

Touchstone Energy Cooperative, Inc.

Financial Statements
Years Ended December 31, 2024, and 2023



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Touchstone Energy Cooperative, Inc.

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Independent Auditors' Report

To the Board of Directors of
Touchstone Energy Cooperative, Inc.
Arlington, Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the **Touchstone Energy Cooperative, Inc. (TSE)**, which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TSE as of December 31, 2024 and 2023, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of TSE and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about TSE's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of TSE's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about TSE's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



CliftonLarsonAllen LLP

Arlington, Virginia
August 8, 2025

Touchstone Energy Cooperative, Inc.

Statements of Financial Position

<i>December 31,</i>	2024	2023
Assets		
Accounts receivable	\$ 93,112	\$ 61,837
Due from NRECA	10,685,851	10,414,380
Prepaid expenses and other assets	338,352	581,058
Property and equipment, net	113,852	207,199
Total assets	\$ 11,231,167	\$ 11,264,474
Liabilities and net assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 146,698	\$ 92,722
Deferred revenue	4,338,859	3,871,190
Total liabilities	4,485,557	3,963,912
Net assets	6,745,610	7,300,562
Total liabilities and net assets	\$ 11,231,167	\$ 11,264,474

See accompanying notes to financial statements.

Touchstone Energy Cooperative, Inc.

Statements of Activities

<i>Years Ended December 31,</i>	2024	2023
Support and revenue		
Membership dues	\$ 8,867,450	\$ 9,205,861
Registration, sponsorship and other income	883,887	732,912
Interest income	381,292	368,794
Rebates income	98,628	102,938
Total support and revenue	10,231,257	10,410,505
Expenses		
Program services		
Advertising placement - TV & print	1,625,111	2,119,679
Member relations	1,697,900	2,070,187
Business development	1,192,866	1,127,474
Advertising development & support	1,164,879	1,227,348
Cooperative performance & research	957,992	842,724
Public relations	2,386,789	1,899,567
Total program services	9,025,537	9,286,979
Supporting services		
Management & general	1,000,434	1,132,537
Information technology	411,068	416,148
Membership support services	349,170	338,557
Total supporting services	1,760,672	1,887,242
Total expenses	10,786,209	11,174,221
Change in net assets	(554,952)	(763,716)
Net assets, beginning of year	7,300,562	8,064,278
Net assets, end of year	\$ 6,745,610	\$ 7,300,562

See accompanying notes to financial statements.

Touchstone Energy Cooperative, Inc.

Statements of Cash Flows

<i>Years Ended December 31,</i>	2024	2023
Cash flows from operating activities		
Change in net assets	\$ (554,952)	\$ (763,716)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	94,427	142,107
(Increase) decrease in assets		
Accounts receivable	(31,275)	(23,716)
Due from NRECA	(271,471)	2,215,565
Prepaid expenses and other assets	242,706	(83,832)
Increase (decrease) in liabilities		
Accounts payable and accrued liabilities	53,976	(513,396)
Deferred revenue	467,669	(966,763)
Net cash provided by operating activities	1,080	6,249
Cash flows from investing activities		
Purchases of property and equipment	(1,080)	(6,249)
Net cash used in investing activities	(1,080)	(6,249)
Net change in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	\$ -	\$ -

See accompanying notes to financial statements.

Touchstone Energy Cooperative, Inc.

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Nature of Operations

On January 1, 2000, National Rural Electric Cooperative Association (NRECA) isolated the operations of its Touchstone Energy Program, which became a separate legal entity known as Touchstone Energy Cooperative, Inc. (TSE). TSE is a cooperative corporation operating on the cooperative plan under the laws of the Commonwealth of Virginia. Members of TSE are organizations that furnish electric services to predominantly rural areas, or organizations that engage in activities closely related to the furnishing of rural electric services. Through TSE, members pool their knowledge, expertise, and money to purchase national advertising and build brand identity.

