

POINT FOUNDATION

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

POINT FOUNDATION
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

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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, 2014, 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, 2014, 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 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 21, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Green Hasson & Janks LLP

October 17, 2014
Los Angeles, California

POINT FOUNDATION

STATEMENT OF FINANCIAL POSITION

June 30, 2014

With Summarized Totals at June 30, 2013

ASSETS	2014				2013 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
Cash and Cash Equivalents	\$ 434,554	\$ 800,082	\$ -	\$ 1,234,636	\$ 394,826
Investments	-	249,746	-	249,746	511,910
Pledges Receivable (Net)	91,154	1,153,355	-	1,244,509	1,945,979
Bequest Receivable	-	-	-	-	200,000
Prepaid Expenses and Other Assets	181,640	516	-	182,156	132,565
	707,348	2,203,699	-	2,911,047	3,185,280
Endowment Assets:					
Cash and Cash Equivalents	427,776	-	-	427,776	760,705
Investments	2,231,770	729,067	1,981,315	4,942,152	3,990,792
Pledges Receivable (Net)	-	-	29,518	29,518	32,238
Other Assets	7,232	-	-	7,232	8,262
TOTAL ENDOWMENT ASSETS	2,666,778	729,067	2,010,833	5,406,678	4,791,997
Property and Equipment (Net)	137,135	-	-	137,135	134,325
TOTAL ASSETS	\$ 3,511,261	\$ 2,932,766	\$ 2,010,833	\$ 8,454,860	\$ 8,111,602
LIABILITIES AND NET ASSETS					
LIABILITIES:					
Accounts Payable and Accrued Expenses	\$ 86,419	\$ -	\$ -	\$ 86,419	\$ 41,115
Accrued Payroll Liabilities	259,040	-	-	259,040	220,279
TOTAL LIABILITIES	345,459	-	-	345,459	261,394
NET ASSETS:					
Unrestricted - Undesignated	499,023	-	-	499,023	459,533
Unrestricted - Board Designated Endowment	2,666,779	-	-	2,666,779	2,384,368
TOTAL UNRESTRICTED NET ASSETS	3,165,802	-	-	3,165,802	2,843,901
Temporarily Restricted	-	2,932,766	-	2,932,766	2,997,929
Permanently Restricted	-	-	2,010,833	2,010,833	2,008,378
TOTAL NET ASSETS	3,165,802	2,932,766	2,010,833	8,109,401	7,850,208
TOTAL LIABILITIES AND NET ASSETS	\$ 3,511,261	\$ 2,932,766	\$ 2,010,833	\$ 8,454,860	\$ 8,111,602

The Accompanying Notes are an Integral Part of These Financial Statements

POINT FOUNDATION

STATEMENT OF ACTIVITIES Year Ended June 30, 2014

With Summarized Totals for the Year Ended June 30, 2013

	2014			Total	2013 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
REVENUE, GAINS AND LOSSES, AND SUPPORT:					
Contributions	\$ 1,456,406	\$ 771,455	\$ 2,455	\$ 2,230,316	\$ 2,396,099
Bequests	824,619	-	-	824,619	471,343
In-Kind Contributions	258,244	-	-	258,244	57,894
Special Events (Net of Direct Special Event Expenses of \$441,304)	549,981	-	-	549,981	490,621
Investment Income (Net)	313,585	384,736	-	698,321	409,016
Loss on Write-Off of Uncollectible Pledges Receivable	(19,781)	(48,433)	-	(68,214)	(76,753)
Loss on Disposal of Property and Equipment	-	-	-	-	(770)
Net Assets Released from:					
Purpose Restrictions	749,321	(749,321)	-	-	-
Time Restrictions	423,600	(423,600)	-	-	-
TOTAL REVENUE, GAINS AND LOSSES, AND SUPPORT	4,555,975	(65,163)	2,455	4,493,267	3,747,450
EXPENSES:					
Program Services:					
Scholarship and Scholar Support	1,348,370	-	-	1,348,370	1,209,980
Leadership Conferences and Training	878,524	-	-	878,524	693,320
Scholar Mentoring	181,038	-	-	181,038	156,062
Scholar Internships	94,891	-	-	94,891	90,437
Scholar Selections	453,163	-	-	453,163	353,617
Alumni	177,723	-	-	177,723	126,714
TOTAL PROGRAM SERVICES	3,133,709	-	-	3,133,709	2,630,130
Supporting Services:					
Management and General	499,108	-	-	499,108	426,170
Fundraising and Development	601,257	-	-	601,257	551,197
TOTAL SUPPORTING SERVICES	1,100,365	-	-	1,100,365	977,367
TOTAL EXPENSES	4,234,074	-	-	4,234,074	3,607,497
CHANGE IN NET ASSETS	321,901	(65,163)	2,455	259,193	139,953
Net Assets - Beginning of Year	2,843,901	2,997,929	2,008,378	7,850,208	7,710,255
NET ASSETS - END OF YEAR	<u>\$ 3,165,802</u>	<u>\$ 2,932,766</u>	<u>\$ 2,010,833</u>	<u>\$ 8,109,401</u>	<u>\$ 7,850,208</u>

