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & MANAGEMENT CONSULTANTS

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors

*Touchstones Discussion Project, Inc.*

We have reviewed the accompanying financial statements of *Touchstones Discussion Project, Inc. (a non-profit corporation)* which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional 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 company 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***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 AICPA. 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 accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

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

Based on our review, 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 accounting principles generally accepted in the United States of America.

Stevensville, MD

July 9, 2020



**TOUCHSTONES DISCUSSION PROJECT, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 48,172	\$ 23,629
Accounts receivable	34,454	42,229
Unconditional promises to give	46,320	87,610
Inventory	155,186	2,163
Total current assets	<u>284,132</u>	<u>155,631</u>
Unconditional promises to give - long term	<u>313,910</u>	<u>320,393</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 598,042</u></u>	<u><u>\$ 476,024</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 25,402	\$ 20,110
Accrued expenses	-	1,407
Line of credit	20,901	10,000
Deferred revenue	1,600	-
Total current liabilities	<u>\$ 47,903</u>	<u>\$ 31,517</u>
<b>NET ASSETS</b>		
Without donor restrictions	550,139	444,507
With donor restrictions	-	-
Total net assets	<u>550,139</u>	<u>444,507</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 598,042</u></u>	<u><u>\$ 476,024</u></u>

See independent accountants' review report and accompanying notes.

**TOUCHSTONES DISCUSSION PROJECT, INC.**  
**STATEMENTS OF ACTIVITIES**  
For the years ended December 31, 2019 and 2018

	December 31, 2019			December 31, 2018		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
<b>SUPPORT AND REVENUE</b>						
Contributions	\$ 253,520	\$ 121,284	\$ 374,804	\$ 441,566	\$ -	\$ 441,566
In-kind contributions	85,878	-	85,878	33,432	-	33,432
Interest and other income	-	-	-	2,168	-	2,168
Program revenue	126,226	-	126,226	253,576	-	253,576
Net assets released from restrictions	121,284	(121,284)	-	87,922	(87,922)	-
<b>GROSS SUPPORT AND REVENUE</b>	<b>586,908</b>	<b>-</b>	<b>586,908</b>	<b>818,664</b>	<b>(87,922)</b>	<b>730,742</b>
Less: sales discounts	(49,702)	-	(49,702)	(51,374)	-	(51,374)
<b>TOTAL SUPPORT AND REVENUE, NET OF DISCOUNTS</b>	<b>537,206</b>	<b>-</b>	<b>537,206</b>	<b>767,290</b>	<b>(87,922)</b>	<b>679,368</b>
<b>EXPENSES</b>						
<b>PROGRAM EXPENSES</b>						
Veterans	118,529	-	118,529	46,513	-	46,513
US schools	69,884	-	69,884	141,009	-	141,009
Correctional facilities	26,687	-	26,687	12,491	-	12,491
Executive development	65,252	-	65,252	53,657	-	53,657
International schools	20,657	-	20,657	-	-	-
New business development	17,727	-	17,727	35,564	-	35,564
Workshops	17,819	-	17,819	55,754	-	55,752
Art programs	11,165	-	11,165	-	-	-
<b>TOTAL PROGRAM EXPENSES</b>	<b>347,720</b>	<b>-</b>	<b>347,720</b>	<b>344,988</b>	<b>-</b>	<b>344,988</b>
<b>MANAGEMENT AND GENERAL FUNDRAISING</b>						
	15,246	-	15,246	8,057	-	8,057
	68,608	-	68,608	83,948	-	83,948
<b>TOTAL EXPENSES</b>	<b>431,574</b>	<b>-</b>	<b>431,574</b>	<b>436,993</b>	<b>-</b>	<b>436,993</b>
<b>CHANGE IN NET ASSETS</b>	<b>105,632</b>	<b>-</b>	<b>105,632</b>	<b>330,297</b>	<b>(87,922)</b>	<b>242,375</b>
<b>NET ASSETS, beginning of year</b>	<b>444,507</b>	<b>-</b>	<b>444,507</b>	<b>114,210</b>	<b>87,922</b>	<b>202,132</b>
<b>NET ASSETS, end of year</b>	<b>\$ 550,139</b>	<b>\$ -</b>	<b>\$ 550,139</b>	<b>\$ 444,507</b>	<b>\$ -</b>	<b>\$ 444,507</b>



