

POINTS OF LIGHT FOUNDATION

FINANCIAL STATEMENTS

As of and for the Years Ended September 30, 2023 and 2022

And Report of Independent Auditor

POINTS OF LIGHT FOUNDATION
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Report of Independent Auditor

To the Board of Directors
Points of Light Foundation
Atlanta, Georgia

Opinion

We have audited the financial statements of Points of Light Foundation (the “Foundation”) (a Delaware nonprofit organization), which comprise the statements of financial position as of September 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of September 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Cherry Bekaert LLP

Atlanta, Georgia
March 8, 2024

POINTS OF LIGHT FOUNDATION
STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2023 AND 2022

ASSETS	2023	2022
Current Assets:		
Cash and cash equivalents	\$ 4,924,505	\$ 6,093,328
Contributions receivable	244,600	190,501
Accounts receivable, net	1,279,756	346,637
Employee Retention Credit receivable	310,833	738,425
Prepaid expenses and other assets	1,151,950	1,193,811
Total Current Assets	7,911,644	8,562,702
Noncurrent Assets:		
Investments	14,369,882	12,604,551
Right-of-use asset, operating leases	134,052	-
Total Assets	\$ 22,415,578	\$ 21,167,253
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 715,721	\$ 310,431
Accrued expenses	979,522	1,167,751
Grants payable	3,652,300	3,493,000
Line of credit	1,000,000	-
Funds held for others	-	720,625
Deferred revenue	4,107,302	3,581,423
Lease liability, current portion	99,673	-
Total Current Liabilities	10,554,518	9,273,230
Noncurrent Liabilities:		
Lease liability, net of current portion	34,379	-
Total Liabilities	10,588,897	9,273,230
Net Assets:		
Without Donor Restrictions:		
Undesignated	3,812,145	4,758,005
Total Without Donor Restrictions	3,812,145	4,758,005
With Donor Restrictions:		
Subject to purpose or time restrictions	389,420	379,232
Endowments	7,625,116	6,756,786
Total With Donor Restrictions	8,014,536	7,136,018
Total Net Assets	11,826,681	11,894,023
Total Liabilities and Net Assets	\$ 22,415,578	\$ 21,167,253

The accompanying notes to the financial statements are an integral part of these statements.

POINTS OF LIGHT FOUNDATION
STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue, Support, and Gains:			
Corporate partnership revenue	\$ 10,070,748	\$ -	\$ 10,070,748
Program service revenue	1,243,435	-	1,243,435
Annual conference revenue	1,466,219	-	1,466,219
Membership dues	907,875	-	907,875
Contributions	1,059,808	10,918,705	11,978,513
Donated goods and services	286,875	-	286,875
Investment return, net	587,359	868,330	1,455,689
Special event revenue	1,291,455	-	1,291,455
Other revenue	18,044	-	18,044
Net assets released from restrictions	10,908,517	(10,908,517)	-
Total Revenue, Support, and Gains	<u>27,840,335</u>	<u>878,518</u>	<u>28,718,853</u>
Expenses:			
Program Expenses:			
Corporate solutions	15,789,704	-	15,789,704
Capacity building	2,808,038	-	2,808,038
Recognition, youth, and family	2,959,041	-	2,959,041
Other program expenses	378,557	-	378,557
Total Program Expenses	<u>21,935,340</u>	<u>-</u>	<u>21,935,340</u>
Supporting Expenses:			
Management and general	5,753,230	-	5,753,230
Fundraising expenses	1,097,625	-	1,097,625
Total Supporting Expenses	<u>6,850,855</u>	<u>-</u>	<u>6,850,855</u>
Total Expenses	<u>28,786,195</u>	<u>-</u>	<u>28,786,195</u>
Change in net assets	(945,860)	878,518	(67,342)
Net assets, beginning of year	4,758,005	7,136,018	11,894,023
Net assets, end of year	<u>\$ 3,812,145</u>	<u>\$ 8,014,536</u>	<u>\$ 11,826,681</u>

The accompanying notes to the financial statements are an integral part of these statements.

