

TOUCHSTONES[®]
DISCUSSION PROJECT

FINANCIAL REPORT
December 31, 2022 and 2021

C O N T E N T S

INDEPENDENT ACCOUNTANTS REVIEW REPORT	1
--	----------

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

NOTES TO THE FINANCIAL STATEMENTS	6 - 19
--	---------------



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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. 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.

We are required to be independent of Touchstones Discussion Project, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Basis for Qualified Conclusion

As discussed in Note 5, the Company has a lease for office space that, in accordance with accounting principles generally accepted in the United States of America, should be presented on the statement of financial position as a right-of-use asset and corresponding lease liability. Management has informed us that this lease has not been presented on the statement of financial position. Management has not determined the effects of these departures from accounting principles generally accepted in the United States of America on financial position, results of operations, and cash flows.

Qualified Conclusion

Based on our review, except for the effect of the matter described in the Basis for Qualified Conclusion paragraph, 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.

JBS: Company, LLC

Stevensville, Maryland

July 10, 2023

TOUCHSTONES DISCUSSION PROJECT, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2022 and 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 58,880	\$ 272,751
Accounts receivable	12,263	21,720
Unconditional promises to give	10,460	48,110
Investments	227,735	-
Inventory	146,216	147,066
Total current assets	455,554	489,647
LONG TERM ASSETS		
Unconditional promises to give - long term	255,500	276,750
TOTAL ASSETS	\$ 711,054	\$ 766,397
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 8,888	\$ 7,525
Accrued expenses	13,158	-
Accrued interest	13,888	-
EIDL loan	-	2,172
Total current liabilities	35,934	9,597
LONG TERM LIABILITIES		
EIDL loan, net of current portion	199,600	199,600
TOTAL LIABILITIES	\$ 235,534	\$ 207,125
NET ASSETS		
Without donor restrictions	361,793	438,950
With donor restrictions		
Purpose restrictions	43,424	46,322
Endowments	70,303	74,000
Total net assets	475,520	559,272
TOTAL LIABILITIES AND NET ASSETS	\$ 711,054	\$ 766,397

See independent accountants' review report and accompanying notes.

TOUCHSTONES DISCUSSION PROJECT, INC.
STATEMENTS OF ACTIVITIES
For the years ended December 31, 2022 and 2021

	December 31, 2022			December 31, 2021		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
SUPPORT AND REVENUE						
Contributions	\$ 58,552	\$ 12,137	\$ 70,689	\$ 102,962	\$ 37,000	\$ 139,962
Grants	2,287	-	2,287	64,900	33,500	98,400
Donated services	28,327	-	28,327	87,150	-	87,150
Program revenue	127,009	-	127,009	152,359	-	152,359
Net investment, loss	(24,283)	-	(24,283)	-	-	-
Interest and other income	200,242	-	200,242	160	-	160
Employee retention credit	-	-	-	4,636	-	4,636
Net assets released from restrictions (See Note 9)	18,732	(18,732)	-	922	(922)	-
GROSS SUPPORT AND REVENUE	410,866	(6,595)	404,271	413,089	69,578	482,667
Less: sales discounts	35,116	-	35,116	65,835	-	65,835
TOTAL SUPPORT AND REVENUE, NET OF DISCOUNTS	375,750	(6,595)	369,155	347,254	69,578	416,832
EXPENSES						
PROGRAM EXPENSES						
Veterans	41,155	-	41,155	8,578	-	8,578
US schools	151,258	-	151,258	62,678	-	62,678
Correctional facilities	20,012	-	20,012	1,983	-	1,983
Executive development	29,629	-	29,629	61,104	-	61,104
International schools	11,694	-	11,694	11,660	-	11,660
Community/adult	34,991	-	34,991	22,511	-	22,511
New K-12 business development	11,531	-	11,531	30,984	-	30,984
New business development	21,087	-	21,087	10,057	-	10,057
K-12 workshops	21,883	-	21,883	74,201	-	74,201
TOTAL PROGRAM EXPENSES	343,240	-	343,240	283,756	-	283,756
MANAGEMENT AND GENERAL FUNDRAISING	58,641	-	58,641	44,035	-	44,035
	51,026	-	51,026	67,670	-	67,670
TOTAL EXPENSES	452,907	-	452,907	395,461	-	395,461
CHANGE IN NET ASSETS	(77,157)	(6,595)	(83,752)	(48,207)	69,578	21,371
NET ASSETS, beginning of year	438,950	120,322	559,272	487,157	50,744	537,901
NET ASSETS, end of year	\$ 361,793	\$ 113,727	\$ 475,520	\$ 438,950	\$ 120,322	\$ 559,272

