

POINT FOUNDATION

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

POINT FOUNDATION
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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WE ARE AN INDEPENDENT MEMBER OF
THE GLOBAL ADVISORY
AND ACCOUNTING NETWORK

**AUDIT
AND
ASSURANCE**

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, 2021, 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.

To the Board of Directors
Point Foundation
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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, 2021, 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.

Green Hasson & Janks LLP

December 2, 2021
Los Angeles, California

POINT FOUNDATION

STATEMENT OF FINANCIAL POSITION Year Ended June 30, 2021

ASSETS	Without Donor Restrictions	With Donor Restrictions	Total
Cash and Cash Equivalents	\$ 1,071,467	\$ -	\$ 1,071,467
Investments	4,994,093	5,993,682	10,987,775
Pledges Receivable (Net)	92,756	2,956,328	3,049,084
Prepaid Expenses and Other Assets	151,596	-	151,596
Property and Equipment (Net)	25,292	-	25,292
TOTAL ASSETS	\$ 6,335,204	\$ 8,950,010	\$ 15,285,214
LIABILITIES AND NET ASSETS			
LIABILITIES:			
Accounts Payable and Accrued Expenses	\$ 63,274	\$ -	\$ 63,274
Accrued Payroll Liabilities	319,317	-	319,317
TOTAL LIABILITIES	382,591	-	382,591
NET ASSETS:			
Without Donor Restrictions - Undesignated	3,191,433	-	3,191,433
Without Donor Restrictions - Board Designated	2,761,180	-	2,761,180
With Donor Restrictions - Perpetual Endowment	-	3,390,533	3,390,533
With Donor Restrictions - Other	-	5,559,477	5,559,477
TOTAL NET ASSETS	5,952,613	8,950,010	14,902,623
TOTAL LIABILITIES AND NET ASSETS	\$ 6,335,204	\$ 8,950,010	\$ 15,285,214

The Accompanying Notes are an Integral Part of These Financial Statements

POINT FOUNDATION

STATEMENT OF ACTIVITIES Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS AND LOSSES, AND SUPPORT:			
Contributions	\$ 3,907,843	\$ 3,112,619	\$ 7,020,462
Bequests	1,035,421	-	1,035,421
Investment Return (Net)	449,390	672,160	1,121,550
PPP Loan Forgiveness	268,048	-	268,048
Special Events (Net of Direct Special Event Expenses of \$156,552)	182,833	-	182,833
In-Kind Contributions	159,795	-	159,795
Loss on Disposal of Property and Equipment	(1,616)	-	(1,616)
Net Assets Released from:			
Purpose Restrictions	981,000	(981,000)	-
Time Restrictions	405,378	(405,378)	-
TOTAL REVENUE, GAINS AND LOSSES, AND SUPPORT	7,388,092	2,398,401	9,786,493
EXPENSES:			
Program Services:			
Scholarship and Scholar Support	1,803,407	-	1,803,407
Leadership Conferences and Training	972,981	-	972,981
Scholar Selections	329,864	-	329,864
TOTAL PROGRAM SERVICES	3,106,252	-	3,106,252
Supporting Services:			
Management and General	726,346	-	726,346
Fundraising and Development	624,366	-	624,366
TOTAL SUPPORTING SERVICES	1,350,712	-	1,350,712
TOTAL EXPENSES	4,456,964	-	4,456,964
CHANGE IN NET ASSETS	2,931,128	2,398,401	5,329,529
Net Assets - Beginning of Year	3,021,485	6,551,609	9,573,094
NET ASSETS - END OF YEAR	<u>\$ 5,952,613</u>	<u>\$ 8,950,010</u>	<u>\$ 14,902,623</u>