POINTS OF LIGHT FOUNDATION
STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue, Support, and Gains:			
Corporate partnership revenue	\$ 8,687,417	\$ -	\$ 8,687,417
Program service revenue	888,330	-	888,330
Annual conference revenue	1,150,786	-	1,150,786
Membership dues	1,033,596	-	1,033,596
Contributions	1,121,820	10,144,175	11,265,995
Donated goods and services	812,619	-	812,619
Investment return, net	(353,206)	(1,484,899)	(1,838,105)
Special event revenue	530,103	-	530,103
Rental income	130,744	-	130,744
Other revenue	197,171	-	197,171
Net assets released from restrictions	10,466,439	(10,466,439)	-
Total Revenue, Support, and Gains	<u>24,665,819</u>	<u>(1,807,163)</u>	<u>22,858,656</u>
Expenses:			
Program Expenses:			
Corporate solutions	13,878,647	-	13,878,647
Capacity building	3,116,145	-	3,116,145
Recognition, youth, and family	2,519,223	-	2,519,223
Other program expenses	822,061	-	822,061
Total Program Expenses	<u>20,336,076</u>	<u>-</u>	<u>20,336,076</u>
Supporting Expenses:			
Management and general	5,462,548	-	5,462,548
Fundraising expenses	1,082,911	-	1,082,911
Total Supporting Expenses	<u>6,545,459</u>	<u>-</u>	<u>6,545,459</u>
Total Expenses	<u>26,881,535</u>	<u>-</u>	<u>26,881,535</u>
Other Nonoperating:			
Gain on sale of property and equipment	5,025,176	-	5,025,176
Change in net assets	2,809,460	(1,807,163)	1,002,297
Net assets, beginning of year	1,948,545	8,943,181	10,891,726
Net assets, end of year	<u>\$ 4,758,005</u>	<u>\$ 7,136,018</u>	<u>\$ 11,894,023</u>

The accompanying notes to the financial statements are an integral part of these statements.

POINTS OF LIGHT FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2023

	Program Services				Supporting Expenses				Total
	Corporate Solutions	Capacity Building	Recognition, Youth, and Family	Other Program Expenses	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries and benefits	\$ 1,568,258	\$ 1,037,378	\$ 721,777	\$ 358,199	\$ 3,685,612	\$ 3,558,210	\$ 1,028,809	\$ 4,587,019	\$ 8,272,631
Program and affiliate mission support	13,845,623	151,564	277,209	-	14,274,396	-	-	-	14,274,396
Professional services	245,343	1,047,004	763,981	-	2,056,328	1,096,442	22,500	1,118,942	3,175,270
Travel and convening	57,965	445,577	192,247	18,731	714,520	151,945	14,020	165,965	880,485
Office expenses	1,419	1,210	1,899	266	4,794	262,611	106	262,717	267,511
Media, advertising, and printing	19,097	38,135	904,257	770	962,259	138,311	758	139,069	1,101,328
Dues and subscription services	47,877	64,955	6,527	549	119,908	482,584	30,104	512,688	632,596
Interest, fees, penalties	59	17,111	49,339	42	66,551	25,140	679	25,819	92,370
Postage and shipping	343	4,220	10,571	-	15,134	5,345	114	5,459	20,593
Other expenses	3,720	884	31,234	-	35,838	32,642	535	33,177	69,015
Total Expenses	\$ 15,789,704	\$ 2,808,038	\$ 2,959,041	\$ 378,557	\$ 21,935,340	\$ 5,753,230	\$ 1,097,625	\$ 6,850,855	\$ 28,786,195

The accompanying notes to the financial statements are an integral part of these statements.

