

**POINT FOUNDATION**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

**POINT FOUNDATION**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Point Foundation

### Report on the Financial Statements

We have audited the accompanying financial statements of Point Foundation, which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Point Foundation as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Report on Summarized Comparative Information

We have previously audited Point Foundation's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 17, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Green Hasson & Janks LLP*

December 3, 2015  
Los Angeles, California

# POINT FOUNDATION

## STATEMENT OF FINANCIAL POSITION June 30, 2015 With Summarized Totals at June 30, 2014

ASSETS	2015				2014 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
Cash and Cash Equivalents	\$ 239,676	\$ 757,533	\$ -	\$ 997,209	\$ 1,234,636
Investments	-	496,380	-	496,380	249,746
Pledges Receivable (Net)	192,754	2,169,790	-	2,362,544	1,244,509
Bequest Receivable	741,003	-	-	741,003	-
Prepaid Expenses and Other Assets	86,226	643	-	86,869	182,156
	1,259,659	3,424,346	-	4,684,005	2,911,047
<b>Endowment Assets:</b>					
Cash and Cash Equivalents	361,781	-	-	361,781	427,776
Investments	2,324,653	718,398	2,290,320	5,333,371	4,942,152
Pledges Receivable (Net)	-	-	27,167	27,167	29,518
Other Assets	7,067	-	-	7,067	7,232
<b>TOTAL ENDOWMENT ASSETS</b>	2,693,501	718,398	2,317,487	5,729,386	5,406,678
Property and Equipment (Net)	150,217	-	-	150,217	137,135
<b>TOTAL ASSETS</b>	\$ 4,103,377	\$ 4,142,744	\$ 2,317,487	\$ 10,563,608	\$ 8,454,860
<b>LIABILITIES AND NET ASSETS</b>					
<b>LIABILITIES:</b>					
Accounts Payable and Accrued Expenses	\$ 74,074	\$ -	\$ -	\$ 74,074	\$ 86,419
Accrued Payroll Liabilities	233,968	-	-	233,968	259,040
<b>TOTAL LIABILITIES</b>	308,042	-	-	308,042	345,459
<b>NET ASSETS:</b>					
Unrestricted - Undesignated	1,101,834	-	-	1,101,834	499,023
Unrestricted - Board Designated Endowment	2,693,501	-	-	2,693,501	2,666,779
<b>TOTAL UNRESTRICTED NET ASSETS</b>	3,795,335	-	-	3,795,335	3,165,802
Temporarily Restricted	-	4,142,744	-	4,142,744	2,932,766
Permanently Restricted	-	-	2,317,487	2,317,487	2,010,833
<b>TOTAL NET ASSETS</b>	3,795,335	4,142,744	2,317,487	10,255,566	8,109,401
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 4,103,377	\$ 4,142,744	\$ 2,317,487	\$ 10,563,608	\$ 8,454,860