A long-term contractual arrangement exists between TSE and NRECA, pursuant to which NRECA furnishes personnel, office space, and various administrative services to TSE at cost, except for headquarters rent, which is at market rate. In addition, TSE is licensing the use of the Touchstone Energy brand identification from NRECA for 50 years at no cost.

Basis of Presentation

TSE's net assets are without donor restrictions at December 31, 2024, and 2023, which are not subject to donor imposed restrictions or stipulations and are available for general use.

Basis of Accounting

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

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Liquidity

TSE's board established a financial metric, to maintain net assets at a minimum of 45% of total expenses, were \$4,853,795 and \$5,028,000 at December 31, 2024, and 2023, respectively. As part of its liquidity management, NRECA invests cash held by NRECA on behalf of TSE, reflected as Due from NRECA on the statements of financial position, in various short-term investments including commercial paper and corporate bonds. Interest income and expense, as well as realized and unrealized investment gains and losses, are shown as interest income on the statements of activities.

Touchstone Energy Cooperative, Inc.

Notes to Financial Statements

TSE's financial assets due within one year of the statement of financial position date for general expenditures totaled the following at:

<i>December 31,</i>	2024	2023
Accounts receivable	\$ 93,112	\$ 61,837
Due from NRECA	10,685,851	10,414,380
Total liquidity	\$ 10,778,963	\$ 10,476,217

Accounts Receivable

Accounts receivable consist primarily of rebate income and revenue from various workshops and projects. Receivable balances are stated at original invoice amounts, net of an allowance for credit losses based on management's assessment of the current status of individual accounts. Balances are written off when deemed uncollectible. There was no allowance for credit losses deemed necessary at December 31, 2024 or 2023.

Prepaid Expenses

Prepaid expenses consist of advertising production, conference, energy research, and other costs paid in December 2024 and 2023 that relate to 2025 and 2024, respectively.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation. All costs for property and equipment greater than \$2,000 with a useful life of more than 1 year when acquired are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which are the lesser of the life of the asset or lease term for leasehold improvements and 3 to 15 years for furniture, fixtures, equipment, and software. Upon disposal of depreciable property, the appropriate property accounts are reduced by the costs and related accumulated depreciation. Any resulting gains and losses are reflected in the statements of activities.

Revenue Recognition and Deferred Revenue

Membership dues are recognized ratably over the period of membership, which is on a calendar-year basis. Sponsorship, conference, and workshop revenue are recognized when the conference and workshops are held. Unearned *membership* dues, as well as unearned sponsorship, conference, and workshop revenue, included in sponsorship and other income on the statements of activities, are reflected as deferred revenue on the statements of financial position.

Expenses

Expenses are recognized by TSE during the period in which they are incurred. Expenses paid in advance and not yet incurred are deferred to the applicable period.

Touchstone Energy Cooperative, Inc.

Notes to Financial Statements

Functional Expense Allocations

The costs of providing TSE's various programs and other activities have been summarized on a functional basis in the statements of activities. Expenses are charged directly to program services or supporting services based on specific identification or are allocated using various allocation methodologies developed by management that approximate benefits received and used.

Income Taxes

TSE is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code (IRC). Income not related to exempt purposes, less applicable deductions, is subject to federal and state income taxes. TSE did not have any net unrelated business income for the years ended December 31, 2024 and 2023.

TSE has adopted the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, TSE may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. TSE has analyzed its tax positions taken on tax returns for all open tax years and has concluded that no additional provision or benefit exists, and no amounts are recorded for interest or penalties.

Litigation

TSE could be subject to various claims, suits and complaints arising in the ordinary course of business. Management believes that the final resolution of such matters would not have a materially adverse effect on TSE's financial condition, operations or liquidity as of December 31, 2024.

Touchstone Energy Cooperative, Inc.

Notes to Financial Statements

2. Subsequent Events

TSE has evaluated subsequent events through August 8, 2025, which is the date the financial statements were available to be issued. There were no events noted that required adjustment to or disclosure in these financial statements.