POINTS OF LIGHT FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2022

	Program Services				Supporting Expenses				Total
	Corporate Solutions	Capacity Building	Recognition, Youth, and Family	Other Program Expenses	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries and benefits	\$ 1,013,111	\$ 1,266,156	\$ 986,990	\$ 574,092	\$ 3,840,349	\$ 3,658,591	\$ 1,003,490	\$ 4,662,081	\$ 8,502,430
Program and affiliate mission support	12,236,507	143,172	30,757	50,250	12,460,686	1,453	-	1,453	12,462,139
Professional services	492,731	1,202,811	549,136	38,569	2,283,247	780,563	1,225	781,788	3,065,035
Travel and convening	46,768	311,824	127,237	5,532	491,361	113,394	15,656	129,050	620,411
Office expenses	6,653	13,170	16,380	93,681	129,884	305,764	12,481	318,245	448,129
Media, advertising, and printing	17,249	80,531	592,325	9,242	699,347	135,594	7,683	143,277	842,624
Dues and subscription services	51,801	64,738	7,827	1,304	125,670	398,527	31,672	430,199	555,869
Interest, fees, penalties	778	12,775	2,086	-	15,639	38,038	1,982	40,020	55,659
Postage and shipping	130	3,422	191,538	-	195,090	8,080	356	8,436	203,526
Depreciation	12,764	5,090	13,188	49,391	80,433	15,736	7,157	22,893	103,326
Other expenses	155	12,456	1,759	-	14,370	6,808	1,209	8,017	22,387
Total Expenses	\$ 13,878,647	\$ 3,116,145	\$ 2,519,223	\$ 822,061	\$ 20,336,076	\$ 5,462,548	\$ 1,082,911	\$ 6,545,459	\$ 26,881,535

The accompanying notes to the financial statements are an integral part of these statements.

POINTS OF LIGHT FOUNDATION
STATEMENTS OF CASH FLOWS

YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ (67,342)	\$ 1,002,297
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	-	103,326
Amortization of right-of-use asset	17,300	-
Provision for doubtful accounts receivable	(23,076)	(23,076)
Net realized and unrealized losses (gains) on investments	(901,217)	2,003,691
Gain on sale of property and equipment	-	(5,025,176)
Change in operating assets and liabilities:		
Contributions receivable, net	(35,099)	(111,310)
Accounts receivable	(929,043)	(87,340)
Employee Retention Credit receivable	427,592	32,275
Prepaid expenses and other assets	41,861	(120,386)
Accounts payable	405,290	(98,156)
Accrued expenses	(188,229)	(116,006)
Grants payable	159,300	3,493,000
Funds held for others	(720,625)	(1,257,261)
Deferred revenue	525,879	(1,549,618)
Lease liability	(17,300)	-
Net cash flows from operating activities	<u>(1,304,709)</u>	<u>(1,753,740)</u>
Cash flows from investing activities:		
Purchase of investments	(864,114)	(5,659,753)
Proceeds from sales of investments	-	1,500,000
Proceeds from sale of property and equipment	-	7,975,776
Net cash flows from investing activities	<u>(864,114)</u>	<u>3,816,023</u>
Cash flows from financing activities:		
Proceeds from line of credit	1,000,000	-
Principal payment on note payable	-	(1,633,555)
Principal payments on loan payable	-	(947,986)
Net cash flows from financing activities	<u>1,000,000</u>	<u>(2,581,541)</u>
Net change in cash and cash equivalents	(1,168,823)	(519,258)
Cash and cash equivalents, beginning of year	6,093,328	6,612,586
Cash and cash equivalents, end of year	<u>\$ 4,924,505</u>	<u>\$ 6,093,328</u>
Supplemental disclosure of cash flows information:		
Cash paid during the year for interest	<u>\$ 3,500</u>	<u>\$ 20,417</u>
Right-of-use assets obtained in exchange for new operating lease liabilities	<u>\$ 151,352</u>	<u>\$ -</u>

The accompanying notes to the financial statements are an integral part of these statements.

POINTS OF LIGHT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

Note 1—Description of organization

Points of Light Foundation (the “Foundation”) organized on May 21, 1990, is a not-for-profit organization incorporated under the laws of the state of Delaware. The Foundation works to increase the number of volunteers throughout the world and the impact of the work they do. Funds for the Foundation’s operations are raised primarily through contributions from corporate activations, private and corporate donors, grants from the U.S. government, sponsorships, conference registration, software sales, sale of recognition items, and membership dues.

