

TOUCHSTONES[®]
DISCUSSION PROJECT

FINANCIAL REPORT
December 31, 2023 and 2022

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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, 2023 and 2022, 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.

JES: Company, LLC

Stevensville, Maryland

November 14, 2024

TOUCHSTONES DISCUSSION PROJECT, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2023 and 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 96,910	\$ 58,880
Accounts receivable	14,245	12,263
Unconditional promises to give	12,550	10,460
Investments	181,088	227,735
Inventory	141,666	146,216
Total current assets	446,459	455,554
LONG TERM ASSETS		
Unconditional promises to give - long term	243,450	255,500
TOTAL ASSETS	\$ 689,909	\$ 711,054
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 19,479	\$ 8,888
Accrued expenses	1,829	13,158
Accrued interest	5,783	13,888
Total current liabilities	27,091	35,934
LONG TERM LIABILITIES		
EIDL loan, net of current portion	199,600	199,600
TOTAL LIABILITIES	226,691	235,534
NET ASSETS		
Without donor restrictions	303,879	361,793
With donor restrictions:		
Purpose restrictions	69,326	43,424
Endowments	90,013	70,303
Total net assets	463,218	475,520
TOTAL LIABILITIES AND NET ASSETS	\$ 689,909	\$ 711,054

See independent accountants' review report and accompanying notes.

TOUCHSTONES DISCUSSION PROJECT, INC.
STATEMENTS OF ACTIVITIES
For the years ended December 31, 2023 and 2022

	December 31, 2023			December 31, 2022		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
SUPPORT AND REVENUE						
Contributions	\$ 149,832	\$ 19,710	\$ 169,542	\$ 58,552	\$ 12,137	\$ 70,689
Grants	-	105,750	105,750	2,287	-	2,287
Donated services	29,159	-	29,159	28,327	-	28,327
Program revenue	138,099	-	138,099	127,009	-	127,009
Net investment return (loss)	46,749	-	46,749	(24,283)	-	(24,283)
Other income	348	-	348	200,242	-	200,242
Net assets released from restrictions (See Note 9)	79,348	(79,348)	-	18,732	(18,732)	-
GROSS SUPPORT AND REVENUE	443,535	46,112	489,647	410,866	(6,595)	404,271
Less: sales discounts	(41,969)	-	(41,969)	(35,116)	-	(35,116)
TOTAL SUPPORT AND REVENUE, NET OF DISCOUNTS	401,566	46,112	447,678	375,750	(6,595)	369,155
EXPENSES						
PROGRAM EXPENSES	209,935	-	209,935	343,240	-	343,240
Marketing Comms & Conferences (delete)	-	-	-	-	-	-
MANAGEMENT AND GENERAL FUNDRAISING	187,601	-	187,601	58,641	-	58,641
	62,444	-	62,444	51,026	-	51,026
TOTAL EXPENSES	459,980	-	459,980	452,907	-	452,907
CHANGE IN NET ASSETS	(58,414)	46,112	(12,302)	(77,157)	(6,595)	(83,752)
NET ASSETS, beginning of year	361,793	113,727	475,520	438,950	120,322	559,272
NET ASSETS, end of year	\$ 303,379	\$ 159,839	\$ 463,218	\$ 361,793	\$ 113,727	\$ 475,520

See independent accountants' review report and accompanying notes.

TOUCHSTONES DISCUSSION PROJECT, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the years ended December 31, 2023 and 2022

