

**POINT FOUNDATION**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

**POINT FOUNDATION**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009**

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**GREEN HASSON & JANKS LLP**  
BUSINESS ADVISORS AND CPAs

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Point Foundation

We have audited the accompanying statement of financial position of Point Foundation (Point) as of June 30, 2009, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Point's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the 2008 financial statements of Point and, in our report dated September 15, 2008, we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Point as of June 30, 2009, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Green Hasson & Janks LLP*

November 4, 2009  
Los Angeles, California

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# POINT FOUNDATION

## STATEMENT OF FINANCIAL POSITION

June 30, 2009

With Summarized Totals at June 30, 2008

<b>ASSETS</b>	<u>2009</u>	<u>2008</u>
Cash and Cash Equivalents	\$ 627,952	\$ 1,322,684
Investments	73,655	100,000
Pledges Receivable (Net)	919,565	1,467,451
Prepaid Expenses and Other Assets	72,008	198,750
<b>Endowment Assets:</b>		
Cash and Cash Equivalents	28	4,428
Investments	2,208,596	2,660,697
Pledges Receivable (Net)	<u>45,427</u>	<u>65,148</u>
<b>TOTAL ENDOWMENT ASSETS</b>	2,254,051	2,730,273
Property and Equipment (Net)	<u>105,046</u>	<u>109,950</u>
<b>TOTAL ASSETS</b>	<u>\$ 4,052,277</u>	<u>\$ 5,929,108</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES:</b>		
Accounts Payable and Accrued Expenses	\$ 29,911	\$ 31,254
Accrued Payroll Liabilities	<u>10,215</u>	<u>41,374</u>
<b>TOTAL LIABILITIES</b>	40,126	72,628
<b>NET ASSETS:</b>		
Unrestricted - Undesignated	309,752	979,495
Unrestricted - Board Designated Endowment	<u>1,264,110</u>	<u>1,742,556</u>
<b>TOTAL UNRESTRICTED NET ASSETS</b>	1,573,862	2,722,051
Temporarily Restricted	1,448,348	2,146,712
Permanently Restricted	<u>989,941</u>	<u>987,717</u>
<b>TOTAL NET ASSETS</b>	<u>4,012,151</u>	<u>5,856,480</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 4,052,277</u>	<u>\$ 5,929,108</u>

The Accompanying Notes are an Integral Part of These Financial Statements

# POINT FOUNDATION

## STATEMENT OF ACTIVITIES

Year Ended June 30, 2009

With Summarized Totals for the Year Ended June 30, 2008

	2009			Total	2008 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
<b>REVENUE, GAINS AND LOSSES, AND SUPPORT:</b>					
Contributions	\$ 1,329,031	\$ 232,236	\$ 2,224	\$ 1,563,491	\$ 3,114,448
Bequests	10,109	-	-	10,109	125,336
In-Kind Contributions	104,486	-	-	104,486	75,883
Special Events (Net of Direct Special Event Expenses of \$226,472)	389,777	-	-	389,777	309,957
Investment Loss (Net)	(468,760)	-	-	(468,760)	(80,046)
Loss on Write-Off of Uncollectible Pledges Receivable	-	(79,681)	-	(79,681)	(10,000)
Loss on Disposal of Property and Equipment	(838)	-	-	(838)	(2,929)
Net Assets Released from:					
Program Restrictions	681,719	(681,719)	-	-	-
Time Restrictions	169,200	(169,200)	-	-	-
 <b>TOTAL REVENUE, GAINS AND LOSSES, AND SUPPORT</b>	 2,214,724	 (698,364)	 2,224	 1,518,584	 3,532,649
<b>EXPENSES:</b>					
<b>Program Services:</b>					
Direct Scholarship Expenses	1,079,877	-	-	1,079,877	1,081,374
Leadership and Alumni Conferences and Mentoring	262,396	-	-	262,396	211,041
Program Related Expenses	1,020,740	-	-	1,020,740	947,033
 <b>TOTAL PROGRAM SERVICES</b>	 2,363,013	 -	 -	 2,363,013	 2,239,448
<b>Supporting Services:</b>					
Management and General	371,231	-	-	371,231	583,319
Fundraising and Development	628,669	-	-	628,669	595,948
 <b>TOTAL SUPPORTING SERVICES</b>	 999,900	 -	 -	 999,900	 1,179,267
 <b>TOTAL EXPENSES</b>	 3,362,913	 -	 -	 3,362,913	 3,418,715
 <b>CHANGE IN NET ASSETS</b>	 (1,148,189)	 (698,364)	 2,224	 (1,844,329)	 113,934
Net Assets - Beginning of Year	2,722,051	2,146,712	987,717	5,856,480	5,742,546
 <b>NET ASSETS - END OF YEAR</b>	 \$ 1,573,862	 \$ 1,448,348	 \$ 989,941	 \$ 4,012,151	 \$ 5,856,480