See independent accountants' review report and accompanying notes.

TOUCHSTONES DISCUSSION PROJECT, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the years ended December 31, 2022 and 2021

	Program Expenses									Management and General				Total All Funds 12/31/2022	
	Colleges	US Schools	Correctional Facilities	Executive Development	International Schools	Community/ Adult	New K-12 Program Development	New Business Development	K-12 Workshops	Total	COVID-19	Strategic Plan/ Other	Total		Fundraising
Salaries and wages	\$ 27,304	\$ 62,649	\$ 14,815	\$ 21,002	\$ 3,890	\$ 19,222	\$ 8,824	\$ 15,655	\$ 11,876	\$ 185,237	\$ 1,749	\$ 27,646	\$ 29,395	\$ 33,366	\$ 247,998
Benefits and payroll taxes	4,994	16,351	1,652	2,421	3,742	1,558	701	4,165	2,559	38,143	21	2,171	2,192	3,723	44,058
Printing/design	3,113	9,021	-	-	189	321	-	-	750	13,394	-	837	837	1,273	15,504
Shipping and handling	191	2,710	-	-	323	239	-	-	-	3,463	-	872	872	390	4,725
Meals and entertainment	44	1,650	161	7	23	202	-	91	316	2,494	-	2,883	2,883	627	6,004
Hotel and transportation	-	6,458	294	-	-	34	-	125	332	7,243	595	1,874	2,469	1,263	10,975
Accounting	500	3,298	-	1,484	250	583	666	250	2,215	9,246	-	2,531	2,531	1,965	13,742
Legal - trademark and copyright	-	29,777	-	-	1,450	-	-	-	-	31,227	-	-	-	-	31,227
Donated services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ISBN/permissions/copyrights	-	-	-	-	-	-	575	-	-	575	-	-	-	-	575
Bank charges	2,383	2,101	-	722	-	125	-	-	13	5,344	-	(955)	(955)	2,101	6,490
Consultants	450	5,596	-	420	1,550	9,975	750	-	1,554	20,295	-	-	-	1,305	21,600
Office equipment and supplies	164	1,820	95	473	138	353	15	702	31	3,791	-	241	241	868	4,900
Dues and subscriptions	13	1,082	43	531	74	245	-	13	549	2,550	-	1,123	1,123	680	4,353
Facility expense	1,330	5,715	1,744	1,876	65	234	-	-	1,480	12,444	-	2,206	2,206	3,088	17,738
Interest expense	41	85	-	-	-	-	-	-	-	126	14,678	-	14,678	-	14,804
Insurance	-	609	775	-	-	1,534	-	-	-	2,918	-	-	-	-	2,918
Marketing	-	797	-	-	-	-	-	-	-	797	-	-	-	-	797
Telephone and internet	628	1,539	433	693	-	366	-	86	208	3,953	-	169	169	377	4,499
TOTAL EXPENSES	\$ 41,155	\$ 151,258	\$ 20,012	\$ 29,629	\$ 11,694	\$ 34,991	\$ 11,531	\$ 21,087	\$ 21,883	\$ 343,240	\$ 17,043	\$ 41,598	\$ 58,641	\$ 51,026	\$ 452,907

See independent accountants' review report and accompanying notes.