The Foundation mobilizes millions of people through direct outreach, its 177 affiliates in 37 countries around the world, and partnerships with corporate, faith, and nonprofit organizations. The Foundation brings the power of volunteers to bear on a wide range of issues from hunger to veteran support and education to emergency preparedness.

The Foundation works with companies to find innovative ways to engage their employees and customers in volunteer service; encourages companies to deploy their greatest resource – their employees’ time and talents – to help solve pressing social problems. The Foundation also works to support youth by partnering with teachers, parents, schools, community organizations, and businesses.

The Foundation manages signature events, programs, and projects for national days of service. The Foundation’s annual conference is the world’s largest gathering of volunteer service leaders, bringing together nonprofit, corporate, and government leaders each year to learn, exchange ideas, and develop volunteer-driven solutions to 21st century challenges.

The Foundation recognizes the contributions of volunteers. The Daily Point of Light Award, established by President George H.W. Bush during his presidency, honors individuals and groups improving their communities. Another award, the President’s Volunteer Service Award, encourages and recognizes citizens for their commitment to ongoing volunteer service and civic engagement.

Note 2—Summary of significant accounting policies

Basis of Accounting – The financial statements of the Foundation are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Basis of Presentation – The Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation’s management and the Board of Directors. The Foundation has chosen to provide further classification information about net assets without donor restrictions on the statements of financial position. The sub-classifications are as follows:

Net Investment in Property and Equipment – Represents net assets invested in property and equipment, net of accumulated depreciation, and related debt.

Undesignated – Represents cumulative net assets without donor restrictions excluding those net assets invested in property and equipment.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by the donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

POINTS OF LIGHT FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

Note 2—Summary of significant accounting policies (continued)

When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Expenses are reported as decreases in net assets without donor restrictions. State law (substantially in conformity with the *Uniform Prudent Management of Institutional Funds Act of 2007*) authorizes expenditures of appreciation (both realized and unrealized) in the value of endowment funds subject to a standard of business care and prudence. Investment returns on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by donors or state law.

Cash and Cash Equivalents – The Foundation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The Foundation has deposits at financial institutions that exceed the amount of available federal insurance coverage. The Foundation mitigates this risk by depositing and investing cash with major financial institutions. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Contributions and Contributions Receivable, Net – Contributions are recognized when cash, other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return or right of release, are not recognized until the conditions on which they depend have been substantially met. Contributions revenue is reported as increases in net assets without donor restrictions unless the use is restricted by explicit donor stipulations or time.

Contributions of assets other than cash are recorded at their estimated fair value at the date the donation is received. Stock contributions are immediately liquidated upon receipt and the cash value is recorded.

Contributions, including unconditional promises to give, that are expected to be collected within one year are recognized as revenue in the period received and reported, at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows, utilizing discount rates commensurate with the associated risk. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions in the statements of activities. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as the age of the receivable, creditworthiness of parties, historical collection experience, type of contribution, and nature of fund-raising activity.

Contributions receivable are comprised primarily of unconditional contributions for general support of the Foundation and promises to give from the annual gala.

Accounts Receivable, Net – Accounts receivable are stated at cost less an allowance for doubtful accounts. Management's determination of the allowance for doubtful accounts is based on an evaluation of the accounts receivable, past experience, current economic conditions, and other risks inherent in the accounts receivable portfolio.

Investments – Investments are reported at fair value. Fair value is determined by reference to exchange or dealer-quoted market prices. If a quoted market price is not available, fair value is estimated using quoted market prices for similar investment securities. Changes in fair value of securities are reflected as investment returns, net in the statements of activities. Investment returns on investments are reported as increases or decreases in net assets without restrictions unless their use is restricted by explicit donor stipulations or time.