The Accompanying Notes are an Integral Part of These Financial Statements

# POINT FOUNDATION

## STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2009

With Summarized Totals for the Year Ended June 30, 2008

	2009				2008 Total Expenses
	Program Services	Supporting Services		Total Supporting Services	
		Management and General	Fundraising		
Direct Scholarship Expenses	\$ 1,079,877	\$ -	\$ -	\$ -	\$ 1,079,877
Salaries	502,867	128,790	337,400	466,190	969,057
Leadership and Alumni Conferences and Mentoring	262,396	-	-	-	262,396
Public Awareness and Promotion	118,889	6,237	96,926	103,163	222,052
In-Kind Expense	41,655	62,831	-	62,831	104,486
Travel	58,645	8,416	29,837	38,253	96,898
Professional Fees and Consultants	19,582	56,623	11,751	68,374	87,956
Payroll Taxes	44,443	11,193	29,427	40,620	85,063
Employee Benefits	40,212	8,542	24,166	32,708	72,920
Rent	40,480	7,927	16,493	24,420	64,900
Other Scholarship Expenses	58,890	-	-	-	58,890
Office Expenses	27,279	7,384	19,394	26,778	54,057
Telephone	24,542	3,296	24,404	27,700	52,242
Bank and Credit Card Merchant Fees	-	37,958	-	37,958	37,958
Depreciation and Amortization	19,895	3,945	8,211	12,156	32,051
Special Events	11,136	-	11,136	11,136	22,272
Miscellaneous	3,299	7,470	9,897	17,367	20,666
Insurance	8,926	2,616	3,847	6,463	15,389
Recruitment	-	12,283	60	12,343	12,343
Meetings and Conferences	-	5,720	5,720	11,440	11,440
<b>TOTAL FUNCTIONAL EXPENSES - 2009</b>	<b>\$ 2,363,013</b>	<b>\$ 371,231</b>	<b>\$ 628,669</b>	<b>\$ 999,900</b>	<b>\$ 3,362,913</b>
	70%	11%	19%	30%	100%
<b>TOTAL FUNCTIONAL EXPENSES - 2008</b>	<b>\$ 2,239,448</b>	<b>\$ 583,319</b>	<b>\$ 595,948</b>	<b>\$ 1,179,267</b>	<b>\$ 3,418,715</b>
	66%	17%	17%	34%	100%