	Program Expenses									Management and General				Total	
	Veterans	US Schools	Correctional Facilities	Executive Development	International Schools	Community/Adult	New K-12 Program Development	New Business Development	K-12 Workshops	Total	COVID-19	Other	Total	Fundraising	All Funds 12/31/2021
Salaries and wages	\$ 2,330	\$ 32,179	\$ 597	\$ 27,048	\$ 3,714	\$ 8,802	\$ 15,600	\$ 3,808	\$ 26,317	\$ 120,395	\$ 6,964	\$ 22,907	\$ 29,871	\$ 31,751	\$ 182,017
Benefits and payroll taxes	132	5,863	60	3,443	1,986	2,713	3,649	1,760	3,033	22,639	804	2,437	3,241	4,306	30,186
Printing/design	629	4,927	-	-	162	-	102	-	56	5,876	-	-	-	534	6,410
Shipping and handling	41	890	-	-	73	-	331	-	-	1,335	-	-	-	527	1,862
Meals and entertainment	107	930	-	272	-	101	28	-	923	2,361	-	488	488	2,740	5,589
Hotel and transportation	301	3,835	-	1,949	-	80	10	242	336	6,753	-	-	-	276	7,029
Accounting	-	3,730	450	2,390	750	1,090	1,050	250	1,500	11,210	1,250	860	2,110	2,140	15,460
Legal - trademark and copyright	-	-	-	-	-	-	-	-	30,105	30,105	-	-	-	-	30,105
Donated services	4,750	-	-	16,000	-	6,000	3,900	2,500	6,500	39,650	-	2,500	2,500	15,000	57,150
ISBN/permissions/copyrights	-	-	-	-	-	-	-	-	325	325	-	-	-	-	325
Bank charges	-	1,429	-	552	325	281	-	-	221	2,808	-	48	48	1,213	4,069
Consultants	-	1,200	-	1,256	1,965	100	1,115	240	300	6,176	2,300	-	2,300	1,698	10,174
Office equipment and supplies	100	1,533	-	256	252	380	1,445	41	189	4,196	1,239	1,126	2,365	2,091	8,652
Dues and subscriptions	-	1,156	-	937	1,212	499	1,887	412	756	6,859	143	467	610	845	8,314
Facility expense	55	3,691	50	6,098	1,060	1,308	916	650	2,627	16,455	-	-	-	3,590	20,045
Interest expense	-	32	-	-	-	-	-	-	39	71	-	24	24	-	95
Insurance	46	377	826	137	-	769	68	46	91	2,360	-	(75)	(75)	23	2,308
Marketing	-	143	-	-	-	-	615	-	244	1,002	-	-	-	106	1,108
Telephone and internet	87	763	-	766	161	388	268	108	639	3,180	396	157	553	830	4,563
TOTAL EXPENSES	\$ 8,578	\$ 62,678	\$ 1,983	\$ 61,104	\$ 11,660	\$ 22,511	\$ 30,984	\$ 10,057	\$ 74,201	\$ 283,756	\$ 13,096	\$ 30,939	\$ 44,035	\$ 67,670	\$ 395,461

See independent accountants' review report and accompanying notes.

TOUCHSTONES DISCUSSION PROJECT, INC.
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (83,752)	\$ 21,371
Adjustments to reconcile total change in net assets to net cash (used in) provided by operating activities:		
Realized gain on investments	(1,757)	-
Unrealized loss on investments	27,939	-
Interest and dividend income	(2,833)	-
Investment fees	934	-
Gain on debt forgiveness - paycheck protection program	-	(29,000)
Changes in operating assets and liabilities:		
Accounts receivable	9,457	(1,901)
Unconditional promises to give	58,900	(500)
Inventory	850	6,015
Accounts payable	1,363	(1,589)
Accrued expenses	13,158	-
Accrued interest	13,888	-
Net cash (used in) provided by operating activities	38,147	(5,604)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(255,018)	-
Sales of investments	3,000	-
Proceeds from EDIL loan	-	48,500
Net cash (used in) provided by investing activities	(252,018)	48,500
Net (decrease) increase in cash	(213,871)	42,896
Cash and cash equivalents, beginning of year	272,751	229,855
Cash and cash equivalents, end of year	\$ 58,880	\$ 272,751
SUPPLEMENTAL DISCLOSURES		
Interest paid	\$ 890	\$ 95

See independent accountants' review report and accompanying notes.