3. Related Party Transactions

TSE does not maintain its own checking or savings account. NRECA bills and collects TSE revenue, including membership dues, and pays all TSE expenses, including direct costs, such as personnel salaries and fringe benefits, as well as allocable indirect costs related to NRECA managing and administering TSE. The balance due from NRECA at December 31, 2024, and 2023, was \$10,685,851 and \$10,414,380, respectively. Excess funds held by NRECA are invested, with earnings or losses based on the investment performance. The amount of interest income earned and incurred by TSE for the years ended December 31, 2024 and 2023 was \$381,292 and \$368,794, respectively.

4. Property and Equipment

Property and equipment consisted of the following at:

<i>December 31,</i>	2024	2023
Leasehold improvements	\$ 260,390	\$ 260,390
Software	652,475	652,475
Furniture, fixtures and equipment	335,986	355,149
	1,248,851	1,268,014
Less accumulated depreciation	1,134,999	1,060,815
Total property and equipment, net	\$ 113,852	\$ 207,199

Depreciation expense amounted to \$94,427 and \$142,107 for the years ended December 31, 2024 and 2023, respectively.

Touchstone Energy Cooperative, Inc.

Notes to Financial Statements

5. Deferred Revenue

TSE's deferred revenue consisted of the following at:

<i>December 31,</i>	2024	2023	2022
Membership dues	\$ 3,950,779	\$ 3,548,605	\$ 4,535,213
Sponsorships and other income	388,080	322,585	302,740
Total deferred revenue	\$ 4,338,859	\$ 3,871,190	\$ 4,837,953

6. Revenue

The following table shows TSE's revenue disaggregated according to the timing of the transfer of goods or services:

<i>December 31,</i>	2024	2023
Revenue recognized at a point in time		
Sponsorships and other income	\$ 883,887	\$ 732,912
Interest income	381,292	368,794
Rebates income	98,628	102,938
Total revenue recognized at a point in time	\$ 1,363,807	\$ 1,204,644
Revenue recognized over time		
Membership dues	\$ 8,867,450	\$ 9,205,861
Total revenue recognized over time	\$ 8,867,450	\$ 9,205,861

Touchstone Energy Cooperative, Inc.

Notes to Financial Statements

7. Expense by Both Nature and Function

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of TSE. Those expenses include salaries and fringe benefits, included in personnel costs, allocated based on actual time and effort; RS accelerated funding, allocated based on salaries; depreciation, allocated based on assets deployed and used; and overhead, included in other direct, allocated based on salaries.

The table below presents expenses by both nature and function for the year ended December 31, 2024:

	Program Services							Supporting Services				Total
	Advertising Placement - TV & Print	Member Relations	Business Development	Advertising Development & Support	Cooperative Performance & Research	Public Relations	Total Program Services	Management & General	Information Technology	Membership Support Services	Total Supporting Services	
Personnel costs	\$ -	\$ 722,736	\$ 445,329	\$ 688,935	\$ 304,405	\$ 775,416	\$ 2,936,821	\$ 573,054	\$ 259,072	\$ 341,095	\$ 1,173,221	\$ 4,110,042
Advertising	1,625,111	106,796	239	440,966	-	15,975	2,189,087	-	-	-	-	2,189,087
Computer & Electronic Services	-	447,842	83,485	3,271	16,479	1,277,774	1,828,851	44,035	104,353	1,877	150,265	1,979,116
Professional Fees	-	104,096	78,994	-	584,074	178,926	946,090	26,604	12,775	1,134	40,513	986,603
Meetings	-	154,365	396,970	294	135	310	552,074	14,571	519	621	15,711	567,785
Travel	-	88,922	79,873	19,145	5,892	9,754	203,586	61,165	1,556	2,608	65,329	268,915
Headquarters Rent	-	-	-	-	-	-	-	205,467	-	-	205,467	205,467
Depreciation	-	-	19,659	-	-	74,768	94,427	-	-	-	-	94,427
Insurance, Interest & Taxes	-	-	36,868	-	-	-	36,868	19,413	6,263	828	26,504	63,372
Printing & Artwork	-	14,210	15,306	-	22,496	-	52,012	804	1	34	839	52,851
Professional Dues & Contributions	-	-	396	-	12,189	28,538	41,123	7,411	69	316	7,796	48,919
RS Accelerated Funding	-	11,355	6,997	10,824	4,783	12,183	46,142	-	-	-	-	46,142
Software & Equipment Maintenance	-	4,271	796	31	157	12,186	17,441	1,409	16,004	60	17,473	34,914
Communication	-	1,198	13,558	94	7,382	-	22,232	1,509	9,056	64	10,629	32,861
Supplies & Materials	-	1,729	7,599	1,239	-	757	11,324	1,607	524	69	2,200	13,524
Utilities & Building Related	-	-	-	-	-	-	-	421	272	18	711	711
Other Direct	-	40,380	6,797	80	-	202	47,459	42,964	604	446	44,014	91,473
Total	\$ 1,625,111	\$ 1,697,900	\$ 1,192,866	\$ 1,164,879	\$ 957,992	\$ 2,386,789	\$ 9,025,537	\$ 1,000,434	\$ 411,068	\$ 349,170	\$ 1,760,672	\$ 10,786,209