	Program Expenses								Management and General					Total All Funds 12/31/2023	
	Community: Prison, Art Veterans,	Executive Development	Higher Education	Business Development	Curriculum Development	Professional Development Services	K-12 Workshops	Total	Marketing (Comms & Conferences)	Trademark & Copyright	General / COVID	Governance & Strategic Plan	Total		Fundraising
Accounting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27	\$ -	\$ 4,400	\$ -	\$ 4,427	\$ -	\$ 4,427
Bank charges	438	221	1,155	-	-	25	277	2,116	-	-	-	-	-	3,516	5,632
Benefits and payroll taxes	2,783	1,470	1,559	2,235	332	3,794	7,592	19,765	3,735	120	3,362	3,515	10,732	5,726	36,223
Casual Labor	-	-	-	-	-	-	300	300	-	-	-	-	-	-	300
Consultants	-	-	-	-	-	2,306	-	2,306	1,785	-	-	-	1,785	105	4,196
Donated services	675	-	-	-	-	-	1,000	1,675	2,000	12,820	-	2,500	17,320	7,695	26,690
Dues and subscriptions	70	-	116	230	45	100	234	795	100	-	225	59	384	190	1,369
Facility expense	2,753	-	1,700	1,236	-	4,421	5,695	15,805	1,801	309	300	614	3,024	3,659	22,488
Hotel and transportation	312	214	50	215	-	1,778	1,701	4,270	1,176	-	-	395	1,571	384	6,225
Insurance	1,628	28	121	28	-	607	28	2,440	-	-	-	811	811	-	3,251
Interest expense	1,057	-	821	144	39	166	987	3,214	184	-	3,063	-	3,247	-	6,461
Legal	-	-	-	-	-	-	-	-	-	4,924	-	-	4,924	-	4,924
Marketing	235	-	203	3,099	-	272	1,549	5,358	3,636	-	-	-	3,636	362	9,356
Meals and entertainment	744	87	197	291	-	515	564	2,398	404	-	51	699	1,154	983	4,535
Office equipment & supplies	267	32	59	246	-	123	1,324	2,051	477	-	495	221	1,193	502	3,746
Professional Services	667	647	450	-	-	-	1,270	3,034	1,800	-	1,175	44,559	47,534	450	51,018
Printing/design	401	-	1,059	-	-	86	5,492	7,038	331	-	-	86	417	416	7,871
Research Materials	35	30	-	-	-	29	56	150	-	-	-	-	-	-	150
Salaries and wages	21,508	11,820	10,596	12,275	2,673	25,071	45,396	129,339	25,820	968	29,771	26,404	82,963	37,006	249,308
Software Subscriptions	204	262	370	83	-	265	1,957	3,141	1,097	-	51	-	1,148	465	4,754
Shipping and handling	246	-	412	-	-	230	1,085	1,973	971	-	-	-	971	543	3,487
Telephone and internet	300	87	628	327	-	531	894	2,767	360	-	-	-	360	442	3,569
TOTAL EXPENSES	\$ 34,323	\$ 14,898	\$ 19,496	\$ 20,409	\$ 3,089	\$ 40,319	\$ 77,401	\$ 209,935	\$ 45,704	\$ 19,141	\$ 42,893	\$ 79,863	\$187,601	\$ 62,444	\$ 459,980

NOTE(1): 2023 programs are regrouped in coordination with the development of a multi-year business plan. Development was funded during 2023-2024 by a grant from The Still Water Foundation for strategic, planned growth in organizational capacity and sales and services to targeted markets.

NOTE(2): The increase in Management and General costs in 2023 are tied directly to the development of an eight-year business plan for strategic, planned growth in targeted markets. A grant from The Still Water Foundation paid for Touchstones to work with TDC Corp of Boston on that project. Touchstones covered all its own administrative and project costs during the year-long plan development period.

	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
Accounting	\$ 500	\$ 3,298	\$ -	\$ 1,484	\$ 250	\$ 583	\$ 666	\$ 250	\$ 2,215	\$ 9,246	\$ -	\$ 2,531	\$ 2,531	\$ 1,965	\$ 13,742
Bank charges	2,383	2,101	-	722	-	125	-	-	13	5,344	-	(955)	(955)	2,101	6,490
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
Consultants	450	5,596	-	420	1,550	9,975	750	-	1,554	20,295	-	-	-	1,305	21,600
Dues and subscriptions	13	1,082	43	531	74	245	-	13	549	2,550	-	1,123	1,123	680	4,353
Insurance	-	609	775	-	-	1,534	-	-	-	2,918	-	-	-	-	2,918
Interest expense	41	85	-	-	-	-	-	-	-	126	14,678	-	14,678	-	14,804
ISBN/permissions/copyrights	-	-	-	-	-	-	575	-	-	575	-	-	-	-	575
Marketing	-	797	-	-	-	-	-	-	-	797	-	-	-	-	797
Meals and entertainment	44	1,650	161	7	23	202	-	91	316	2,494	-	2,883	2,883	627	6,004
Office equipment & supplies	164	1,820	95	473	138	353	15	702	31	3,791	-	241	241	868	4,900
Printing/design	3,113	9,021	-	-	189	321	-	-	750	13,394	-	837	837	1,273	15,504
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
Shipping and handling	191	2,710	-	-	323	239	-	-	-	3,463	-	872	872	390	4,725
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.