The Accompanying Notes are an Integral Part of These Financial Statements

# POINT FOUNDATION

## STATEMENT OF CASH FLOWS

Year Ended June 30, 2009

With Summarized Totals for the Year Ended June 30, 2008

	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ (1,844,329)	\$ 113,934
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities:		
Unrealized Losses on Investments	582,638	230,022
Realized Gains on Investments	-	(4,954)
Contributions Restricted for Investment in Perpetuity	(2,224)	(27,622)
Depreciation and Amortization	32,051	13,572
Loss on Write-Off of Uncollectible Pledges Receivable	79,681	10,000
Loss on Disposal of Property and Equipment	838	2,929
Decrease (Increase) in:		
Pledges Receivable	487,926	(803,824)
Prepaid Expenses and Other Assets	126,742	(90,225)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	(1,343)	(48,237)
Accrued Payroll Liabilities	(31,159)	24,422
	<b>(569,179)</b>	<b>(579,983)</b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Property and Equipment	(28,385)	(48,463)
Proceeds from Sale of Property and Equipment	400	-
Interest and Dividends Reinvested	(103,280)	(93,489)
Proceeds on Sale of Investments	91,307	24,500
Purchase of Investments	(92,219)	(32,117)
	<b>(132,177)</b>	<b>(149,569)</b>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Contributions Restricted for Investment in Perpetuity	2,224	27,622
	<b>(699,132)</b>	<b>(701,930)</b>
 <b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>1,327,112</b>	<b>2,029,042</b>
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 627,980</b>	<b>\$ 1,327,112</b>
 Cash and Cash Equivalents	\$ 627,952	\$ 1,322,684
Restricted Cash and Cash Equivalents	28	4,428
 <b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>\$ 627,980</b>	<b>\$ 1,327,112</b>

The Accompanying Notes are an Integral Part of These Financial Statements

# POINT FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2009

### NOTE 1 - ORGANIZATION

Point Foundation (Point) is the nation's largest publicly-supported organization granting scholarships to lesbian, gay, bisexual and transgender (LGBT) students of merit. Founded in 2001, Point is a non-profit corporation classified by the Internal Revenue Service as a 501(c)(3) publicly-supported organization.

Point provides financial support, leadership training, mentoring and hope to individuals who are marginalized because of their sexual orientation, gender identity or gender expression. 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. In exchange, all Point Scholars agree to maintain a high level of academic performance and give back to the LGBT community through the completion of an individual community service project.

Point Scholars represent diverse educational fields, classes, gender, gender identities, sexual orientations, ethnic backgrounds, ages and US regions. 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 320 scholarships to 140 different scholars through June 30, 2009. Point supported ninety scholars during the year ended June 30, 2009 ("fiscal 2009") and eighty-four scholars during the year ended June 30, 2008 ("fiscal 2008").

Strategic direction and governance of Point is provided by an independent, volunteer Board of Directors (the "Board"), which includes the founders of Point. Additional governance, program and fundraising capacity are provided by independent, volunteer members of Point's National Board of Regents, supported by members of regional Boards of Trustees in various cities across the country. The activities of Point are administered from offices in California, New York and Nevada.

In January 2007, Point's Board made a strategic decision to authorize expenditure of a portion of its Board-designated endowment funds and unrestricted reserve to make an investment in Point's growth and infrastructure, which included establishing headquarters offices in Los Angeles, California and investing in a development team to increase Point's fundraising capacity to match planned growth in program activities. This two-year plan resulted in the Board approving a budgeted deficit in operations in fiscal 2008.

# POINT FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2009

### NOTE 1 - ORGANIZATION (continued)

While fundraising to support the new infrastructure was on plan during the early part of fiscal 2009, in December 2008 Point began to experience significantly reduced donor support as result of the U.S. economic recession and began to incur significant unrealized losses on its investments as a result of market conditions. Consequently, management and the Board took aggressive action to reduce expenditures budgeted for the remainder of fiscal 2009 and for fiscal 2010, with the primary objective of continuing to meet its financial commitments to existing Point Scholars and with the secondary objective of aligning operating expenses with lowered expectations of net revenue. Although these cost reductions were significant, they were not sufficient to fully offset the projected drop in fiscal 2009 revenues, which ultimately declined by 56% from fiscal 2008. Because the Board believed the infrastructure in place was both sound and necessary for Point to grow in the future, the Board approved using more of the current unrestricted reserve to fund the fiscal 2009 projected decrease in net assets.

### 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 \$1,264,110 of Board designated endowment net assets at June 30, 2009.

# POINT FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2009

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

#### (b) ACCOUNTING (continued)

- **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 program, capital or time restrictions. Point has \$1,448,348 of temporarily restricted net assets at June 30, 2009.
- **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 \$989,941 of permanently restricted net assets at June 30, 2009.

#### (c) CASH AND CASH EQUIVALENTS

Point considers cash on hand, deposits in banks, money market accounts and certificates of deposit 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, 2009.