The Accompanying Notes are an Integral Part of These Financial Statements

POINT FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2021

	Program Services				Supporting Services			Total Expenses
	Scholarship and Scholar Support	Leadership Conferences and Training	Scholar Selections	Total Program Services	Management and General	Fundraising and Development	Total Supporting Services	
Salaries	\$ 510,531	\$ 457,671	\$ 196,684	\$ 1,164,886	\$ 215,838	\$ 376,690	\$ 592,528	\$ 1,757,414
Direct Scholarship Expenses	754,644	139,534	-	894,178	-	-	-	894,178
Professional Fees and Consultants	199,272	159,137	30,999	389,408	9,791	124,966	134,757	524,165
Miscellaneous	-	-	-	-	287,465	-	287,465	287,465
Employee Benefits	74,103	66,431	28,549	169,083	31,329	54,676	86,005	255,088
Office Expenses	92,465	57,560	25,637	175,662	21,513	39,679	61,192	236,854
In-Kind Expense	28,500	-	-	28,500	131,295	-	131,295	159,795
Occupancy	55,458	32,973	15,814	104,245	12,058	4,255	16,313	120,558
Public Awareness and Promotion	47,219	30,620	13,196	91,035	3,495	2,995	6,490	97,525
Information Technology	25,713	15,287	17,032	58,032	5,591	1,973	7,564	65,596
Conferences and Events	14,123	12,503	1,517	28,143	1,082	18,672	19,754	47,897
Interest	-	-	-	-	6,500	-	6,500	6,500
Travel	1,379	1,265	436	3,080	389	460	849	3,929
TOTAL 2021 FUNCTIONAL EXPENSES	\$ 1,803,407	\$ 972,981	\$ 329,864	\$ 3,106,252	\$ 726,346	\$ 624,366	\$ 1,350,712	\$ 4,456,964
	41%	22%	7%	70%	16%	14%	30%	100%

The Accompanying Notes are an Integral Part of These Financial Statements

POINT FOUNDATION

STATEMENT OF CASH FLOWS Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ 5,329,529
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By Operating Activities:	
Unrealized Gain on Investments	(911,233)
Realized Gain on Sale of Investments	(6,195)
PPP Loan Forgiveness	(268,048)
Loss on Disposal of Property and Equipment	1,616
Contributions Restricted for Investment in Perpetuity	(984,897)
Depreciation	15,657
(Increase) Decrease in:	
Pledges Receivable	(1,124,236)
Prepaid Expenses and Other Assets	14,592
Increase in:	
Accounts Payable and Accrued Expenses	51,480
Accrued Payroll Liabilities	105,207

NET CASH PROVIDED BY OPERATING ACTIVITIES

2,223,472

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of Property and Equipment	(35,847)
Interest and Dividends Reinvested	(224,226)
Proceeds on Sale of Investments	5,763,556
Purchase of Investments	(8,255,758)

NET CASH USED IN INVESTING ACTIVITIES

(2,752,275)

CASH PROVIDED BY FINANCING ACTIVITIES:

Payment on Economic Injury Disaster Loan	(150,000)
Contributions Restricted for Investment in Perpetuity	984,897

NET CASH PROVIDED BY FINANCING ACTIVITIES

834,897

NET INCREASE IN CASH AND CASH EQUIVALENTS

306,094

Cash and Cash Equivalents - Beginning of Year

765,373

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 1,071,467

The Accompanying Notes are an Integral Part of These Financial Statements

POINT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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 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.

Point provides scholarships to LGBTQ students of merit through four programs:

- Point Flagship Scholars Program - the unique blend of scholarship funding, one-on-one mentorship, leadership development, and community service for those in a four-year undergraduate program or in graduate school.
- Community College Program - combining financial grants for one - or two-year programs with invaluable college coaching designed to ensure students' success and continued education.
- BIPOC Scholarship Program - in December 2020, Point launched its new scholarship fund to benefit LGBTQ students who are Black, Indigenous and People of Color (BIPOC).
- Opportunity Grant Program - giving financial assistance to promising students as well as access to our Expert Coaching Panel.

In addition to scholarship funding, Point provides leadership development opportunities to scholars through an annual series of in-person and virtual leadership events including the National Leadership Conference for Flagship Scholars, the Community College Conference, and Regional Leadership Forums and professional development workshops 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 Flagship 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.

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.