Touchstone Energy Cooperative, Inc.

Notes to Financial Statements

The table below presents expenses by both nature and function for the year ended December 31, 2023:

	Program Services							Supporting Services				Total
	Advertising Placement - TV & Print	Member Relations	Business Development	Advertising Development & Support	Cooperative Performance & Research	Public Relations	Total Program Services	Management & General	Information Technology	Membership Support Services	Total Supporting Services	
Personnel costs	\$ -	\$ 749,914	\$ 431,989	\$ 611,284	\$ 299,564	\$ 717,205	\$ 2,809,956	\$ 569,720	\$ 214,275	\$ 330,243	\$ 1,114,238	\$ 3,924,194
Advertising	2,119,679	209,796	1,617	551,482	-	32,227	2,914,801	-	-	-	-	2,914,801
Computer & Electronic Services	-	526,662	96,271	15,640	22,894	1,020,000	1,681,467	45,358	95,195	1,911	142,464	1,823,931
Professional Fees	-	219,643	60,418	4,443	380,698	-	665,202	61,266	56,705	1,542	119,513	784,715
Meetings	-	186,966	379,957	1,391	16	213	568,543	108,855	696	687	110,238	678,781
Travel	-	80,740	85,427	26,395	10,211	4,683	207,456	57,872	1,403	2,244	61,519	268,975
Headquarters Rent	-	-	-	-	-	-	-	205,467	-	-	205,467	205,467
Depreciation	-	-	16,431	-	14,647	111,029	142,107	-	-	-	-	142,107
Insurance, Interest & Taxes	-	2,484	34,508	-	-	-	36,992	23,469	7,627	797	31,893	68,885
Printing & Artwork	-	15,314	1,817	-	25,775	-	42,906	896	11	38	945	43,851
Professional Dues & Contributions	-	42,642	653	-	-	1,371	44,666	12,093	66	517	12,676	57,342
RS Accelerated Funding	-	12,546	7,227	10,227	5,012	11,999	47,011	-	-	-	-	47,011
Software & Equipment Maintenance	-	-	-	3,309	-	213	3,522	1,629	29,183	70	30,882	34,404
Communication	-	-	7,778	68	7,889	-	15,735	2,010	9,119	86	11,215	26,950
Supplies & Materials	-	11,867	2,906	521	-	317	15,611	2,156	909	71	3,136	18,747
Utilities & Building Related	-	-	-	-	-	-	-	410	437	18	865	865
Other Direct	-	11,613	475	2,588	76,018	310	91,004	41,336	522	333	42,191	133,195
Total	\$ 2,119,679	\$ 2,070,187	\$ 1,127,474	\$ 1,227,348	\$ 842,724	\$ 1,899,567	\$ 9,286,979	\$ 1,132,537	\$ 416,148	\$ 338,557	\$ 1,887,242	\$ 11,174,221