The Accompanying Notes are an Integral Part of These Financial Statements

# POINT FOUNDATION

## STATEMENT OF ACTIVITIES

Year Ended June 30, 2015

With Summarized Totals for the Year Ended June 30, 2014

	2015				2014 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
<b>REVENUE, GAINS AND LOSSES, AND SUPPORT:</b>					
Contributions	\$ 1,453,095	\$ 2,320,513	\$ 6,654	\$ 3,780,262	\$ 2,230,316
Bequests	1,619,136	-	300,000	1,919,136	824,619
In-Kind Contributions	199,223	-	-	199,223	258,244
Special Events (Net of Direct Special Event Expenses of \$559,454)	631,009	-	-	631,009	549,981
Investment Income (Net)	57,599	69,425	-	127,024	698,321
Loss on Write-Off of Uncollectible Pledges Receivable	(10,000)	(50,000)	-	(60,000)	(68,214)
Net Assets Released from:					
Purpose Restrictions	850,000	(850,000)	-	-	-
Time Restrictions	279,960	(279,960)	-	-	-
<b>TOTAL REVENUE, GAINS AND LOSSES, AND SUPPORT</b>	5,080,022	1,209,978	306,654	6,596,654	4,493,267
<b>EXPENSES:</b>					
<b>Program Services:</b>					
Scholarship and Scholar Support	1,463,530	-	-	1,463,530	1,348,370
Leadership Conferences and Training	964,207	-	-	964,207	878,524
Scholar Mentoring	156,945	-	-	156,945	181,038
Scholar Internships	113,484	-	-	113,484	94,891
Scholar Selections	456,138	-	-	456,138	453,163
Alumni	172,248	-	-	172,248	177,723
<b>TOTAL PROGRAM SERVICES</b>	3,326,552	-	-	3,326,552	3,133,709
<b>Supporting Services:</b>					
Management and General	510,091	-	-	510,091	499,108
Fundraising and Development	613,846	-	-	613,846	601,257
<b>TOTAL SUPPORTING SERVICES</b>	1,123,937	-	-	1,123,937	1,100,365
<b>TOTAL EXPENSES</b>	4,450,489	-	-	4,450,489	4,234,074
<b>CHANGE IN NET ASSETS</b>	629,533	1,209,978	306,654	2,146,165	259,193
Net Assets - Beginning of Year	3,165,802	2,932,766	2,010,833	8,109,401	7,850,208
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 3,795,335</u>	<u>\$ 4,142,744</u>	<u>\$ 2,317,487</u>	<u>\$ 10,255,566</u>	<u>\$ 8,109,401</u>

The Accompanying Notes are an Integral Part of These Financial Statements

# POINT FOUNDATION

## STATEMENT OF FUNCTIONAL EXPENSES Year Ended June 30, 2015 With Summarized Totals for the Year Ended June 30, 2014

	2015										Total Expenses	2014 Total Expenses
	Program Services							Supporting Services				
	Scholarship and Scholar Support	Leadership Conferences and Training	Scholar Mentoring	Scholar Internships	Scholar Selections	Alumni	Total Program Services	Management and General	Fundraising and Development	Total Supporting Services		
Salaries	\$ 335,246	\$ 287,543	\$ 75,817	\$ 41,298	\$ 183,742	\$ 86,959	\$ 1,010,605	\$ 216,242	\$ 345,693	\$ 561,935	\$ 1,572,540	\$ 1,498,403
Direct Scholarship Expenses	754,570	-	-	38,687	3,000	-	796,257	-	-	-	796,257	738,216
Leadership and Alumni Conferences	-	392,456	-	-	-	-	392,456	-	-	-	392,456	293,199
Professional Fees and Consultants	61,267	51,792	14,910	6,644	24,964	13,277	172,854	25,330	42,104	67,434	240,288	303,532
In-Kind Expense	82,161	26,431	-	-	30,431	-	139,023	60,200	-	60,200	199,223	258,244
Travel	41,351	37,209	11,244	3,276	18,030	14,893	126,003	14,376	40,649	55,025	181,028	186,359
Public Awareness and Promotion	33,894	32,083	11,392	6,002	19,999	19,264	122,634	2,717	38,035	40,752	163,386	152,688
Employee Benefits	34,353	29,465	7,769	4,232	18,828	8,911	103,558	22,159	35,424	57,583	161,141	182,542
Office Expenses	24,857	22,193	6,470	2,752	10,742	5,600	72,614	10,163	37,026	47,189	119,803	76,974
Payroll Taxes	25,495	21,867	5,766	3,141	13,973	6,613	76,855	16,445	26,289	42,734	119,589	110,497
Rent	29,247	26,063	7,603	3,254	12,622	6,588	85,377	12,287	17,710	29,997	115,374	63,468
Other Scholarship Expenses	-	-	-	-	103,235	-	103,235	-	-	-	103,235	104,322
Depreciation Expense	20,141	17,949	5,236	2,241	8,692	4,537	58,796	8,462	12,196	20,658	79,454	42,917
Telephone	12,923	11,695	3,395	1,380	5,642	2,917	37,952	7,116	6,117	13,233	51,185	64,728
Recruitment	-	-	-	-	-	-	-	49,132	-	49,132	49,132	-
Bank and Credit Card Merchant Fees	-	-	-	-	-	-	-	47,780	-	47,780	47,780	48,054
Insurance	5,186	4,622	1,348	577	2,238	1,168	15,139	2,179	3,141	5,320	20,459	17,645
Events	2,839	2,839	2,264	-	-	1,521	9,463	-	9,462	9,462	18,925	68,250
Miscellaneous	-	-	-	-	-	-	-	8,554	-	8,554	8,554	15,613
Meetings and Conferences	-	-	-	-	-	-	-	6,949	-	6,949	6,949	4,401
Mentoring	-	-	3,731	-	-	-	3,731	-	-	-	3,731	4,022
<b>TOTAL 2015 FUNCTIONAL EXPENSES</b>	<b>\$ 1,463,530</b>	<b>\$ 964,207</b>	<b>\$ 156,945</b>	<b>\$ 113,484</b>	<b>\$ 456,138</b>	<b>\$ 172,248</b>	<b>\$ 3,326,552</b>	<b>\$ 510,091</b>	<b>\$ 613,846</b>	<b>\$ 1,123,937</b>	<b>\$ 4,450,489</b>	
	33%	22%	3%	3%	10%	4%	75%	11%	14%	25%	100%	
<b>TOTAL 2014 FUNCTIONAL EXPENSES</b>	<b>\$ 1,348,370</b>	<b>\$ 878,524</b>	<b>\$ 181,038</b>	<b>\$ 94,891</b>	<b>\$ 453,163</b>	<b>\$ 177,723</b>	<b>\$ 3,133,709</b>	<b>\$ 499,108</b>	<b>\$ 601,257</b>	<b>\$ 1,100,365</b>		<b>\$ 4,234,074</b>
	32%	21%	4%	2%	11%	4%	74%	12%	14%	26%		100%