POINT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 – ORGANIZATION (continued)

Mission and Programs (continued)

As of June 30, 2021, 459 former Point Scholars - 347 Flagship scholars and 112 Community College scholars - have become Point Alumni who have completed their educational programs and are now pursuing their life and career goals. Point supported a total of 201 scholarship recipients for the 2020-2021 academic year: 54 Flagship Scholars, 36 Community College Scholars, 69 BIPOC Scholars, and 42 Opportunity Grant recipients. Some Point alumni serve as mentors, members of Point's National Board of Directors or members of Point's 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 and New York.

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 staff of 19 employees in achieving the goals of Point's various service programs. For the year ended June 30, 2021, Point had more than 300 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 8,000 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 2021 Performance

As Point continued pivoting and adjusting to the realities of the COVID-19 pandemic, Point managed operating expenses so that it could expand support to the scholars through this unprecedented time.

Point received certain transformational gifts this fiscal year contributing to the increase in total net assets of \$5,329,529 for the year ended June 30, 2021. These gifts will benefit Point for years to come.

POINT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions.** Net assets available for use in general operations and not subject to donor-imposed restrictions. The Board of Directors (the Board) has designated, from net assets without donor restrictions, net assets for a board designated scholarship and a reserve fund.
- **Net Assets With Donor Restrictions.** Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

(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, 2021.

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.

POINT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) INVESTMENTS

Investments in equity and debt securities with readily determinable market values are reported at fair value. The fair value of investments is valued at the closing price on the last business day of the fiscal year. Securities are generally held in custodial investment accounts administered by financial institutions. Investment purchases and sales are accounted for on a trade-date basis. Interest income is recorded as earned on an accrual basis, and dividend income is recorded based upon the ex-dividend date. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Unrealized gains and losses are included in the statement of activities and represent the difference between the cost and fair value of investments held at the end of the fiscal year.

The fair value of investments in marketable equity securities and debt securities are 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

Contributions, including endowment gifts and pledges, as well as unconditional promises to give, are recognized as revenue in the period promised. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not included as revenue until such time as the conditions on which they depend have been substantially met. 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.

(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, 2021

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	2 - 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, 2021.

(i) PAYCHECK PROTECTION PROGRAM LOAN

Management elected to account for the forgivable loan received under the Paycheck Protection Program (PPP) provisions of the Coronavirus Aid, Relief, and Economic Security (CARES) Act as a debt instrument and to accrue interest on the outstanding loan balance. Additional interest at a market rate (due to the stated interest rate of the PPP loan being below market) is not imputed, as transactions where interest rates are prescribed by governmental agencies are excluded from the scope of the accounting guidance on imputing interest. The proceeds from the loan will remain recorded as a liability until either (1) the loan is, in part or wholly, forgiven and Point has been 'legally released' or (2) Point repays the loan to the lender. During the year ended June 30, 2021, the PPP loan was forgiven in full and loan forgiveness income of \$268,048 was recognized.

(j) 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, 2021, Point recorded in-kind contributions of \$159,795, for various legal and advisory services.

POINT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) SCHOLARSHIP EXPENSES

Point has four separate scholarship programs - Flagship, Community College, BIPOC and Opportunity awards. Scholarships cover both academic costs and leadership opportunities. 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.

Flagship 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 an additional degree, they must make a separate application.

In the spring of 2021, the Board approved 59 Flagship scholarships and 58 Community College scholarships for fiscal year 2022 totaling \$531,731 and \$266,400, respectively. 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.

(l) INCOME TAXES

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

In accordance with the Financial Accounting Standards Board's (FASB) Accounting Standards Codification Topic 740, *Uncertainty in Income Taxes*, Point recognizes the impact of tax positions in the financial statements if that position is more likely than not to be sustained on audit, based on the technical merits of the position. During the year ended June 30, 2021, Point performed an evaluation of uncertain tax positions and did not note any matters that would require recognition in the financial statements or which might have an effect on its tax-exempt status.

(m) 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 costs.

POINT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) 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.