The Accompanying Notes are an Integral Part of These Financial Statements

POINT FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2014
With Summarized Totals for the Year Ended June 30, 2013

	2014											2013 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	Total Expenses	
Salaries	\$ 291,737	\$ 309,643	\$ 92,913	\$ 48,454	\$ 172,839	\$ 86,230	\$ 1,001,816	\$ 195,877	\$ 300,710	\$ 496,587	\$ 1,498,403	\$ 1,398,438
Direct Scholarship Expenses	721,843	-	-	12,473	3,900	-	738,216	-	-	-	738,216	747,730
Professional Fees and Consultants	75,157	50,049	14,018	6,407	23,352	12,215	181,198	21,835	100,499	122,334	303,532	142,192
Leadership and Alumni Conferences	-	293,199	-	-	-	-	293,199	-	-	-	293,199	301,702
In-Kind Expense	54,544	27,272	-	-	45,772	-	127,588	130,656	-	130,656	258,244	57,894
Public Awareness and Promotion	28,184	27,139	11,523	7,358	20,960	26,302	121,466	28	31,194	31,222	152,688	130,184
Travel	44,863	42,532	13,709	3,559	20,062	15,923	140,648	15,700	30,011	45,711	186,359	137,766
Employee Benefits	35,540	37,723	11,319	5,903	21,056	10,505	122,046	23,862	36,634	60,496	182,542	159,684
Payroll Taxes	21,513	22,834	6,853	3,573	12,746	6,359	73,878	14,443	22,176	36,619	110,497	106,861
Other Scholarship Expenses	-	-	-	-	104,322	-	104,322	-	-	-	104,322	85,847
Office Expenses	17,167	15,327	4,470	1,900	7,418	3,868	50,150	7,027	19,797	26,824	76,974	62,015
Events	9,937	9,937	9,722	-	-	5,527	35,123	-	33,127	33,127	68,250	36,136
Telephone	16,444	14,851	4,315	1,766	7,168	3,711	48,255	8,404	8,069	16,473	64,728	54,838
Rent	16,089	14,337	4,183	1,790	6,943	3,624	46,966	6,759	9,743	16,502	63,468	63,176
Bank and Credit Card Merchant Fees	-	-	-	-	-	-	-	48,054	-	48,054	48,054	37,009
Depreciation and Amortization	10,879	9,695	2,828	1,210	4,695	2,451	31,758	4,571	6,588	11,159	42,917	44,887
Insurance	4,473	3,986	1,163	498	1,930	1,008	13,058	1,878	2,709	4,587	17,645	19,538
Miscellaneous	-	-	-	-	-	-	-	15,613	-	15,613	15,613	15,737
Meetings and Conferences	-	-	-	-	-	-	-	4,401	-	4,401	4,401	1,334
Mentoring	-	-	4,022	-	-	-	4,022	-	-	-	4,022	4,459
Recruitment	-	-	-	-	-	-	-	-	-	-	-	70
TOTAL 2014 FUNCTIONAL EXPENSES	\$ 1,348,370	\$ 878,524	\$ 181,038	\$ 94,891	\$ 453,163	\$ 177,723	\$ 3,133,709	\$ 499,108	\$ 601,257	\$ 1,100,365	\$ 4,234,074	
	32%	21%	4%	2%	11%	4%	74%	12%	14%	26%	100%	
TOTAL 2013 FUNCTIONAL EXPENSES	\$ 1,209,980	\$ 693,320	\$ 156,062	\$ 90,437	\$ 353,617	\$ 126,714	\$ 2,630,130	\$ 426,170	\$ 551,197	\$ 977,367		\$ 3,607,497
	33%	19%	4%	3%	10%	4%	73%	12%	15%	27%		100%