The Accompanying Notes are an Integral Part of These Financial Statements

# POINT FOUNDATION

## STATEMENT OF CASH FLOWS

Year Ended June 30, 2015

With Summarized Totals for the Year Ended June 30, 2014

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ 2,146,165	\$ 259,193
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Unrealized (Gain) Loss on Investments	447,844	(508,904)
Realized (Gain) Loss on Investments	(301,916)	1,769
Contributed Stock	(361,938)	(43,376)
Proceeds from Sale of Contributed Stock	359,541	43,479
(Gain) Loss on Sale of Contributed Stock	2,397	(103)
Contributions Restricted for Investment in Perpetuity	(6,654)	(2,455)
Depreciation Expense	79,454	42,917
Loss on Write-Off of Uncollectible Pledges Receivable	60,000	68,214
(Increase) Decrease in:		
Pledges Receivable	(1,175,684)	635,976
Bequest Receivable	(741,003)	200,000
Prepaid Expenses and Other Assets	95,452	(48,561)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	(12,345)	45,304
Accrued Payroll Liabilities	(25,072)	38,761
 <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	 566,241	 732,214
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Property and Equipment	(92,536)	(45,727)
Interest and Dividends Reinvested	(272,952)	(193,012)
Proceeds on Sale of Investments	(2,501,048)	10,951
Purchase of Investments	1,990,219	-
 <b>NET CASH USED IN INVESTING ACTIVITIES</b>	 (876,317)	 (227,788)
 <b>CASH PROVIDED BY FINANCING ACTIVITY:</b>		
Contributions Restricted for Investment in Perpetuity	6,654	2,455
 <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	 (303,422)	 506,881
Cash and Cash Equivalents - Beginning of Year	1,662,412	1,155,531
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	 <u>\$ 1,358,990</u>	 <u>\$ 1,662,412</u>
Cash and Cash Equivalents	\$ 997,209	\$ 1,234,636
Endowment Cash and Cash Equivalents	361,781	427,776
 <b>TOTAL CASH AND CASH EQUIVALENTS</b>	 <u>\$ 1,358,990</u>	 <u>\$ 1,662,412</u>

The Accompanying Notes are an Integral Part of These Financial Statements

# POINT FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2015

### NOTE 1 - ORGANIZATION

#### *Mission and Programs*

Point Foundation (Point) is the nation's largest publicly-supported organization granting scholarships to lesbian, gay, bisexual, transgender and queer (LGBTQ) students of merit. Founded in 2001, Point was specifically organized to become a national and intergenerational organization, with one generation giving a helping hand to the next generation. Point is a non-profit corporation, classified by the Internal Revenue Service as a 501(c)(3) publicly-supported organization.

Point Foundation empowers promising LGBTQ students to achieve their full academic and leadership potential - despite the obstacles often put before them - to make a significant impact on society. By helping these students obtain a solid educational foundation, Point is building a generation of leaders, committed both to personal achievement and to increasing acceptance and understanding within society as a whole.