TOUCHSTONES DISCUSSION PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Touchstones® Discussion Project's Organizational Activity

Academically rigorous yet accessible to all, Touchstones school, after-school, homeschooling, executive, continuing education and workforce development programs support learners in developing essential 21st Century skills. Those skills include active listening, responsive speaking, cooperative learning and collaborative leadership. All participants in Touchstones strengthen their own analytical reasoning, recognize their own assumptions and presuppositions, and evaluate and connect prior knowledge to new information for strategic and creative problem solving. Touchstones has been called the democratization of American education because it values and includes input from all members of a group—regardless of age, background, or circumstance.

Touchstones programs are most widely in use in general education programs and are also in place for advanced learners, ESL and ELL students, International Baccalaureate diploma programs, Advanced Placement, AVID elective and critical reading, students with special needs, and inclusive classrooms. In addition, Touchstones executive and adult programs are used in corporate and private group settings, as well as within institutions, to enhance professional practice and optimize team collaboration and output.

Touchstones 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 people have participated in Touchstones programs since the organization was founded in 1984.

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

K-12 School Programming, Enrichment and After School Programs, Educational Conferences, & Teacher Professional Development

K-12 Program Expansion

Through grants related to school program development, we expanded programming and services at Washington Latin Public Charter School in Washington, DC, and introduced Touchstones to teachers and students in two new public and public/charter schools in Wilmington, DE in 2022. In addition, our sales of discussion curriculum went into 26 schools serving an estimated 8,100+ new students, in addition to the thousands of students who were engaged through existing Touchstones sites. Our contract with the Bureau de la Education Francais in Manitoba, Canada, which provides digital access to Touchstones programs in French to hundreds of educators and more than 19,000 students, was renewed in 2022.

Higher Ed

We expanded the number of digital programs available to include new versions for courses in higher ed. New courses run by 30+ instructors reached more than 900 new students in First and Second Year seminar classes at the University of Nevada, Las Vegas and philosophy courses at the University of Rhode Island.

TOUCHSTONES DISCUSSION PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Description of Programs (continued)

Teacher Training, Instructional Support, and Digital Contracts

In 2022, Touchstones led 11 workshops for 121 educators, school administrators, and volunteers in the US and Canada. These workshops took place online and in-person for educators teaching in grades K-12 and College and included Open Enrollment Workshops and intensive 8-week training through our Teacher's Fellows program using Touchstones Exploring American Perspectives as the text for training. In addition, Touchstones coached 15 educators teaching in grades 3-12 and higher ed. Some coaching was remote but most was in-person in Touchstones classrooms.

80% of those workshop seats were scholarships to educators with no funding and volunteers seeking to bring Touchstones discussion programs to new groups of participants. This ensures that educators and volunteers alike can bring inclusive discussion to their communities regardless of financial or geographic limitations.

Educational Conferences

We directly engaged more than 50 teachers new to Touchstones at regional educational conferences in Florida and Wisconsin, where we ran a demonstration Touchstones discussion with teachers as participants. Those regional conferences are typically content-specific (social studies or English) or tailored for specific student populations (gifted and talented). Such conferences are excellent ways to introduce Touchstones to educators in new geographic areas.

All Touchstones' interactive training experiences provide teachers with hands-on experience leading inclusive discussions, strategies for continued development in discussion leadership, and tools to identify and devise solutions to issues in discussion dynamics. Educators learn to include students in evaluating their own and the classes' outcomes, as the teacher models active listening and respectful engagement with all students, measures student progress over time, and assesses and refines their own professional skills as leaders and classroom managers throughout the year. In-class coaching provided by Touchstones staff affords 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 as well as in activities outside the classroom.