The Accompanying Notes are an Integral Part of These Financial Statements

POINT FOUNDATION

STATEMENT OF CASH FLOWS

Year Ended June 30, 2014

With Summarized Totals for the Year Ended June 30, 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 259,193	\$ 139,953
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Unrealized Gain on Investments	(508,904)	(309,919)
Realized (Gain) Loss on Investments	1,769	(1,701)
Contributed Stock	(43,376)	(48,083)
Proceeds from Sale of Contributed Stock	43,479	48,026
(Gain) Loss on Sale of Contributed Stock	(103)	57
Contributions Restricted for Investment in Perpetuity	(2,455)	(502,345)
Depreciation and Amortization	42,917	44,887
Loss on Write-Off of Uncollectible Pledges Receivable	68,214	76,753
Loss on Disposal of Property and Equipment	-	770
(Increase) Decrease in:		
Pledges Receivable	635,976	226,751
Bequest Receivable	200,000	(200,000)
Prepaid Expenses and Other Assets	(48,561)	(10,348)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	45,304	26,831
Accrued Payroll Liabilities	38,761	43,752
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	732,214	(464,616)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property and Equipment	(45,727)	(10,471)
Interest and Dividends Reinvested	(193,012)	(97,342)
Proceeds on Sale of Investments	10,951	444,879
Purchase of Investments	-	(979,709)
NET CASH USED IN INVESTING ACTIVITIES	(227,788)	(642,643)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions Restricted for Investment in Perpetuity	2,455	502,345
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	506,881	(604,914)
Cash and Cash Equivalents - Beginning of Year	1,155,531	1,760,445
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,662,412	\$ 1,155,531
Cash and Cash Equivalents	\$ 1,234,636	\$ 394,826
Endowment Cash and Cash Equivalents	427,776	760,705
TOTAL CASH AND CASH EQUIVALENTS	\$ 1,662,412	\$ 1,155,531

The Accompanying Notes are an Integral Part of These Financial Statements

POINT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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 287 different scholars through June 30, 2014. Point supported 78 scholars during the year ended June 30, 2014 (fiscal year 2014) and 76 scholars during the year ended June 30, 2013 (fiscal year 2013). As of June 30, 2014, 183 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 Regents 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, 2014

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 17 employees in achieving the goals of Point's various service programs. For the year ended June 30, 2014, Point had more than 320 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 20,000 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 2014 Performance

Adding to its strong performance over the prior few fiscal years Point realized an increase in net assets of \$259,193 for the year ended June 30, 2014.

The principal financial objective of fiscal year 2014 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 15% increase in operating revenue over fiscal year 2013. With total operating revenue of \$4,288,351 and expenses of \$4,234,074. Point finished fiscal year 2014 with a net increase in Unrestricted-Undesignated net assets of \$39,490.

With \$312,406 in investment income less \$29,995 in releases to operations, Board designated net assets increased by \$282,411. Temporarily restricted net assets decreased by \$65,163. Point raised \$771,455 in new temporarily restricted gifts (including six new named scholarships) to fund future fiscal years and the endowment enjoyed a net return of \$384,736. Point released \$1,172,921 of temporarily restricted funds to fund fiscal year 2014 activities. Permanently restricted net assets increased by \$2,455

Approximately 74% of Point's total expenses were expended on program activities directly related to its mission, and approximately 26% of its total expenses were incurred for fundraising, management and general expenses.

POINT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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 \$2,666,779 of Board designated endowment net assets at June 30, 2014.
- **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 \$2,932,766 of temporarily restricted net assets at June 30, 2014.
- **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 \$2,010,833 of permanently restricted net assets at June 30, 2014.

POINT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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, 2014.

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, 2014, Point recognized a loss on the write-off of uncollectible pledges of \$68,214.

(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, 2014

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

(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, 2014.

(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, 2014, Point recorded in-kind contributions of \$258,244.