**TOUCHSTONES DISCUSSION PROJECT, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
For the years ended December 31, 2019 and 2018

	Program Expenses											Total All Funds 12/31/2019
	US		Correctional		Executive		International New Business		Art		Management and General	
	Veterans	Schools	Facilities	Schools	Development	Schools	Development	Workshops	Programs	Total		
Salaries and wages	\$ 39,651	\$ 30,875	\$ 13,697	\$ 33,834	\$ 10,881	\$ 6,030	\$ 9,817	\$ 2,424	\$ 147,209	\$ 5,380	\$ 26,836	\$ 179,425
Benefits and payroll taxes	6,587	5,387	3,526	3,441	2,010	987	1,292	716	23,946	(44)	1,507	25,409
Printing/design	124	5,061	-	125	1,608	-	154	-	7,226	-	-	7,226
Shipping and handling	51	1,164	82	206	711	28	3	217	2,462	8	1,135	3,605
Meals and entertainment	1,002	342	87	1,934	17	148	684	755	4,969	-	2,715	7,684
Hotel and transportation	475	476	724	4,876	-	48	1,669	581	8,849	1,428	1,383	11,660
Workshops	-	-	-	-	-	-	-	-	-	2,723	-	2,723
Accounting	2,801	1,212	1,434	622	-	207	83	-	6,359	-	1,296	7,655
Legal	-	-	-	-	603	-	-	-	603	1,326	-	1,929
Art cost of goods sold	-	-	-	-	-	-	-	2,000	2,000	-	-	2,000
Donated services	-	6,000	-	89	1,500	-	-	-	7,589	-	-	7,589
ISBN/permissions/copyrights	-	-	-	-	-	-	-	-	-	-	-	-
Bank charges	11	821	80	584	10	-	18	103	1,627	-	1,517	3,144
Consultants	56,624	3,524	3,343	12,323	687	10,135	602	2,128	89,366	20	27,669	117,055
Office equipment and supplies	2,987	1,766	464	1,110	214	68	314	1,749	8,672	2,259	429	11,360
Dues and subscriptions	146	1,505	210	537	252	66	207	-	2,923	612	1,813	5,348
Facility expense	6,079	4,209	1,735	1,769	1,574	-	568	-	15,934	150	1,823	17,907
Facility expenses - in-kind	-	-	-	2,400	-	-	1,788	-	4,188	484	-	4,672
Interest expense	361	2,917	415	829	223	-	74	148	4,967	326	173	5,466
Insurance	560	375	393	255	55	-	344	-	1,982	375	48	2,405
Marketing	160	1,812	77	(88)	43	10	10	-	2,024	148	123	2,295
Telephone and internet	910	2,438	420	406	269	-	192	190	4,825	51	141	5,017
TOTAL EXPENSES	118,529	69,884	26,687	65,252	20,657	17,727	17,819	11,165	347,720	15,246	68,608	431,574

See independent accountants' review report and accompanying notes.