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 Citigroup Global Markets, Inc. and by American Funds (Capital Research & Management Company). For donated investments, cost is determined by the fair value of the asset on the date the asset is received by Point.

# POINT FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2009

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

(d) **INVESTMENTS** (continued)

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 net realizable 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, 2009, Point recognized a loss on the write-off of uncollectible pledges of \$79,681.

(f) **PROPERTY AND EQUIPMENT**

Property and equipment is 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 \$1,000 and the useful life is greater than two years. The estimated useful lives are as follows:

Furniture and Equipment	3 - 7 Years
Leasehold Improvements	4 Years

(g) **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, 2009.

# POINT FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2009

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

#### (h) 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, 2009, Point recorded in-kind contributions of \$104,486.

Unpaid volunteers have also donated time in assisting Point in achieving the goals of its various service programs. The value of this contributed time is not reflected in the accompanying financial statements as it does not meet the recognition criteria.

#### (i) 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 compliance with Point's Contract of Excellence. If a scholar desires additional degrees, they must make a separate application.

In May 2009, the Board approved sixty-eight scholarships for fiscal 2010 totaling \$604,681. 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 submission of proper documentation.

#### (j) INCOME TAXES

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

#### (k) FUNCTIONAL ALLOCATION OF EXPENSES

The direct costs of providing Point's programs and other activities which 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 to allocate indirect cost.

# POINT FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2009

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

#### (l) 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.

#### (m) 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, 2008, from which the summarized information was derived.

#### (n) RECLASSIFICATION

For comparability, the June 30, 2008 amounts have been reclassified, where appropriate, to conform with the financial statement presentation used at June 30, 2009.

#### (o) NEW ACCOUNTING PRONOUNCEMENT

In July 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48 (FIN 48), "Accounting for Uncertainty in Income Taxes - An Interpretation of FASB Statement 109." FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements in accordance with FASB Statement No. 109, "Accounting for Income Taxes." FIN 48 prescribes a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements tax positions taken, or expected to be taken, on a tax return. FIN 48 was initially effective for fiscal years beginning after December 15, 2006. The implementation date for non-public corporations for FIN 48 has been delayed and is now effective for fiscal years beginning after December 15, 2008. If there are changes in net assets as a result of the application of FIN 48, these will be accounted for as an adjustment to net assets. Point expects to implement the requirements under FIN 48 effective July 1, 2009 and has not currently determined the impact, if any, of FIN 48 on the accompanying financial statements. However, until FIN 48 is adopted, Point will continue to account for uncertain tax positions using the guidance in FASB Statement 5, "Accounting for Contingencies." The cumulative effect, if any, of adopting FIN 48 will be recorded as an adjustment to net assets on July 1, 2009.

# POINT FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2009

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

#### (p) SUBSEQUENT EVENTS

The Organization has evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2009 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through November 9, 2009, the date these financial statements were available to be issued. No such material events or transactions were noted to have occurred.

### NOTE 3 - FAIR VALUE MEASUREMENTS

Effective July 1, 2008, Point implemented Statement of Financial Accounting Standards No. 157 (SFAS 157) for those assets (and liabilities) that are re-measured and reported at fair value at each reporting period. 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. SFAS 157 applies to fair value measurements already required or permitted by existing standards.

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 assets that are measured at fair value on a recurring basis at June 30, 2009 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	Year Ended June 30, 2009	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	\$ 2,235,831	\$ 2,235,831	\$ -	\$ -
Index Funds	46,420	-	46,420	-
<b>TOTAL INVESTMENTS</b>	<b>\$ 2,282,251</b>	<b>\$ 2,235,831</b>	<b>\$ 46,420</b>	<b>\$ -</b>

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.

# POINT FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2009

### NOTE 3 - FAIR VALUE MEASUREMENTS (continued)

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.