A Point Scholarship may cover tuition, books, supplies, room and board, transportation and living expenses. Point also matches each Point Scholar with an accomplished, vetted and volunteer mentor, through a formal arrangement intended to assist the scholar in reaching educational and career goals. In addition, Point provides leadership training to scholars through a national Scholar and Alumni Leadership Conference and/or Regional Leadership Forums designed to enhance each scholar's leadership and personal potential, including training in such areas as achieving excellence, community service, LGBTQ history, personal financial planning and establishing professional networks. In exchange, all Point Scholars agree to maintain a high level of academic performance and give back to the LGBTQ community through the completion of an individual community service project each year. Scholars may renew their scholarships on an annual basis for the duration of their initial Point covered degree by completing a continuing award application and complying with Point's Contract of Excellence.

Point Scholars are diverse in the fullest sense of the word - in terms of their educational fields of study, gender, gender identities, gender expressions, sexual orientations, racial and ethnic backgrounds, ages and geographical base. They are exceptionally ambitious students with tremendous leadership potential. Their career goals include serving as corporate and government leaders, attorneys, doctors, university administrators, writers, artists and educators. All are committed to using their talents and education to contribute to society.

Since its inception, Point has awarded multi-year scholarships to 318 different scholars through June 30, 2015. Point supported 82 scholars during the year ended June 30, 2015 (fiscal year 2015) and 78 scholars during the year ended June 30, 2014 (fiscal year 2014). As of June 30, 2015, 214 former Point Scholars had become Point Scholar Alumni who have completed their educational programs and are now pursuing their life and career goals. Some alumni serve as Point Mentors, members of Point's National Board of Directors or members of Point's Regional Boards of Trustees and are serving as members of key committees, thus fulfilling one of the key ideals of Point; that is, having alumni return to Point in leadership roles.

The activities of Point are administered from offices in California, New York and Nevada.



# POINT FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2015

### NOTE 1 - ORGANIZATION (continued)

#### ***Governance and Volunteers***

Strategic direction and governance of Point is provided by an independent, volunteer National Board of Directors. Additional governance, program and fundraising capacity are provided by independent, volunteer members of Point's Regional Boards of Trustees in various cities across the United States.

Point can only operate successfully and efficiently with the help and effort of a large number of non-compensated volunteers who assist Point's small staff of 19 employees in achieving the goals of Point's various service programs. For the year ended June 30, 2015, Point had more than 330 volunteers who donated their time as directors, trustees, mentors, application readers, office assistants, and Point Honors and Cornerstone event planners. In total for the year, these volunteers contributed more than 32,000 hours of service. The value of this contributed time is not reflected in the accompanying financial statements as it does not meet the recognition criteria under generally accepted accounting principles. In addition, all volunteers pay their own personal expenses associated with attending Point meetings and events, without charging Point, thereby eliminating any additional operating expenses.

#### ***Fiscal 2015 Performance***

Continuing the trend of strong performance over the prior few fiscal years Point realized an increase in net assets of \$2,146,165 for the year ended June 30, 2015.

The principal financial objective of fiscal year 2015 was to tightly control expenses relative to revenue realized, such that Point would not incur an operating loss for the year. Point achieved that objective with a 18% increase in operating revenue over fiscal year 2014, total operating revenue of \$5,053,300 and expenses of \$4,450,489. Point finished fiscal year 2015 with a net increase in Unrestricted - Undesignated net assets of \$602,811.

With \$55,904 in investment income less \$29,182 in releases to operations, Board designated net assets increased by \$26,722. Temporarily restricted net assets increased by \$1,209,978. Point raised \$2,320,513 in new temporarily restricted gifts (including one \$2 million three year grant) to fund future fiscal years and the endowment enjoyed a net return of \$69,425. Point released \$1,129,960 of temporarily restricted funds to fund fiscal year 2015 activities. Permanently restricted net assets increased by \$306,654.

Approximately 75% of Point's total expenses were expended on program activities directly related to its mission, and approximately 25% of its total expenses were incurred for fundraising, management and general expenses.

# POINT FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2015

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) BASIS OF ACCOUNTING

The accompanying financial statements have been prepared on the accrual basis of accounting.