**Program Expenses**

	Veterans	US Schools	Correctional Facilities	Executive Development	International Schools	New Business Development	Workshops	Art Programs	Total	Management and General	Fundraising	Total All Funds 12/31/2018
Salaries and wages	\$ 31,482	\$ 58,941	\$ 6,413	\$ 27,754	\$ -	\$ 23,584	\$ 21,793	\$ -	\$ 169,967	\$ 3,372	\$ 39,818	\$ 213,157
Benefits and payroll taxes	3,626	7,956	965	6,479	-	2,550	2,289	-	23,865	1,799	3,137	28,801
Printing/design	283	22,522	31	130	-	33	52	-	23,051	-	1,641	24,692
Shipping and handling	225	2,830	42	395	-	97	293	-	3,882	-	668	4,550
Meals and entertainment	735	476	50	937	-	143	2,406	-	4,747	294	9,465	14,506
Hotel and transportation	181	570	232	2,863	-	2,196	6,055	-	12,097	18	2,116	14,231
Workshops	-	3,214	-	-	-	-	-	-	3,214	-	-	3,214
Accounting	1,870	5,147	900	1,928	-	785	2,042	-	12,672	-	2,233	14,905
Legal	625	4,156	-	-	-	-	-	-	4,781	-	-	4,781
Donated services	-	14,804	-	-	-	-	-	-	14,804	-	-	14,804
ISBN/permissions/copyrights	170	110	-	60	-	433	-	-	773	7	-	780
Bank charges	23	553	36	462	-	11	19	-	1,104	-	1,770	2,874
Consultants	3,405	2,328	843	1,441	-	3,143	2,531	-	13,691	2,579	18,704	34,974
Office equipment and supplies	853	2,409	241	1,464	-	450	1,102	-	6,519	150	1,030	7,701
Dues and subscriptions	80	1,544	349	924	-	305	108	-	3,310	-	1,654	4,964
Facility expense	1,763	9,139	1,266	3,862	-	954	422	-	17,406	-	1,408	18,814
Facility expenses - in-kind	-	-	-	2,747	-	-	15,882	-	18,629	-	-	18,629
Interest expense	134	755	118	617	-	83	90	-	1,797	-	97	1,894
Insurance	800	1,456	779	786	-	325	503	-	4,649	(162)	-	4,487
Marketing	-	-	-	-	-	-	-	-	-	-	-	-
Telephone and internet	258	2,099	226	808	-	472	167	-	4,030	-	207	4,237
<b>TOTAL EXPENSES</b>	<b>46,513</b>	<b>141,009</b>	<b>12,491</b>	<b>53,657</b>	<b>-</b>	<b>35,564</b>	<b>55,754</b>	<b>-</b>	<b>344,988</b>	<b>8,057</b>	<b>83,948</b>	<b>436,993</b>

See independent accountants' review report and accompanying notes.



**TOUCHSTONES DISCUSSION PROJECT, INC.**  
**STATEMENTS OF CASH FLOWS**  
For the years ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 105,632	\$ 242,375
Adjustments to reconcile total change in net assets to net cash (used in) provided by operating activities:		
Accounts receivable	7,775	10,320
Unconditional promises to give	47,773	(283,015)
Inventory	(153,023)	(544)
Accounts payable	5,292	11,749
Accrued expenses	(1,407)	(2,956)
Deferred revenue	1,600	-
Net cash provided by (used in) operating activities	<u>13,642</u>	<u>(22,071)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from line of credit	<u>10,901</u>	<u>10,000</u>
Net increase (decrease) increase in cash	24,543	(12,071)
Cash and cash equivalents, beginning of year	<u>23,629</u>	<u>35,700</u>
Cash and cash equivalents, end of year	<u>\$ 48,172</u>	<u>\$ 23,629</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Interest paid	<u>\$ 5,466</u>	<u>\$ 1,904</u>

See independent accountants' review report and accompanying notes.



**TOUCHSTONES DISCUSSION PROJECT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2019 and 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Organization and Nature of Activities***

Touchstones® Discussion Project, Inc. ("Touchstones") is a not-for-profit organization Incorporated in the State of Maryland in 1996. Touchstones uses a proprietary seminar and evaluation method to train teachers, students, executives, seniors, prisoners, and civic and government officials to think critically, build community, and lead collaboratively in the United States of America and around the world.