TOUCHSTONES DISCUSSION PROJECT, INC.
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (12,302)	\$ (83,752)
Adjustments to reconcile total change in net assets to net cash (used in) provided by operating activities:		
Realized gain on investments	(2,594)	(1,757)
Unrealized (gain) loss on investments	(35,293)	27,939
Interest and dividend income	(2,320)	(2,833)
Investment fees	1,169	934
Changes in operating assets and liabilities:		
Accounts receivable	(1,982)	9,457
Unconditional promises to give	9,960	58,900
Inventory	4,550	850
Accounts payable	11,614	1,363
Accrued expenses	(12,351)	13,158
Accrued interest	(8,106)	13,888
Net cash (used in) provided by operating activities	(47,655)	38,147
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(42,661)	(255,018)
Sales of investments	128,346	3,000
Net cash provided by (used in) investing activities	85,685	(252,018)
Net increase (decrease) in cash	38,030	(213,871)
Cash and cash equivalents, beginning of year	58,880	272,751
Cash and cash equivalents, end of year	\$ 96,910	\$ 58,880
SUPPLEMENTAL DISCLOSURES		
Interest paid	\$ 6,461	\$ 890

See independent accountants' review report and accompanying notes.

TOUCHSTONES DISCUSSION PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

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 courses, AVID elective and critical reading courses, students with special needs, and inclusion 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 six 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 two public-charter schools in Washington, DC in 2023. In addition, our sales of discussion curriculum went into 52 schools and districts serving and engaging an estimated 150 educators and 4,000+ students, in addition to the thousands of teachers and students already using Touchstones at existing program sites. Our contract with the Bureau de la Education Francais in Manitoba, Canada provided digital access to Touchstones programs in French to hundreds of educators and more than 5,000 students.

Higher Ed

We supported continued expansion of programs in higher ed with new digital textbooks that were used by more than two dozen instructors to engage more than 650 students in First- and Second-Year seminar classes, a new course specifically for veterans, and students studying educational psychology at the University of Nevada, Las Vegas, as well as philosophy courses at the University of Rhode Island.

TOUCHSTONES DISCUSSION PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Description of Programs (continued)

Teacher Training, Instructional Support, and Digital Contracts

In 2023, Touchstones presented at four educational conferences, ran multiple open-enrollment workshops online, delivered coaching at two schools, and 12 workshops for many hundreds of educators, school administrators, and volunteers in the US and Canada. We offered our intensive 8-week training through our Teacher's Fellows Program using the discussion curriculum, *Touchstones Exploring American Perspectives*. Of those workshop seats more than 200 were scholarship seats for educators, as well as volunteers seeking to bring Touchstones discussion programs to new community groups.

The Touchstones Educator Scholarship Program, which includes the Fellows Program, the Teacher of the Year Award, and the scholarships for the teachers to attend training opportunities ensures that we are able to meet the growing need for Touchstones skill development among students of all ages and background and regardless of schools' financial limitations.

Educational Conferences

We directly engaged more than 300 teachers new to Touchstones at regional educational conferences in New York, North Carolina, and Long Island, NY, where we ran demonstration Touchstones discussions with teachers, supervisors, and administrators. Those regional conferences are typically content-specific (social studies or English), tailored for specific student populations (gifted and talented), or geared toward particular professional roles (curriculum supervision and coaching). 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 for 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 2023, we replicated a fifth free training program with a new cohort of Touchstones "Fellows" to provide 12 more than hours of intensive professional development to six educators. Over the course of this program, all participants assume and practice leadership for a Touchstones discussion, with support from staff and their peers.

TOUCHSTONES DISCUSSION PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Description of Programs (continued)

Guided and trained by the Touchstones staff, each cohort explores 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 Week

In 2023, 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, Burmese, and French. This program engaged educators and volunteers in 10 states and two countries running Touchstones discussions with 550+ participants of all ages and mostly with students in grades 2-12.

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 2023, Touchstones continued a custom program in Washington DC that focused on the role of drama in exploring contemporary social issues related to race, gender, mental health, the arts, and inclusivity and exclusion.

Adult and Community Programs

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 2023, 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.

TOUCHSTONES DISCUSSION PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Strategic Planning

The Touchstones Board of Directors and staff undertook the development and finalization of 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. A grant from The Still Water Foundation in 2023 has funded the development of a multi-year business plan that secures Touchstones' financial future as a combination of annual earned income, annual charitable support, and endowment dividends. That plan runs from 2025-2032. Touchstones expects to launch a special fundraising campaign in 2025 in conjunction with that plan.

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. This endowment is part of the multi-year business plan.

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 2023 through social media engagement, newsletter and blog publications, and more outreach to current and prospective volunteers. We continued updates to the website, particularly the K-12 Education Programs and Browse Programs pages, to support educators in more efficient navigation in finding the information they need.