Touchstones Fellows Teacher Training Using Touchstones Volume, "Exploring American Perspectives"

In response to the growing awareness of the need among all teachers and students—of all ages—to possess skills supporting critical and reflective thinking and the ability to speak with and listen to others constructively and openly, Touchstones launched this new, eight-session program online in 2020. In 2022, we replicated a fourth free program with a new cohort of Touchstones "Fellows" to provide more than 20 hours of intensive professional development to 4 educators. Over the course of this program, all participants assume leadership for a Touchstones discussion, with support from staff and their peers.

Guided and trained by the Touchstones staff, each cohort explored issues of voice, perceived legitimacy, active listening, effects of marginalization, bias, and inclusion through the lenses of African American and Black authors, poets, politicians, artists, and philosophers. This intensive and immersive experience in the Touchstones method and curricula offers all participants the opportunity to explore their own strengths and identify areas for continued development as discussion leaders.

TOUCHSTONES DISCUSSION PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Description of Programs (continued)

Touchstones Week, Black History Month & Free Classroom Lessons

In 2022, Touchstones ran another global Touchstones Week, which provides free lesson plans for anyone wishing to run a collaborative discussion—with students, friends, family members, community members, or business associates. The discussion lesson was provided for free in English, Spanish, and French. In addition, we provided free access to a Black History month lesson for K-12 educators in 2022. Those two programs alone engaged 47 educators and volunteers running a Touchstones discussion with 1740+ participants of all ages, but mostly school-age students. During 2022, Touchstones provided additional free access to several single lessons tied to other educational or cultural themes observed in U.S. schools.

Family Engagement

In response to increased desire for family engagement in school settings, we developed a new Touchstones Family Engagement program in 2022 for use in Learning Community Charter School (LCCS), Jersey City, NJ. LCCS is the state's most diverse charter school, with students speaking at least 40 languages at home. That pilot program was slated for delivery in the fall of 2022 but was pushed to a Feb 2023 launch. It successfully welcomed more than 15 family adults in a discussion about cooperation, learning, and trust.

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 continues to work with potential subcontractors to build organizational capacity that will deliver more transformational and inclusive engagement in a growing market.

In 2022, Touchstones continued a custom program begun online in 2021 for executives located across the United States, including Delaware, New York, Colorado, Maryland, Illinois, California, Virginia, and Washington. This programming brought executives together in a topic-oriented program called, "Listening to the Voices of Women Thinkers". This program used discussion as a forum for examining how gender and identity shape our self-concepts and society and how writers respond to and influence emerging environments.

Adult and Community Programs

In 2022, local Touchstones volunteers hosted an art exhibition of works by Dr. Elliott Zuckerman, who bequeathed more than 180 paintings to the Touchstones Discussion Project in 2019 when he passed away. His gift left an entire collection of his works to support Touchstones' educational programs. Each painting sold is accompanied by a custom Touchstones discussion lesson plan. These lessons will be compiled and edited for use in a Touchstones Discussion Project art volume for release within the next several years. 100 guests attended this event, which led to \$4,000 in sales of art in support of the Touchstones endowment.

TOUCHSTONES DISCUSSION PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Adult and Community Programs (continued)

Community Programs Online

At the beginning of the pandemic in 2020 and in recognition of the types of support and contact that people would need during periods of great uncertainty and potential isolation, Touchstones initiated a free online twice-monthly discussion program with the topic of community and connections as its central focus. In 2021 we added a monthly Thursday evening program, which ran for much of the year. This Saturday morning program continued throughout 2022, with leadership responsibility being shared by five volunteer members from within the group. Touchstones staff and trained volunteers ran 19 discussions, which provided 30 hours of free public programming for 100 members of the global community.

Programs with Incarcerated Adults

Beginning in May, Touchstones programming at the Maryland Correctional Institution for Women started again after a two-year pandemic closure. Touchstones classes ran 19 times during the year serving more than 40 incarcerated women and engaging six community volunteers as discussion co-leaders. Those classes moved sequentially through Touchstones Volume A and touched on themes and skills related to healthy lifestyle choices, resiliency, confidence, self-regulation, and enhanced self-expression and interpersonal communication.