#### (b) ACCOUNTING

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of Point are maintained in accordance with the principles of net assets accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as either unrestricted, temporarily restricted, or permanently restricted.

- **Unrestricted - Undesignated Net Assets.** These generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving income from investments less expenses incurred in providing program related services, raising contributions, and performing administrative functions.
- **Unrestricted - Board Designated Endowment Net Assets.** The Board has designated a portion of unrestricted net assets to provide resources for an endowment fund. Point has \$2,693,501 of Board designated endowment net assets at June 30, 2015.
- **Temporarily Restricted Net Assets.** Point reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from purpose or time restrictions. Point has \$4,142,744 of temporarily restricted net assets at June 30, 2015.
- **Permanently Restricted Net Assets.** These are assets from donors who stipulate that resources are to be maintained permanently, but permit Point to expend all of the income (or other economic benefits) derived from the donated assets. Point has \$2,317,487 of permanently restricted net assets at June 30, 2015.

# POINT FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2015

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (c) CASH AND CASH EQUIVALENTS

Point considers cash on hand and deposits in banks with an original maturity of three months or less to be cash and cash equivalents. The carrying value of cash and cash equivalents approximates its fair value at June 30, 2015.

Point maintains its cash and cash equivalents in bank deposit and other investment accounts which may, at times, exceed federally insured limits. Point has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

#### (d) INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Interest and dividend income and gains and losses on investments are reported in the statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by donor stipulations or by law.

Investments in marketable equity securities and debt securities are carried at fair value based upon market quotations and are managed by outside investment managers contracted by Point. For donated investments, cost is determined by the fair value of the asset on the date the asset is received by Point.

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

#### (e) PLEDGES RECEIVABLE

Unconditional contributions, including pledges recorded at estimated fair value, are recognized as revenues when pledges are made. Point reports unconditional contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. Discounts for pledges (pledges due over one year) are recorded as reductions to contribution revenue and pledges receivable. Discounts increase contribution revenue when the pledge is received. During the year ended June 30, 2015, Point recognized a loss on the write-off of uncollectible pledges of \$60,000.

#### (f) BEQUESTS

From time-to-time, Point is named as a beneficiary in a bequest. Bequests are not recognized as support until all of the following conditions are met: the demise of the testator, the amount of the bequest is known, Point is certain that, based on the estate's net assets, the amount bequeathed is realizable and the probate court has declared the will valid.

# POINT FOUNDATION

## NOTES TO FINANCIAL STATEMENTS June 30, 2015

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (g) PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost if purchased or at fair value at the date of donation, if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to \$1,500 and the useful life is greater than two years. The estimated useful lives are as follows:

Office Furniture and Equipment	3 - 7 Years
Computer Equipment	3 - 5 Years
Leasehold Improvements	Shorter of the Term of the Lease Or Estimated Useful Life

#### (h) LONG-LIVED ASSETS

Point reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset, in which case a write-down is recorded to reduce the related asset to its estimated fair value. No impairment losses were recognized on long-lived assets during the year ended June 30, 2015.

#### (i) CONTRIBUTED GOODS AND SERVICES

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. For the year ended June 30, 2015, Point recorded in-kind contributions of \$199,223.

#### (j) SCHOLARSHIP EXPENSES

Expenses for tuition, room and board, books and related expenses are accrued at July 1 of each year, for one year only. All awards must be used during the period July 1 through June 30. No balances are carried over into the next fiscal year.

Scholars may renew their scholarships on a yearly basis for the duration of their initial degree request by completing a continuing award application and complying with Point's Contract of Excellence. If a scholar desires additional degrees, they must make a separate application.

In June 2015, the Board approved 83 scholarships for fiscal year 2016 totaling \$800,868. These scholarships are contingent upon the proposed scholars being admitted to an accredited college, agreeing to and remaining compliant with the Contract of Excellence, and submitting proper documentation.

# POINT FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2015

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**(k) INCOME TAXES**

Point is exempt from taxation under Internal Revenue Code Section 501(c)(3) and comparable state codes.

**(l) FUNCTIONAL ALLOCATION OF EXPENSES**

The direct costs of providing Point's programs and other activities that are identifiable have been allocated to the related programs or supporting services. Indirect or shared costs are allocated among program and supporting services by the method that best measures the relative degree of benefit. Point uses proportional salary dollars and square footage to allocate indirect cost.