(o) NEW ACCOUNTING PRONOUNCEMENTS

In May 2014, FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, which improves and converges the revenue recognition requirements of U.S. GAAP and International Financial Reporting Standards. The ASU replaces the existing accounting standards for revenue recognition with a single comprehensive five-step model, which is intended to provide principles within a single framework for revenue recognition of transactions involving contracts with customers across all industries. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The guidance has subsequently been amended through a series of ASUs between August 2015 and September 2017 to improve the operability and understandability of the implementation guidance on principal versus agent considerations, licensing implementation guidance, scope exceptions, and various other narrow aspects, as identified and addressed in such updates. Point implemented the ASU during the year ended June 30, 2021 and there was no significant impact to the financial statements as a result of the implementation.

In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU is intended to improve transparency in the reporting of contributed nonfinancial assets (also known as gifts-in-kind) received by not-for-profit organizations, including transparency on how those assets are used and how they are valued. For Point, the ASU will be effective for the year ending June 30, 2022.

(p) SUBSEQUENT EVENTS

Point has evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2021 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through December 2, 2021 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, 2021

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, 2021 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	Year Ended June 30, 2021	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	\$ 7,187,690	\$ 7,187,690	\$ -	\$ -
Corporate Bonds	1,073,356	-	1,073,356	-
Corporate Equities	282,541	282,541	-	-
Treasury Securities	1,296,618	1,296,618	-	-
Federal Agencies	31,518	31,518	-	-
Money Market	26,241	26,241	-	-
Certificates of Deposit	1,089,811	-	1,089,811	-
TOTAL				
INVESTMENTS	\$ 10,987,775	\$ 8,824,608	\$ 2,163,167	\$ -

The fair values of investments 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 investments 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 FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 4 - PLEDGES RECEIVABLE

Pledges receivable (net) at June 30, 2021 are due to be received as follows:

Less than One Year	\$ 2,406,638
One to Five Years	<u>749,617</u>
TOTAL	3,154,255
Less: Allowance for Doubtful Accounts	(75,794)
Less: Discount at 1.0% - 5.0%	<u>(29,377)</u>
PLEDGES RECEIVABLE (NET)	<u>\$ 3,049,084</u>

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2021:

Office Furniture and Equipment	\$ 2,239
Computer Equipment	<u>39,047</u>
TOTAL	41,286
Accumulated Depreciation	<u>(15,994)</u>
PROPERTY AND EQUIPMENT (NET)	<u>\$ 25,292</u>

Depreciation expense for the year ended June 30, 2021 was \$15,657.

NOTE 6 - COMMITMENTS

In August 2019, Point signed a lease that expired in May 2021. Point also paid off leases of certain equipment that would have expired in August 2024. Point currently has no lease payment commitments.

Rental expense totaled \$82,392 for the year ended June 30, 2021.

Point has an employment agreement with a key employee that expires in 2024, and includes a severance payment clause, dependent on the termination terms, ranging from four to six months of the employee's base salary.

POINT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 7 - NET ASSETS WITHOUT DONOR RESTRICTIONS

Point's net assets without donor restrictions is comprised of undesignated and Board designated amounts for the following purposes at June 30, 2021:

Undesignated	\$ 3,191,433
Board Designated Reserve	1,931,309
Board Designated Named Scholarship Fund	<u>829,871</u>
TOTAL	<u>\$ 5,952,613</u>

Board Designated Reserve: The Board has designated \$1,931,309 of net assets without donor restrictions as a reserve to provide liquidity for emergency needs. There were no releases during the year ended June 30, 2021.

Board Designated Named Scholarship Fund: The Board has designated \$829,871 as a scholarship fund to honor a former donor. Each year, certain of these funds are released to cover scholarships and during the year ended June 30, 2021, \$25,000 was released from the board designated named scholarship fund to cover scholarship expenses.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at June 30, 2021:

Endowment Funds	\$ 3,390,533
Endowment Income	1,766,407
Named Scholars	2,954,614
Time Restricted	<u>838,456</u>
TOTAL	<u>\$ 8,950,010</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended June 30, 2021:

Satisfaction of Purpose Restrictions and Expiration of Time Restrictions:	
Named Scholars	\$ 981,000
Time Restrictions	<u>405,378</u>
TOTAL	<u>\$ 1,386,378</u>

POINT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 - ENDOWMENT FUNDS

Point's endowment is classified under net assets with donor restrictions. All such funds are invested in mutual funds, certificates of deposit, and corporate bonds (See Note 3).