Strategic Planning

The Touchstones Board of Directors and staff developed and finalized a new strategic plan for 2022-2025. With input and guidance from the Advisory Council members and Touchstones' friends, the plan focuses on generating new lines of revenue through earned income and fundraising initiatives plus board development and expansion to enhance diversity and fundraising capacity. Staffing initiatives include increased professionalization of existing staff and adding in roles that support leadership succession and continued organizational capacity building.

Endowment

Part of the Strategic Plan is to ensure long-term sustainability of an organization that provides unique and vital educational programs and services, particularly in U.S. public education. As we strive to achieve balanced revenue that is less susceptible to market or political climates, an endowment is an excellent long-term complement to other revenue streams. The Board of Directors set a \$5,000,000 goal for The Founder's Fund, an endowment established in May 2022 that we hope ultimately will yield \$250,000 in additional annual income. \$270,000 was secured by end of 2022 and fundraising will continue until we achieve our goal.

Marketing & Social Outreach Initiatives

At a time when people need skills of civil discourse, critical thinking, creative problem solving, cooperation, and collaboration more than ever, Touchstones is rising to the challenge. In conjunction with the Executive, Community and K-12 programs, Touchstones maintained a weekly online presence throughout 2022 through social media engagement, newsletter and blog publications, and more outreach to current and prospective volunteers. Our social media following more than doubled in 2022 and several major educational sites reposted our content. We launched a new website in 2022, to better serve our K-12 and higher ed clients. The new site provides easier access to digital products and supports streamlined e-commerce solutions.

TOUCHSTONES DISCUSSION PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 gift. 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.

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.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values based on quoted prices in active markets (Level 1) in the statements of financial position. Net investment income is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Fair Value Measurements

Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions.

The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and lowest priority to an entity's assumptions (unobservable inputs). Touchstones groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. The three levels of fair value hierarchy are described below:

Level 1 inputs consist of unadjusted quoted market prices for *identical* assets or liabilities in active markets as of the measurement date.

Level 2 inputs are based on quoted prices for *similar* assets or liabilities in active markets; quoted prices for identical or similar assets in non-active markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by other observable market data.

Level 3 inputs are unobservable and cannot be corroborated by observable market data.

TOUCHSTONES DISCUSSION PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 \$28,327 and \$57,150 of donated services for the years ended December 31, 2022 and 2021, respectively. In addition, Touchstones received services for various matters which are unable to be valued.

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.

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.

TOUCHSTONES DISCUSSION PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets (continued)

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.

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 10, 2023, 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.

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 no contributions to this for the years ended December 31, 2022 and 2021, respectively.

TOUCHSTONES DISCUSSION PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 4 - INCOME TAXES

Touschstones 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 various times and expires in March 2027.

Rent expense totaled \$18,216 and \$17,758 for the years ended December 31, 2022 and 2021, respectively, inclusive of property taxes and maintenance charges.

Future minimum lease commitments under non-cancellable operating leases are as follows:

2023	18,543
2024	19,006
2025	19,482
2026	19,969
2027	5,023
	<u>\$ 82,023</u>

Accounting principles generally accepted in the United States of America (U.S. GAAP) require recognition of a right-of-use asset and a corresponding lease liability upon lease commencement. Management has not determined the effect of this departure from U.S. GAAP on the statement of financial position, statement of activities, and cash flows.

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 \$0 as of December 31, 2022 and 2021.