Touchstones has trained many thousands of teachers in its discussion method, and globally more than five million students of all ages have participated in its programs. Touchstones method is used in at least 47 countries, including the United States, Argentina, Austria, Australia, Belgium, Brazil, Canada, Chile, China, the Czech Republic, the Dominican Republic, Egypt, Georgia, Germany, Ghana, Guadeloupe, Haiti, Hong Kong, India, Italy, Jamaica, Japan, Jordan, Kazakhstan, Kenya, Lebanon, Macedonia, Malta, Morocco, Mozambique, Myanmar, New Zealand, Nigeria, Oman, Palestine, Puerto Rico, Russia, Singapore, Slovenia, South Africa, South Korea, Spain, Sweden, Taiwan, Tanzania, Thailand, and the United Kingdom.

Touchstones earns income through the sales of goods and services and receives charitable contributions and grants from individuals, national endowments, foundations, and philanthropic funds. Touchstones enters into strategic partnerships that expand and complement our existing programs to increase the number of people reached every year. Touchstones' work in education in 2019 was generously supported with grants from the National Endowment for the Humanities for veterans' and veteran-civilian discussion programs, Anne Arundel Women Giving Together for educational programming at the Maryland Correctional Institute for Women, and the Jim and Patty Rouse Foundation for veterans' programming. In 2019, the Touchstones Board of Directors continued fundraising for a three-year, \$5 million capital campaign to build organizational capacity, expand program reach, and support long-term sustainability.

Through charitable contributions and a portion of its earned income in 2019, Touchstones provided more than \$98,000 in free and discounted materials and services to public and private schools, public programming for veterans and veteran-civilians groups, prison programming for more than 100 women incarcerated at the Maryland Correctional Institute for Women, the Girl Scouts of Central Maryland for their new joint GSA-Touchstones program in a detention center for young women in Maryland, and afterschool enrichment programs serving high-poverty students in Anne Arundel County. As part of those services, Touchstones trained more than 320 educators, program leaders, and volunteers in the Touchstones method. In addition, the 2019 Geoffrey J. Comber Touchstones Teacher of the Year Award was presented to Suzan Powell, a teacher at the Maryland Correctional Institute for Women at Jessup, Maryland, for her exemplary leadership as a Touchstones educator. Our 2019 Volunteer of the Year was Loretta Hohmann from Queenstown, Maryland, who was recognized for her program engagement and volunteerism to advance Touchstones' veterans programs through her role as ambassador to Touchstones through her employer, SAP/Concur.

Touchstones programs with adults provide a collaborative environment in which to learn crucial socio-behavioral and cognitive skills required for successful engagement with others in the community and at work. In Touchstones programs, all adults—regardless of their background or education level—practice public speaking, cooperative learning, critical thinking, and active listening and share responsibility for discussion outcomes. Adults who are undereducated or coming from severe economic and social disadvantage are afforded opportunities to learn such essential communication and interpersonal skills, so they are empowered to change their circumstance. Our adult programs are run in English, Spanish, Burmese, and Haitian Kreyòl with participants in countries such as the U.S., Dominican Republic, Myanmar, South Africa, and Haiti. More than 50,000 copies of Touchstones materials in Kreyòl are in circulation for use in adult programs in Haiti.

**TOUCHSTONES DISCUSSION PROJECT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2019 and 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Basis of Accounting***

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

***Description of Programs***

**Adult and Community Programs**

Community

In 2019, Touchstones hosted a free public art exhibition in Annapolis, Maryland, featuring works by Dr. Elliott Zuckerman. Dr. Zuckerman passed away in June 2019, leaving a bequest of more than 180 paintings to support Touchstones' educational programs. The retrospective exhibition featured 24 works in oil and included landscapes, still lifes, and portraits by the art, as well as a panel discussion that included local art historians, curators, and public radio broadcasters. More than 180 people attended the weekend-long exhibition that coincided with the memorial service for Dr. Zuckerman. Support for this special event was received from Art Fleischer and space was donated by St. John's College.