POINTS OF LIGHT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

Note 2—Summary of significant accounting policies (continued)

Property and Equipment, Net – Property and equipment are recorded at cost or, in the case of donated property and equipment, at fair value at the time of the contribution. Leasehold improvements represent the cost of the build-out on leased property and are being amortized over the life of the lease. Expenditures for property and equipment in excess of \$5,000 are capitalized. Property and equipment are depreciated on a straight-line basis over the estimated useful life of each asset.

Buildings and building improvements	25 years
Furniture and fixtures	5 years
Leasehold improvements	Lesser of 10 years or lease term
Equipment	3 years

At September 30, 2023 and 2022 there were no property and equipment balances reported on the statements of financial position.

Long-Lived Asset Impairment – The Foundation evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds fair value. No asset impairment was recognized during the years ended September 30, 2023 and 2022.

Funds Held for Others – During the year ended September 30, 2021, the Foundation entered into an arrangement with a donor whereby the donor retained the unilateral power to direct the transferred assets to specified beneficiaries. As the Foundation did not have variance power in those contributions, these transactions are recorded as agency transactions. At September 30, 2022, funds received but not awarded to beneficiaries totaled \$720,625. At September 30, 2023, there were no balance in funds received but not awarded to beneficiaries.

Deferred Revenue – Deferred revenue represents income which has been received, but for which the prescribed services have not yet been performed as estimated by management. This revenue will be recognized as income when the related services are provided.

Fair Value of Financial Instruments – Assets and liabilities recorded at fair value in the statements of financial position are categorized based on the level of judgment associated with the inputs to measure their fair value. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. There is a three-tier fair value hierarchy that distinguishes between assumptions based on market data (observable inputs) and the Foundation's assumptions (unobservable inputs). Fair value measurements are classified under the following hierarchy:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Pricing inputs other than Level 1 which are either directly or indirectly observable.

Level 3 – Unobservable pricing inputs developed using the Foundation's estimates and assumptions, which reflect those that market participants would use in pricing an asset or liability.

The carrying amounts of cash and cash equivalents, accounts receivable, contribution receivables, and accounts payable and accrued expenses approximate fair value because of the relative terms and short maturity of these financial instruments. The carrying value of loans and notes payable approximates fair value since the interest rates for that debt is equal to what the Foundation would incur based on prevailing interest rates of observable inputs for similar debt and terms of the various debt agreements.

POINTS OF LIGHT FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

Note 2—Summary of significant accounting policies (continued)

Revenue Recognition – The Foundation contracts with its customers to provide the following goods and services:

Corporate Activation – The Foundation provides corporate activation services to help assist customers in developing service opportunities for the customers employees to participate in. Obligations under these contracts typically include providing full-service project management for volunteer projects, establishing volunteer service opportunities including creating sessions for employee to learn about the service opportunities and reflect and recognize the service performed and assist with finding appropriate organizations in need of grants and aid for the customer to assist. Under these contracts, the project management and the volunteer sessions are considered separate performance obligations. The project management obligation is recognized over the life of the contract period. The volunteer session obligation is recognized over time based on the output method.

Consulting – The Foundation provides consulting services to corporate partners to help customers determine areas in which they can serve their community through service projects or grants. Obligations under these contracts typically include consulting with a customer to determine service opportunities or aiding customers in finding appropriate recipients for grants. The consulting services are recognized over time for services performed in relation to assisting customers with finding service opportunities in their area. Services related to helping the customer find appropriate recipients or grants is recognized at a point in time when the customer approves the recipients. The Foundation also provides training materials to customers for them to use with their employees to train them on the impacts of service opportunities and how they impact the community. The Foundation creates the training materials for each customer and customizes them for the customers corporation. The revenue from the training services is recognized at a point in time when the training materials are delivered to the customer.

Capacity Building – Obligations under these contracts typically include providing sites with Capacity Building Grants, running the plans to distribute the funds, and providing Points of Light executive support. The services related to the capacity building grants is recognized over time based on the amount of grant service provided. The executive support services are recognized over the life of the contract as this obligation creates a “stand-by” obligation for the Foundation to assist the customer over the life of the contract.