TOUCHSTONES DISCUSSION PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 7 - INVENTORY

Inventory is comprised of the following as of December 31:

	<u>2022</u>	<u>2021</u>
Finished Goods (Books and Publications)	\$ 1,716	\$ 1,716
Artwork	144,500	145,350
Total	<u>\$ 146,216</u>	<u>\$ 147,066</u>

NOTE 8 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consist of the following:

	<u>2022</u>	<u>2021</u>
Unconditional Promises	<u>\$ 265,960</u>	<u>\$ 324,860</u>
Amounts Due In:		
Less than One Year	\$ 10,460	\$ 48,110
One to Five Years	255,500	276,750
Total	<u>\$ 265,960</u>	<u>\$ 324,860</u>

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2022, are available for the following purpose:

Correctional facilities	\$ 9,925
Delaware Public Charter Schools	25,000
Expansion of digital products	5,000
Learning program supporting high need students	2,000
Washington Labtin Pub Charter School	1,500
	<u>\$ 43,425</u>

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, 2022 are as follows:

Purpose restrictions accomplished:	
Correctional facilities	<u>\$ 18,732</u>

TOUCHSTONES DISCUSSION PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

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	\$ 58,880
Accounts receivable	12,263
Unconditional promises to give	10,460
Less endowment funds and restricted net assets	<u>(113,727)</u>
	<u><u>\$ 81,603</u></u>

NOTE 11 - ENDOWMENT

The Board of Directors has resolved to establish the Touchstones Founders' Fund to meet identified strategic goals and support the organization's mission in perpetuity. Goals established in multi-year strategic plans ensure the organization is preparing long-term for organizational needs and growth that support maximized outreach and impact. Goals in the 2022-2025 strategic plan include updating the website to enhance and streamline user experience and support easier access to digitized content and expanding our program offerings and engagement online and in-person for learners of all ages and educators with diverse needs. The plan also includes developing a leadership succession plan for executive management and expanding the Board and staff to increase organizational capacity and more fully represent the communities we serve.

Interpretation of Relevant Law

Touchstones has interpreted the enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, Touchstones retains in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by Touchstones in a manner consistent with the standard of prudence prescribed by the UPMIFA. Touchstones considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- a. The duration and preservation of the fund
- b. The purposes of the organization and the donor-restricted endowment fund
- c. General economic conditions
- d. The possible effects of inflation and deflation
- e. The expected total return from income and the appreciation of investments
- f. Other resources of the organization
- g. The investment policies of the organization

TOUCHSTONES DISCUSSION PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 11 - ENDOWMENT (continued)

Spending Policy

The Treasurer together with the Finance Committee or other appropriate committee must provide a budget each year to the Board for anticipated expenses for the Endowment. Once approved by the Board, the committee will be able to spend the amounts budgeted. Any anticipated cost overages will have to be approved, in advance, by the Treasurer, and, if significant, by the Executive Committee or Board. Under special circumstances, the Board Chair may give special approval for an out of budget expense.

Return Objective and Risk Parameters

Touchstone's objective is to earn a respectable, long-term, risk-adjusted total rate of return to support the designated programs. Touchstones recognizes and accepts that pursuing a respectable rate of return involves risk and potential volatility. The generation of current income will be a secondary consideration. Touchstones has a preference for simple investment structures which have lower cost, easier oversight, lower risk, and less complexity for internal financial management and auditing.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires Touchstones to retain as a fund of perpetual duration. In accordance with the accrual basis of accounting, there were no material deficiencies of this nature reported in net assets without restrictions as of December 31, 2022.

As of December 31, 2022, Touchstones had the following endowment net asset composition:

	With donor <i>purpose</i> restrictions	With donor <i>perpetual</i> restrictions	Total
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 70,303	\$ 70,303

Changes in the endowment net assets for the year ended December 31, 2021 are as follows:

	With donor <i>purpose</i> restrictions	With donor <i>perpetual</i> restrictions	Total
Endowment net assets, December 31, 2021	\$ -	\$ 74,000	\$ 74,000
Contributions	-	12,137	12,137
Appropriation for expenditure	-	(15,834)	(15,834)
Endowment net assets, December 31, 2022	<u>\$ -</u>	<u>\$ 70,303</u>	<u>\$ 70,303</u>

NOTE 12 - 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, 2022 and 2021

NOTE 13 - CORONAVIRUS PANDEMIC

In December 2019, an outbreak of a strain of coronavirus (COVID-19) originated in China and 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 2020 until June 6, 2020 and cancelled in person workshops and training during this period but began implementing online seminars in place of those that were cancelled. Likewise in 2021 and 2022, several large workshop contracts were adversely affected due to COVID-related school closures or funding reductions. 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 occur. The future effects of these issues are unknown.