(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 2014, the Board approved 82 scholarships for fiscal year 2015 totaling \$784,000. 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, 2014

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, 2013, 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, 2014 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through October 17, 2014, 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, 2014

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, 2014 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	Year Ended June 30, 2014	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)
Mutual Funds:				
U.S. Equities	\$ 3,148,779	\$ 3,148,779	\$ -	\$ -
U.S. Fixed Income	309,531	309,531	-	-
Non-U.S. Equities	448,113	448,113	-	-
Non-U.S. Fixed Income	7,959	7,959	-	-
TOTAL MUTUAL FUNDS	3,914,382	3,914,382	-	-
Corporate Bonds	838,066	-	838,066	-
Corporate Equities	150,414	150,414	-	-
Money Market	39,290	39,290	-	-
Certificates of Deposit	249,746	-	249,746	-
TOTAL INVESTMENTS	\$ 5,191,898	\$ 4,104,086	\$ 1,087,812	\$ -

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, 2014, 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, 2014, there were no transfers between Level 2 and 3 investments.

POINT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE 3 - INVESTMENTS (continued)

Net investment income for the year ended June 30, 2014 consists of the following:

Interest and Dividend Income	\$	191,083
Realized Gain on Investments		(1,666)
Unrealized Gain on Investments		508,904
		<hr/>
INVESTMENT INCOME (NET)	\$	698,321
		<hr/>

NOTE 4 - PLEDGES RECEIVABLE

Pledges receivable (net) at June 30, 2014 are due to be received as follows:

Less than One Year	\$	918,204
One to Five Years		436,546
More than Five Years		20,267
		<hr/>
TOTAL		1,375,017
Less: Allowance for Doubtful Accounts		(78,150)
Less: Discount at 2.5 - 6.0%		(22,840)
		<hr/>
PLEDGES RECEIVABLE (NET)	\$	1,274,027
		<hr/>

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2014:

Office Furniture and Equipment	\$	86,600
Computer Equipment		227,982
		<hr/>
TOTAL		314,582
Accumulated Depreciation		(177,447)
		<hr/>
PROPERTY AND EQUIPMENT (NET)	\$	137,135
		<hr/>

Depreciation and amortization expense for the year ended June 30, 2014 was \$42,917.

POINT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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 December 2015. Minimum future rental payments under these leases as of June 30, 2014 are as follows:

Years Ending June 30	
2015	\$ 77,908
2016	110,178
2017	120,717
2018	124,338
2019	128,068
Thereafter	<u>32,978</u>
TOTAL	\$ <u>594,187</u>

Rental expense totaled \$63,468 for the year ended June 30, 2014.

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at June 30, 2014:

Named Scholarships	\$ 1,782,909
Time Restricted	<u>1,149,857</u>
TOTAL TEMPORARILY RESTRICTED NET ASSETS	\$ <u>2,932,766</u>

POINT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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.

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 three 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 2014, Point released funds of \$75,000 to cover the expense of these named scholarships.

Beyond the named scholarship releases, Point releases funds to cover the investment fees of \$9,915 for fiscal year 2014. 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 2014, the Board concluded not to make any general distributions from the endowment funds.

Endowment Net Asset Composition by Type of Fund at June 30, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor Restricted Endowment Funds	\$ -	\$ -	\$ 2,010,833	\$ 2,010,833
Board Designated Endowment Funds	2,666,779	729,067	-	3,395,846
TOTAL FUNDS	\$ 2,666,779	\$ 729,067	\$ 2,010,833	\$ 5,406,679

POINT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE 8 - ENDOWMENTS (continued)

Changes in endowment net assets for the year ended June 30, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets - Beginning of Year	\$ 2,384,368	\$ 399,251	\$ 1,976,140	\$ 4,759,759
Investment Income (Net)	312,405	384,736	-	697,141
Releases	(29,994)	(54,920)	-	(84,914)
Collections on Endowment Pledges Receivable	-	-	2,720	2,720
Contributions	-	-	2,455	2,455
 <i>ENDOWMENT NET ASSETS - END OF YEAR</i>	2,666,779	729,067	1,981,315	5,377,161
 Endowment Pledges Receivable (Net)	-	-	29,518	29,518
 <i>TOTAL ENDOWMENT ASSETS</i>	\$ 2,666,779	\$ 729,067	\$ 2,010,833	\$ 5,406,679