Veterans and Veteran-Civilian Programs

In addition, Touchstones ran a third veterans' discussion group and launched a new veteran-civilian discussion group, with funding from the National Endowment for the Humanities. Both groups explored themes of service, separation, the journey home, and the role of community in veterans' homecomings. More than two dozen participants received training and materials through these programs. This generous funding also provided for production of the veterans' program, *Completing the Odyssey: A Journey Home* Leader's and Participant's Workbooks for access and use by veteran-run discussion groups everywhere. Our work with veterans included partnerships with the Library of Congress' Veterans History Project and the Annapolis Vet Center, in addition to program support from a project-specific advisory council that included veterans, mental health experts, and clergy.

Older Adults

In 2019, Touchstones completed work on *Elderstones Volume 1*, the first volume in a new series designed specifically for adults with cognitive impairment. The materials in *Elderstones* have been piloted in multiple memory care facilities to engage staff, family, and residents in active learning and constructive socialization. The project is expected to expand, based on encouraging data from the pilot period.

Dozens of older adults in greater Anne Arundel County engage in Touchstones discussions in multiple programs run by Cynthia M. Barry through the Anne Arundel Community College's School of Continuing Education.

**K-12 School Programming, Enrichment and After School Programs, Youth Workforce Development, Educational Conferences, and Teacher Professional Development**

Academically rigorous yet accessible to all, Touchstones' school, after-school, homeschooling, and workforce development programs help students of all academic abilities and backgrounds become active collaborators in their learning. Touchstones materials are most widely used in general education programs but also for advanced learners, ESL and ELL students, International Baccalaureate, Advanced Placement, AVID elective and critical reading, students with special needs, and in inclusive classrooms. Touchstones school programs are in more than 47 countries and have been translated from English to Arabic, Burmese, French, Haitian Kreyòl, and Spanish. More than five million students of all ages have used Touchstones programs since the organization was founded in 1984.



**TOUCHSTONES DISCUSSION PROJECT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2019 and 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Description of Programs (continued)***

**K-12 School Programming, Enrichment and After School Programs, Youth Workforce Development, Educational Conferences, and Teacher Professional Development (continued)**

To foster optimal implementations and outcomes, Touchstones provides educators using Touchstones with professional development training that teaches the Touchstones discussion method through direct experience. Offered several times each year, our interactive workshops (Introductory, Intermediate, and Advanced), help teachers learn strategies for discussion leadership, to identify and devise solutions to issues in discussion dynamics with input from the students, to model active listening and respectful engagement with all students, to measure student progress over time, and to assess and refine their own development as discussion leaders and classroom managers throughout the year. In-class coaching provided by Touchstones staff provides additional and tailored guidance to support continued development in instructional and leadership capacities. Teachers using Touchstones often report becoming more skilled and confident in their leadership roles and activities outside the classroom.

Touchstones staff ran 15 training workshops and provided in-classroom coaching for more than 300 educators, administrators, and volunteers at eight school sites and our local workshop space in 2019. In addition, 17 new schools and districts implemented Touchstones curricula. Another 24 schools and districts expanded their existing programs in 2019. To ensure that all teachers who wish to be trained in Touchstones are able, we provided 35 scholarship seats at Open Enrollment Workshops through the Touchstones Educator Scholarship Program and hired a summer Teaching Fellow to support school outreach and development.

As part of our outreach in 2019, Touchstones staff attended the ASCD educational leadership conference in Washington, DC and provided a free class set of materials to a public-charter school in Paterson, NJ, which had no funding but was eager to build civil discourse and critical thinking in their classrooms. Teachers using Touchstones programs guide and empower students through direct engagement and active learning. They use Touchstones curricular materials and training to learn to differentiate instruction based on students' strengths and challenges and encourage students to teach and learn from each other. Students in Touchstones practice accountable speaking, active listening, cooperative learning, critical thinking, and collaborative leadership in each class. As part of their work in Touchstones, students learn to attend to group dynamics and to moderate behavior and engagement to make room for and encourage diverse perspectives and greater engagement by all members of the class. Students in Touchstones explore ideas and issues central to civil society and examine their roles as citizens. They evaluate their own work, self-correct unproductive behaviors, and set goals collectively for improved discussion outcomes. These essential skills transfer to many dimensions of academic settings and extend outside of school.