NOTE 14 - Paycheck Protection Program Note

On May 1, 2020, Touchstones was granted a loan from the Small Business Administration ("SBA") in the amount of \$29,000, pursuant to the Paycheck Protection Program ("PPP") under Division A, Title I of the Coronavirus Aid, Relief and Economic Security Act ("CARES, Act"), which was enacted March 27, 2020. On February 11, 2021, Touchstones was granted a second loan from the SBA in the amount of \$32,900 pursuant to the PPP under The Economic Aid to Hard-Hit Small Business, Nonprofits and Venues Act ("Economic Aid Act"), which was enacted on December 27, 2020.

According to the U.S. Small Business Administration, Touchstones met the requirements for loan forgiveness and both of these loans were forgiven during the year ended December 31, 2021. The proceeds from the loans are recorded as contributions. Included in Grants is \$61,900 for these loan proceeds at December 31, 2021.

NOTE 15 - EMPLOYEE RETENTION CREDITS

In response to the coronavirus (COVID-19) outbreak in 2020, the CARES Act to provide \$1 trillion towards building a bridge to economic recovery for working families. As part of the plan, refundable employee retention credits were provided to employers whose operations were suspended due to COVID-19 or whose revenue significantly decreased. The employment tax credit is equal to 50% of the qualified wages paid between March 13, 2020 and December 31, 2020, with a maximum credit of \$5,000 per employee. Additional relief provisions were passed by the United States government, which extend and slightly expand the qualified wage caps on these credits through December 31, 2021. Based on these additional provisions, the tax credit is now equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee has been increased to \$10,000 of qualified wages per quarter.

Touchstones qualified for the tax credit under the American Rescue Plan for qualified wages through December 31, 2021. Grants for the ERC at December 31, 2021 was \$4,636 which represents refunds from the 2021 Form 941 Employer Quarterly Federal Tax Return for the quarter ended March 31, 2021.

TOUCHSTONES DISCUSSION PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 16 - NOTES PAYABLE

Notes payable is summarized below as of December 31:

	2022	2021
Economic Injury Disaster Loan (EIDL) obtained from Small Business Administration (SBA). The loan is secured by the assets of the Organization. The loan has a monthly payment of \$890, interest at 2.75% and maturity date of January 2052.	\$ 199,600	\$ 199,600
Less: Current portion	-	-
	\$ 199,600	\$ 199,600

Principal maturities on long-term debt are as follows:

For the year ending December 31:

2023	-
2024	-
2025	1,697
2026	5,279
2027	5,426
Thereafter	187,198
	\$ 199,600

Accrued interest as of December 31, 2022 and 2021 was \$13,788 and \$8,873.

NOTE 17 - INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported on the statement of financial position at their fair values based on quoted prices in active markets (Level 1). Investments consist of the following:

	2022		2021	
	Market Value	Cost	Market Value	Cost
Cash and money balances	\$ 35,011	\$ 35,011	\$ -	\$ -
Equities	192,724	182,554	-	-
Fixed income	-	-	-	-
Other	-	-	-	-
	227,735	217,565	-	-

TOUCHSTONES DISCUSSION PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 17 - INVESTMENTS (continued)

Investment loss for the years ending December 31, 2022 and 2021 was \$24,283 and \$0, respectively, as follows:

	<u>2022</u>	<u>2021</u>
Realized gain	\$ 1,757	\$ -
Unrealized loss	(27,939)	-
Interest and dividends	2,833	-
Investment fees	(934)	-
	<u>\$ (24,283)</u>	<u>\$ -</u>

NOTE 18 - RECLASSIFICATION OF PRIOR YEAR PRESENTATION

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had *no effect* on net assets.