License Agreement – Obligations under these contracts typically includes the technical support to ensure a successful integration of the Application Programming Interface (“API”) and supporting the maintenance of the API. The support services for integrating and maintaining the API are recognized over the life of the contract.

Membership – Obligations under these contracts typically include providing access to customers of the many programs offered by the Foundation along with basic technical assistance for the programs. The membership service revenue is recognized over the life of the contract.

Annual Conference – The Foundation hosts the annual conference which brings in registration fees and corporate sponsorships. Annual conference revenue is recognized at a point in time when the conference has been completed.

Special Events – The Foundation hosts various special events during the year as part of its fundraising activities. The revenue from these special events consists of the cost of direct benefit to the donors plus a contribution component. The Foundation recognizes the exchange portion upon completion of the event and the contribution component in accordance with ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*.

POINTS OF LIGHT FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

Note 2—Summary of significant accounting policies (continued)

Exchange revenue by service type for the years ended September 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Corporate partnership revenue:		
Corporate activation	\$ 6,878,494	\$ 5,286,883
Consulting	3,192,254	3,356,725
Capacity building	-	36,309
Training	-	7,500
Subtotal corporate partnership revenue	<u>10,070,748</u>	<u>8,687,417</u>
Program service revenue:		
President's Volunteer Service Award	1,184,935	800,705
License fees and other program service revenue	<u>58,500</u>	<u>87,625</u>
Subtotal program service revenue	<u>1,243,435</u>	<u>888,330</u>
Membership	907,875	1,033,596
Annual conference	1,466,219	1,150,786
Other revenue	<u>18,044</u>	<u>197,171</u>
Total exchange revenue by service type	<u>\$ 13,706,321</u>	<u>\$ 11,957,300</u>

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated goods or services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received as revenue and expense.

Functional Expenses – The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program and supporting services. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Employee benefits	Proportion of salaries charged directly to each program
Depreciation	Number of FTEs and square footage
Facilities costs	Number of FTEs and square footage

Use of Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in these financial statements and disclosures. Although these estimates are based on management's best knowledge of current events and actions that the Foundation may undertake in the future, actual results may be different from the estimates. Significant items subject to such estimates and assumptions include but are not limited to, carrying amount of property and equipment and allowances and discounts for contributions receivables. Actual results could differ from those estimates.

POINTS OF LIGHT FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

Note 2—Summary of significant accounting policies (continued)

Income Tax Status – The Foundation has received a determination letter from the Internal Revenue Service (“IRS”) stating that it qualifies for exemption from federal income taxes as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (“IRC”). The Foundation evaluates its uncertain tax positions using the provisions of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 740, *Income Taxes*. The Foundation follows the criterion that an individual tax position has to meet some or all of the benefits of that position to be recognized in the Foundation’s financial statements. The Foundation has a policy to record interest and penalties, if any, related to income tax matters in income tax expense. The Foundation has applied the more likely than not criterion to all the tax positions for which the statute of limitations remain open and has determined that the tax positions satisfy such criterion and that no provision for income taxes is required for the years ended September 30, 2023 and 2022.

Adopted Pronouncement – On October 1, 2022, the Foundation adopted Accounting Standards Update (“ASU”) 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under Topic 840, *Leases*. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (“ROU”) assets and lease liabilities for operating and financing leases on the statement of financial position. The Foundation this standard using the modified retrospective approach. Adoption of the new standard did not materially impact the Foundation’s financial statements.

Future Pronouncements – In June 2016, FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326)* and subsequently related amendments (ASU 2018-19, ASU 2019-04, ASU 2019-05, ASU 2019-10, ASU 2019-11, and ASU 2022-02). This guidance replaces the existing incurred loss impairment guidance and establishes a single allowance framework for financial assets carried at amortized cost based on expected credit losses. The estimate of expected credit losses requires the incorporation of historical information, current conditions, and reasonable and supportable forecasts. This ASU will be effective for the year ended September 30, 2024. The Foundation is currently evaluating the effect the adoption of this ASU will have on the financial statements.