**After School/Enrichment Programs**

Touchstones also continued its partnership with Seeds4Success in Annapolis, MD—modeling a Touchstones discussion with elementary age students for new staff. Seeds4Success provides children and young adults from under-resourced communities with enrichment, mentoring, and educational support to achieve success in school and in life.

**TOUCHSTONES DISCUSSION PROJECT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2019 and 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Description of Programs (continued)***

**K-12 School Programming, Enrichment and After School Programs, Youth Workforce Development, Educational Conferences, and Teacher Professional Development (continued)**

In addition, Touchstones collaborated with the Girl Scouts of Central Maryland to launch a new program at the Waxter Detention Center in Maryland. Touchstones staff provided program design and training and observation for the Girl Scout program staff. This pilot program seeks to strengthen the young women's pro-social skills by building self-esteem, self-regulation, reflective thinking, cooperative learning, and leadership. More than 20 teens participated in the program in 2019, with hopes for national replication in the future.

Further outreach and volunteerism by Touchstones staff included engagement with STAIR, an intensive year-long literacy program for second grade students in Anne Arundel County. Touchstones staff met with STAIR volunteers to demonstrate discussion as a tool for building literacy and ran a Touchpebbles lesson at one program site.

**Programs with Incarcerated Youth and Adults**

Through Touchstones programs in correctional institutions, juvenile and adult detention centers and jails, incarcerated people reflect on their thinking, choices, and values and practice cooperative learning and complex problem-solving. In the process, they practice assuming greater responsibility for decisions and consequences and acquire skills essential for constructive and sustained freedom after release from incarceration. Participants also practice speaking publicly, listening respectfully and actively, and considering diverse viewpoints. In so doing, Touchstones discussions afford incarcerated people essential opportunities to experience and share their ideas and opinions with others in a mutually respectful environment.

Touchstones is used by program staff and volunteers in psycho-emotional and educational programs in correctional centers in Maryland, Virginia, and California. Two weekly programs initiated in the Maryland Correctional Institute for Women (MCI-W) in 2015 continued through 2019 and are run by Touchstones staff and volunteers. Those programs engaged more than 105 women in 58 hour-long Touchstones class meetings for a total attendance of 477. Of the women participants in Touchstones prison programs who have been released from MCI-W over the last three years, the recidivism rate remains below 5%. Eight community volunteers participated in the program at MCI-W in 2019.

**Leadership & Executive Development Programs**

Executives and managers in different types and sizes of businesses and organizations gain a better sense of teamwork through custom Touchstones programs. Executives systematically improve how they access, assess, and utilize diverse perspectives and collective knowledge in problem-solving. At the same time, Touchstones workshops or custom programs help them identify and grow leadership capacity, build more inclusive and cohesive teams, and improve organizational functionality and management. These programs take place with teams in non-profit and higher ed leadership, corporate settings and governmental agencies. Touchstones staff ran an intensive, three-day workshop for leadership development in 2019, to build organizational capacity to deliver more programming in a growing market.



**TOUCHSTONES DISCUSSION PROJECT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2019 and 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Description of Programs (continued)***

**Leadership & Executive Development Programs (continued)**

In 2019, Touchstones ran custom programs for executives in Annapolis, MD and Washington, DC. Those included topic-oriented programs such as "Revolutions," which examines three revolutions over ten discussion meetings and explores the ways in which those periods offer different lenses through which to understand our current socio-political environments. They also included a program series on modern short fiction around topics of identity, creativity, and the role and evolution of literature in society. A second program series on modern short fiction was also started in 2019 in Washington, DC to explore how recent short, fictional works help us to conceptualize the future.

In addition, Touchstones staff ran a day-long leadership development workshop for the Coastal Community Colleges in Alabama and launched a four-session program in the University of Nevada, Las Vegas Department of Criminal Justice's Masters Program in Emergency and Crisis Management.