**(m) 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 reported amounts of assets, liabilities, revenues and expenses as of the date and for the period presented. Actual results could differ from those estimates.

**(n) COMPARATIVE TOTALS**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Point's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

**(o) SUBSEQUENT EVENTS**

Point has evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2015 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through December 3, 2015, the date these financial statements were available to be issued. No such material events or transactions were noted to have occurred.

# POINT FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2015

### NOTE 3 - INVESTMENTS

Point has implemented the fair value accounting standard. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value based on inputs used, and requires additional disclosures about fair value measurements.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets (or liabilities). Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices in active markets, interest rates and yield curves. Fair values determined by Level 3 utilize unobservable inputs for the asset (or liability) and include situations where there is little, if any, market activity for the asset (or liability).

The following table presents information about Point's investment assets that are measured at fair value on a recurring basis at June 30, 2015 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	Year Ended June 30, 2015	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Mutual Funds:</b>				
U.S. Equities	\$ 2,409,641	\$ 2,409,641	\$ -	\$ -
U.S. Fixed Income	1,093,015	1,093,015	-	-
Non-U.S. Equities	844,995	844,995	-	-
Non-U.S. Fixed Income	119,353	119,353	-	-
<b>TOTAL MUTUAL FUNDS</b>	<b>4,467,004</b>	<b>4,467,004</b>	<b>-</b>	<b>-</b>
Corporate Bonds	814,569	-	814,569	-
Corporate Equities	182,054	182,054	-	-
Money Market	115,976	115,976	-	-
Certificates of Deposit	250,148	-	250,148	-
<b>TOTAL INVESTMENTS</b>	<b>\$ 5,829,751</b>	<b>\$ 4,765,034</b>	<b>\$ 1,064,717</b>	<b>\$ -</b>

Investments in mutual funds within Level 1 are in funds with strategies ranging from small to large cap investments and international securities. The fair values of marketable securities within Level 1 inputs were obtained based on quoted market prices at the closing of the last business day of the fiscal year. These investments can be redeemed daily.

The fair values of marketable securities within Level 2 inputs were obtained based on data points that are observable, such as quoted prices in active markets, interest rates and yield curves.

Point recognizes transfers at the beginning of each reporting period. Transfers between level 1 and 2 generally relate to whether a market becomes active or inactive. During the year ended June 30, 2015, there were no transfers between Level 1 and Level 2. Transfers between Level 2 and 3 investments relate to whether significant relevant observable inputs are available for the fair value measurement in their entirety and when redemption rules become more or less restrictive. During the year ended June 30, 2015, there were no transfers between Level 2 and 3 investments.

# POINT FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2015

### NOTE 3 - INVESTMENTS (continued)

Net investment income for the year ended June 30, 2015 consists of the following:

Interest and Dividend Income	\$	272,952
Realized Gain on Investments		301,916
Unrealized Gain on Investments		<u>(447,844)</u>
<b>INVESTMENT INCOME (NET)</b>	\$	<u>127,024</u>

### NOTE 4 - PLEDGES RECEIVABLE

Pledges receivable (net) at June 30, 2015 are due to be received as follows:

Less than One Year	\$	1,572,457
One to Five Years		904,000
More than Five Years		<u>17,267</u>
<b>TOTAL</b>		2,493,724
Less: Allowance for Doubtful Accounts		(72,967)
Less: Discount at 2.5 - 6.0%		<u>(31,046)</u>
<b>PLEDGES RECEIVABLE (NET)</b>	\$	<u>2,389,711</u>

### NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2015:

Office Furniture and Equipment	\$	88,912
Computer Equipment		252,061
Leasehold Improvements		<u>27,167</u>
<b>TOTAL</b>		368,140
Accumulated Depreciation		<u>(217,923)</u>
<b>PROPERTY AND EQUIPMENT (NET)</b>	\$	<u>150,217</u>

Depreciation expense for the year ended June 30, 2015 was \$79,454.