Net investment loss for the year ended June 30, 2009 consists of the following:

Interest and Dividend Income	\$ 113,878
Unrealized Losses on Investments	<u>(582,638)</u>
<b>INVESTMENT LOSS (NET)</b>	<b><u>\$ (468,760)</u></b>

### NOTE 4 - PLEDGES RECEIVABLE

Pledges receivable (net) at June 30, 2009 are due to be received as follows:

Less than One Year	\$ 554,558
One to Five Years	<u>495,532</u>
<b>TOTAL</b>	<b>1,050,090</b>
Less: Allowance for Doubtful Accounts	(50,000)
Less: Discount at 5%	<u>(35,098)</u>
<b>PLEDGES RECEIVABLE (NET)</b>	<b><u>\$ 964,992</u></b>

A conditional pledge of \$100,000 has been received, \$25,000 of this pledge was received and recorded, the remaining balance of \$75,000 will be recorded when the condition is met.

### NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2009:

Office Furniture and Equipment	\$ 75,270
Leasehold Improvements	15,329
Computers	<u>74,862</u>
<b>TOTAL</b>	<b>165,461</b>
Accumulated Depreciation	<u>(60,415)</u>
<b>PROPERTY AND EQUIPMENT (NET)</b>	<b><u>\$ 105,046</u></b>

Depreciation and amortization expense for the year ended June 30, 2009 was \$32,051.

# POINT FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2009

### NOTE 6 - COMMITMENTS AND CONTINGENCIES

Point leases office space under a long-term non-cancelable operating lease that expires in February 2012. Point also leases certain equipment under a non-cancelable operating lease that expires in June 2010. Minimum future rental payments under these leases as of June 30, 2009 are as follows:

Years Ending June 30	
2010	\$ 73,589
2011	69,247
2012	<u>47,379</u>
<b>TOTAL</b>	<b>\$ <u>190,215</u></b>

Rental expense totaled \$64,900 for the year ended June 30, 2009.

### NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at June 30, 2009:

Scholarships	\$ 1,381,668
Time Restricted	<u>66,680</u>
<b>TOTAL TEMPORARILY RESTRICTED NET ASSETS</b>	<b>\$ <u>1,448,348</u></b>

### NOTE 8 - BOARD DESIGNATED AND PERMANENTLY RESTRICTED NET ASSETS (ENDOWMENTS)

Point's endowments consists of donor restricted funds and board designated funds. The donor restricted fund is included in permanently restricted net assets and consists of the gifts and pledges received specifically for the endowment with a balance of \$989,941. The investment income is not restricted by the donor but rather by Board policy, and this activity is shown in board designated net assets. The board designated funds have been established (1) to track income (and spending of such income) from the permanently restricted fund, (2) to provide a scholarship fund whose income will be used to establish a reserve for funding future scholarship or possible mid-year increases in scholarship awards, and (3) to provide an administrative reserve used for covering possible unavoidable operating deficits. These endowments are invested in mutual funds (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.

# POINT FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2009

### NOTE 8 - BOARD DESIGNATED AND PERMANENTLY RESTRICTED NET ASSETS (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 endowments are also managed to optimize the long run total rate of return on invested assets assuming a prudent level of risk. The goal for this rate of return is one that funds Point's existing spending policy and allows sufficient reinvestment to grow the endowment principal at a rate that exceeds inflation (as measured by the Consumer Price Index). 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 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. Distributions from the Endowment and the Sweep Account for General Obligations will be made at the discretion of Point's Board.

Endowment Net Asset Composition by Type of Fund at June 30, 2009:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	\$ -	\$ -	\$ 989,941	\$ 989,941
Board-Designated Endowment Funds	1,264,110	-	-	1,264,110
<b>TOTAL FUNDS</b>	<b>\$ 1,264,110</b>	<b>\$ -</b>	<b>\$ 989,941</b>	<b>\$ 2,254,051</b>

Changes in endowment net assets for the year ended June 30, 2009:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets - Beginning of Year	\$ 1,742,556	\$ -	\$ 987,717	\$ 2,730,273
Investment Losses	(478,446)	-	-	(478,446)
Contributions	-	-	2,224	2,224
<b>ENDOWMENT NET ASSETS - END OF YEAR</b>	<b>\$ 1,264,110</b>	<b>\$ -</b>	<b>\$ 989,941</b>	<b>\$ 2,254,051</b>