Touchstones completed a custom four-session program in 2019 for 20 managers at a NYC based global pension fund with managed assets of \$13.5 billion. This program develops vital communication and leadership tools to support highly collaborative teams. Such teams are characterized as ones in which all members recognize they have legitimate and needed voices. Over the course of the program, participants refined their communication and perception skills to create a work practice and forum in which all viewpoints are welcomed, heard, and meaningfully integrated in collaborative endeavors. Touchstones also ran a second professional development workshop for 40 Deans and Directors through the Center for Advancement of Food Service Education (C.A.F.E.) in Charleston, SC. This workshop invited participants to examine elements of personal and institutional branding while working collaboratively with peers from other institutions in higher education and technical schools.

***Strategic Planning and Fundraising***

In 2019, Touchstones Board of Directors continued progress with the three-year strategic plan finalized in 2018. Part of the strategic plan includes the Touchstones Legacy Campaign, which seeks to raise five-million dollars from 2019 through 2021 to increase organizational capacity, triple annual program reach, and build sustainability.

***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. Accordingly, actual results could differ from those estimates.

***Inventory***

Inventory consists of books for resale and paintings that were contributed as part of a planned estate. Book inventory is stated at the lower of cost or market, determined using the first-in, first-out method (FIFO), Art inventory is valued based on the cost of the materials and custom lesson plan.

**TOUCHSTONES DISCUSSION PROJECT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2019 and 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Revenue Recognition and Unconditional Promises to Give***

Contributions, including unconditional promises to give, are recorded as received. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Grant funds received as an exchange transaction are recognized as income when associated costs are expended. Using the direct method, receivables are charged off when deemed by Touchstones to be uncollectible.

***Restricted and Unrestricted Revenue***

Touchstones reports grants and contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the time period or manner of use of the grant or contribution. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

***Cash and Cash Equivalents***

Cash and cash equivalents, as shown in the accompanying statements of cash flows, includes cash in the operating and money market accounts. Touchstones considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

***Donated Services and Facilities***

Donated services are reflected in the financial statements at the fair value of the services received. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by the individuals possessing those skills and would typically need to be purchased if not provided by donation. The accompanying financial statements include \$81,690 and \$14,804 of donated services for the years ended December 31, 2019 and 2018, respectively. In addition, Touchstones received services for various matters which are unable to be valued.

Touchstones also received the use of donated facilities from The Annapolis Vet Center and St. John's College in Annapolis, MD; Finnegan, Henderson, Farabow, Garrett & Dunner, LLP in Washington, DC; and KRM BCR, LLC in Stevensville, MD which were valued at \$4,188 and \$18,629 for the years ended December 31, 2019 and 2018, respectively.

***Functional Allocation of Expenses***

The costs of program and supporting services 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 the programs and supporting services benefited.



**TOUCHSTONES DISCUSSION PROJECT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2019 and 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Credit Risk***

Touchstones maintains cash deposits in various financial institutions. At any given time during the year, the balances may exceed the amount insured by the Federal Deposit Insurance Corporation (FDIC). To date, we have not experienced losses in any of these accounts.

***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.

*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, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

***Change in Accounting Principle***

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Touchstones has implemented ASU 2016-14 and has adjusted the presentation in these comparative financial statements accordingly. The ASU has been applied retrospectively to all periods presented, and had *no* impact on net assets.

***Accounts Receivable***

Touchstones' accounts receivable derive from sales of program material. Accounts receivable are stated at the invoice amount. Accounts receivable are written off when management deems them uncollectible. No allowance for uncollectible accounts is provided in the statements because management does not deem this necessary based on historical collection experience.

***Date of Management's Review***

Touchstones has evaluated events and transactions that occurred during the period from the date of the financial statements through July 9, 2020, the date the financial statements were available to be issued. There were no events or transactions that occurred during the period that materially impacted the amounts or disclosures in Touchstones' financial statements.

**TOUCHSTONES DISCUSSION PROJECT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2019 and 2018**

**NOTE 2 - FUNCTIONALIZED EXPENSES**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated are personnel expenses and consulting fees. These are allocated on the basis of actual time worked per program or supporting function.