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.

The gifts and cash received on pledges receivable specifically for the endowment are categorized as endowment funds. Included in the endowment are six 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.

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 the year ended June 30, 2021, the Board elected not to make any general distributions from the endowment funds.

The net income earned on the non-named scholarship endowment investments is categorized as time restricted for future periods. The net income earned on the investments of the six endowed named scholarships and the funds released to cover the expense of the named scholarship are categorized as part of donor restricted for purpose funds. During the year ended June 30, 2021, Point released funds of \$50,000 to cover the expense of these named scholarships.

POINT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 - ENDOWMENT FUNDS (continued)

Changes in endowment funds for the year ended June 30, 2021 are as follows:

	Donor Restricted Endowment Income	Donor Restricted Permanent Endowment	Total
Net Assets -			
Beginning of Year	\$ 1,144,247	\$ 2,405,636	\$ 3,549,833
Investment Return (Net)	672,160	-	672,160
Releases	(50,000)	-	(50,000)
Contributions	-	984,897	984,897
NET ASSETS - END OF YEAR	\$ 1,766,407	\$ 3,390,533	\$ 5,156,940

NOTE 10 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

Point's financial assets that are available for general expenditure within one year of the statement of financial position date are summarized in the following table:

Financial Assets at June 30, 2021:	
Cash and Cash Equivalents	\$ 1,071,467
Investments	10,987,775
Pledges Receivable (Net)	3,049,084
TOTAL FINANCIAL ASSETS AT JUNE 30, 2021	15,108,326
Less Amounts Not Available to Be Used within One Year, Due to:	
Board Designations (Net of Budgeted Release of \$25,000)	(2,736,180)
Donor Restricted Endowment	(3,390,533)
Funds Held with Purpose Restrictions or Subject to Appropriation:	(2,258,384)
Pledges Restricted by Purpose and/or Time	(832,423)
FINANCIAL ASSETS AVAILABLE TO GENERAL EXPENDITURES WITHIN ONE YEAR	\$ 5,890,806

Point regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. As part of Point's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

POINT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 10 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES (continued)

The Board has designated a portion of net assets without donor restriction to provide resources for a reserve fund. As of June 30, 2021, Point has \$1,931,309 of Board designated reserve funds that could be released to fund any shortfalls in operating needs. The Board has budgeted \$25,000 to be released from the board designations total of \$2,761,180 for purposes of funding operations for the year ending June 30, 2022.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Point considers pledges receivable with time restrictions that are expected to be collected in the next fiscal year as available for general expenditures.

NOTE 11 - LOAN PROGRAMS

In March 2020, an outbreak of a novel strain of coronavirus (COVID-19) surfaced in the United States and throughout the world, causing business disruption and significant market fluctuations that are ongoing. To ensure the availability of resources, Point took advantage of the following loan programs:

(a) PAYCHECK PROTECTION PROGRAM LOAN

In May 2020 Point applied for and received a PPP loan in the amount of \$268,048. The PPP loan, administered by the Small Business Administration (SBA), bears interest at a fixed rate of 1.0% per annum, has a term of two years and is unsecured and guaranteed by the SBA. Interest accrues on the loan beginning with the initial disbursement; however, payments of principal and interest are deferred until the lender's determination of the amount of forgiveness applied for by the borrower is approved by the SBA. If Point does not apply for forgiveness within 10 months after the last day of the covered period (defined, at Point's election, as either 8 weeks or 24 weeks), such payments will be due that month.

In June 2021, Point received forgiveness from the SBA of the full amount of the PPP loan, together with accrued interest.

(b) ECONOMIC INJURY DISASTER LOAN

In June 2020 Point received approval from the SBA for funding of \$150,000 under the Economic Injury Disaster Loan (EIDL). Under the terms of the EIDL, the loan is secured by depository accounts, has a 30-year term, and accrues interest at 2.75% per annum. Principal payments under the EIDL are deferred for one year. The monthly payment including principal and interest totals \$641. The entirety of the loan was repaid in June 2021.