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.

TOUCHSTONES DISCUSSION PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

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.

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.

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.

TOUCHSTONES DISCUSSION PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 \$26,690 and \$28,327 of donated services for the years ended December 31, 2023 and 2022, 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.

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.

TOUCHSTONES DISCUSSION PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 November 14, 2024, 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, 2023 and 2022, 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.

TOUCHSTONES DISCUSSION PROJECT, INC.
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NOTE 5 - OPERATING LEASE

In March 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 \$22,489 and \$18,216 for the years ended December 31, 2023 and 2022, respectively, inclusive of property taxes and maintenance charges.

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

2024	19,006
2025	19,482
2026	19,969
2027	5,023
	<u>5,023</u>
	<u>\$ 63,480</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, 2023 and 2022 respectively.

NOTE 7 - INVENTORY

Inventory is comprised of the following as of December 31:

	2023	2022
Finished Goods (Books and Publications)	\$ 2,766	\$ 1,716
Artwork	138,900	144,500
	<u>138,900</u>	<u>144,500</u>
Total	<u>\$ 141,666</u>	<u>\$ 146,216</u>

TOUCHSTONES DISCUSSION PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 8 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consist of the following:

	<u>2023</u>	<u>2022</u>
Unconditional Promises	<u>\$ 256,000</u>	<u>\$ 265,960</u>
Amounts Due In:		
Less than One Year	\$ 12,550	\$ 10,460
One to Five Years	<u>243,450</u>	<u>255,500</u>
Total	<u>\$ 256,000</u>	<u>\$ 265,960</u>

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2023, are available for the following purpose:

Still Water grant - for TDC (consultants)	\$ 57,862
JRA grant - Services for Washington, DC schools	<u>11,464</u>
	<u>\$ 69,326</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, 2023 are as follows:

Purpose restrictions accomplished:	
Still Water grant - Paid TDC (consultants) for help creating a business plan.	\$ 32,138
JRA grant - Spent providing services to two (2) schools in Washington, DC.	13,736
Correctional facilities	3,474
Delaware Public Charter Schools	25,000
Expansion of digital products	<u>5,000</u>
	<u>\$ 79,348</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	\$ 96,910
Accounts receivable	14,245
Unconditional promises to give	12,550
Investments	181,088
Inventory	141,666
Less: endowment funds and restricted net assets	<u>(159,339)</u>
	<u>\$ 287,120</u>

TOUCHSTONES DISCUSSION PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

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

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.

TOUCHSTONES DISCUSSION PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 11 - ENDOWMENT (continued)

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, 2023.

As of December 31, 2023, 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	\$ -	\$ 90,013	\$ 90,013

Changes in the endowment net assets for the year ended December 31, 2023 are as follows:

	With donor <i>purpose</i> restrictions	With donor <i>perpetual</i> restrictions	Total
Endowment net assets, December 31, 2022	\$ -	\$ 70,303	\$ 70,303
Contributions	-	19,710	19,710
Appropriation for expenditure	-	-	-
Endowment net assets, December 31, 2023	\$ -	\$ 90,013	\$ 90,013

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.

NOTE 13 - NOTES PAYABLE

Notes payable is summarized below as of December 31:

	2023	2022
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

TOUCHSTONES DISCUSSION PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 13 - NOTES PAYABLE (continued)

Principal maturities on long-term debt are as follows:

For the year ending December 31:

2024	1,697
2025	5,279
2026	5,426
2027	5,578
Thereafter	181,620
	<u>\$ 199,600</u>

Accrued interest as of December 31, 2023 and 2022 was \$5,783 and \$13,788, respectively.

NOTE 14 - 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:

	2023		2022	
	Market Value	Cost	Market Value	Cost
Cash and money balances	\$ 12,814	\$ 12,814	\$ 35,011	\$ 35,011
Equities	168,274	182,554	192,724	182,554
Fixed income	-	-	-	-
Other	-	-	-	-
	<u>\$ 181,088</u>	<u>\$ 195,368</u>	<u>\$ 227,735</u>	<u>\$ 217,565</u>

Investment income (loss) for the years ending December 31, 2023 and 2022 was \$39,038 and \$24,283, respectively, as follows:

	2023	2022
Realized gain	\$ 8,658	\$ 1,757
Unrealized gain (loss)	35,293	(27,939)
Interest and dividends	3,967	2,833
Investment fees	(1,169)	(934)
	<u>\$ 46,749</u>	<u>\$ (24,283)</u>