**NOTE 3 - RETIREMENT PLAN**

Touchstones has a 403(b) tax deferred retirement plan that is open to all employees for voluntary participation. Touchstones is not obligated to make contributions to the plan but may do so for participating employees. Touchstones made contributions to this plan of \$0 and \$1,975 for the years ended December 31, 2019 and 2018, respectively.

**NOTE 4 - INCOME TAXES**

Touchstones is organized as a Maryland nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), it qualifies for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be a private foundation under IRC Sections 509(a)(1) and (3), respectively. The entity is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entity is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. We have determined that the entity is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

**NOTE 5 - OPERATING LEASE**

In March of 2011, Touchstones entered into a one year operating lease for office space in Stevensville, Maryland. This agreement has been extended in one year increments and expires in March 2021. The agreement required monthly payments of \$1,444 and \$1,444 through March 31, 2019 and 2018, respectively.

Rent expense totaled \$17,268 and \$17,219 for the years ended December 31, 2019 and 2018, respectively, inclusive of property taxes and maintenance charges.

**NOTE 6 - LINE OF CREDIT**

Touchstones has a line of credit with a local financial institution. The total amount available on the line of credit is \$30,000. The line of credit bears a variable interest rate. The principal outstanding balance was \$20,901 and \$10,000 as of December 31, 2019 and 2018.

**NOTE 7 - INVENTORY**

Inventory is comprised of the following as of December 31:

	<b>2019</b>	<b>2018</b>
Finished Goods (Books and Publications)	\$ 2,036	\$ 2,163
Artwork	153,150	-
Total	<u>\$ 155,186</u>	<u>\$ 2,163</u>



**TOUCHSTONES DISCUSSION PROJECT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2019 and 2018**

**NOTE 8 - UNCONDITIONAL PROMISES TO GIVE**

Unconditional promises to give consist of the following:

	<u>2019</u>	<u>2018</u>
Unconditional Promises	\$ <u>360,230</u>	\$ <u>408,003</u>
Amounts Due In:		
Less than One Year	\$ 46,320	\$ 87,610
One to Five Years	113,910	120,393
More than Five Years	<u>200,000</u>	<u>200,000</u>
Total	\$ <u>360,230</u>	\$ <u>408,003</u>

**NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors during fiscal years ended December 31, 2019 are as follows:

Purpose restrictions accomplished:	
Correctional facilities	\$ 20,000
Veterans Programs	<u>101,284</u>
	<u>\$ 121,284</u>

**NOTE 10 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

Financial assets available to meet cash needs for general expenditure within one year of the balance sheet date, that is, without donor or other restrictions limiting their use, comprise the following:

Cash and cash equivalents	\$ 48,172
Accounts receivable	34,454
Unconditional promises to give	<u>46,320</u>
	<u>\$ 128,946</u>

**NOTE 11 - COMPENSATED ABSENCES**

Compensated absences for sick pay and personal time have not been accrued since they cannot be reasonably estimated. Touchstones' policy is to recognize these costs when actually paid.

**TOUCHSTONES DISCUSSION PROJECT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2019 and 2018**

**NOTE 12 - SUBSEQUENT EVENT - CORONAVIRUS PANDEMIC**

In December 2019, an outbreak of a strain of coronavirus (COVID-19) originated in China and has spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared states of emergency. It is anticipated that the impacts of this will continue for some time. One such impact is the closing of schools in conjunction with local self-quarantine orders. Touchstones closed their offices from mid-March until June 6th and cancelled in person workshops and training during this period but began implementing online seminars in place of those that were cancelled. There were also several large book orders that were cancelled due to state and municipal funding being diverted to address the pandemic. There have been no other impacts to Touchstones operations to date. However, future potential impacts to Touchstones include a decrease in revenue, a decrease in liquidity and financial assets, and disruptions or delays in special events to be held. Changes to the operating environment may also be impacted. The future effects of these issues are unknown.