# POINT FOUNDATION

## NOTES TO FINANCIAL STATEMENTS June 30, 2015

### NOTE 6 - COMMITMENTS AND CONTINGENCIES

Point leases office space under a long-term non-cancelable operating lease that expires in September 2019. Point also leases certain equipment under a non-cancelable operating lease that expires in December 2015. Minimum future rental payments under these leases as of June 30, 2015 are as follows:

<b>Years Ending June 30</b>	
2016	\$ 111,678
2017	124,961
2018	128,582
2019	132,313
2020	<u>32,978</u>
<b>TOTAL</b>	<b>\$ <u>530,512</u></b>

Rental expense totaled \$115,374 for the year ended June 30, 2015.

### NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at June 30, 2015:

Named Scholarships	\$ 2,060,170
Time Restricted	<u>2,082,574</u>
<b>TOTAL TEMPORARILY RESTRICTED NET ASSETS</b>	<b>\$ <u>4,142,744</u></b>

### NOTE 8 - ENDOWMENTS

Point's endowment consists of donor restricted funds, temporarily restricted funds, and board designated funds. All such funds are invested in mutual funds and corporate bonds (See Note 3).

Donor restricted funds are included in permanently restricted net assets and consist of the gifts and cash received on pledges receivable specifically for the endowment. Endowment pledges are not considered part of the endowment until payment is received.

The board designated funds have been established (1) to provide a scholarship fund whose income will be used to establish a reserve for funding future scholarships or possible mid-year increases in scholarship awards, and (2) to provide an administrative reserve used for covering possible unavoidable operating deficits.

Point's management understands California State law as (1) requiring the preservation of the fair value of the original gifts as of the gift date of the donor restricted endowment funds, absent donor stipulations to the contrary and (2) allowing the spending of income and gains on permanently restricted endowments, absent explicit donor stipulations that all or a portion of such gains be maintained in perpetuity.



# POINT FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2015

### NOTE 8 - ENDOWMENTS (continued)

The primary long-term financial objective for Point's endowment is to preserve the real (inflation-adjusted) purchasing power of endowment assets and income after accounting for endowment spending, inflation and costs of portfolio management. The endowment is also managed to optimize the long-run total rate of return on invested assets, assuming a prudent level of risk. Over the short term, the return for each element of the endowment portfolio should match or exceed each of the returns for the broader capital markets in which assets are invested.

Included in the endowment are four endowed named scholarships. In accordance with the donor's intent and to the extent possible, the income earned in one year on these endowed named scholarship assets will be released to fund the named scholarship in the following fiscal year. During fiscal year 2015, Point released funds of \$100,000 to cover the expense of these named scholarships.

Beyond the named scholarship releases, Point releases funds to cover the investment fees of \$9,276 for fiscal year 2015. Further, Point's Board (after consideration of the recommendations of Point's Finance Committee) will generally consider a target spending policy equal to approximately 5% of the endowment's average three-year portfolio value. The Board has generally chosen to allow the endowment to grow before utilizing this policy, so during fiscal year 2015, the Board concluded not to make any general distributions from the endowment funds.

Endowment Net Asset Composition by Type of Fund at June 30, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor Restricted Endowment Funds	\$ -	\$ -	\$ 2,317,487	\$ 2,317,487
Board Designated Endowment Funds	2,693,501	718,398	-	3,411,899
<b>TOTAL FUNDS</b>	<b>\$ 2,693,501</b>	<b>\$ 718,398</b>	<b>\$ 2,317,487</b>	<b>\$ 5,729,386</b>

Changes in endowment net assets for the year ended June 30, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets - Beginning of Year	\$ 2,666,779	\$ 729,067	\$ 1,981,315	\$ 5,377,161
Investment Income (Net)	55,904	69,425	-	125,329
Releases	(29,182)	(80,094)	-	(109,276)
Collections on Endowment Pledges Receivable	-	-	3,000	3,000
Contributions	-	-	306,005	306,005
<b>ENDOWMENT NET ASSETS - END OF YEAR</b>	<b>2,693,501</b>	<b>718,398</b>	<b>2,290,320</b>	<b>5,702,219</b>
Endowment Pledges Receivable (Net)	-	-	27,167	27,167
<b>TOTAL ENDOWMENT ASSETS</b>	<b>\$ 2,693,501</b>	<b>\$ 718,398</b>	<b>\$ 2,317,487</b>	<b>\$ 5,729,386</b>