POINTS OF LIGHT FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

Note 3—Liquidity and availability of resources

The table below represents financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year at September 30:

	<u>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 4,924,505	\$ 6,093,328
Contributions receivable, net	244,600	190,501
Accounts receivable, net	1,279,756	346,637
Employee Retention Credit receivable	310,833	738,425
Investments	14,369,882	12,604,551
Total financial assets	<u>21,129,576</u>	<u>19,973,442</u>
Less amounts not available to be used for general expenditures within one year:		
Fund held for others	-	720,625
Subject to donor purpose or time restrictions	389,420	379,232
Endowment	7,625,116	6,756,786
Financial assets not available to be used within one year	<u>8,014,536</u>	<u>7,856,643</u>
Financial assets available to meet general expenditures	<u>\$ 13,115,040</u>	<u>\$ 12,116,799</u>

The Foundation maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Foundation has a committed line of credit of \$3,000,000, which it can draw upon (see Note 7). At September 30, 2023, the Foundation had a balance of \$2,000,000 available to draw on the line of credit.

Note 4—Contributions and accounts receivable, net

Contributions receivable consist of the following at September 30:

	<u>2023</u>	<u>2022</u>
Amounts due in:		
Less than one year	\$ 244,600	\$ 190,501
Total contributions receivable	<u>\$ 244,600</u>	<u>\$ 190,501</u>

During the years ended September 30, 2023 and 2022, the Foundation received \$227,600 and \$51,300, respectively, in contributions from members of its Board of Directors. There were contributions receivable of \$34,100 and \$2,500 from members of the Board of Directors as of September 30, 2023 and 2022, respectively.

Accounts receivable, net consist of the following at September 30:

	<u>2023</u>	<u>2022</u>
Program receivables	\$ 1,296,943	\$ 380,261
Less allowance for doubtful accounts	(17,187)	(33,624)
Total accounts receivable, net	<u>\$ 1,279,756</u>	<u>\$ 346,637</u>

POINTS OF LIGHT FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

Note 5—Investments

Investments are recorded at fair value and are composed of the following:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
September 30, 2023				
Exchange traded funds:				
Equities	\$ 6,238,306	\$ -	\$ -	\$ 6,238,306
Fixed income	2,730,639	-	-	2,730,639
Money market funds	5,400,937	-	-	5,400,937
Total investments	<u>\$ 14,369,882</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,369,882</u>
September 30, 2022				
Exchange traded funds:				
Equities	\$ 5,220,513	\$ -	\$ -	\$ 5,220,513
Fixed income	2,577,264	-	-	2,577,264
Money market funds	4,806,774	-	-	4,806,774
Total investments	<u>\$ 12,604,551</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,604,551</u>

Investment returns, net consist of the following for the years ended September 30:

	2023	2022
Interest and dividends	\$ 610,186	\$ 210,585
Unrealized gains (losses), net	833,430	(2,152,305)
Realized gains, net	67,787	148,614
Investment fees	(55,714)	(44,999)
	<u>\$ 1,455,689</u>	<u>\$ (1,838,105)</u>

Note 6—Property and equipment, net

On June 6, 2022, the Foundation sold the building and its contents that it previously occupied to an unrelated party for a purchase price of \$8,650,000 and recognized a gain on the sale of \$5,025,176 in the statement of activities for the year ended September 30, 2022. A portion of the sales proceeds were used to pay off its note and loan payable (see Note 8). Depreciation expense for the year ended September 30, 2022 was \$103,326.

POINTS OF LIGHT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

Note 7—Line of credit

On December 18, 2019, the Foundation entered into a secured line of credit arrangement with maximum borrowings of \$3,000,000 with a commercial bank to meet short-term cash requirements, bearing a variable interest rate of prime minus 1.50%. At September 30, 2023 and 2022, the interest rate on the line of credit was 7.00% and 4.75%, respectively. Repayment terms are interest only payments and all outstanding principal and interest is due on the maturity date. This agreement was secured by endowment investments deposited with the lender. The bank may demand partial or full payment of the credit line obligations at any time. At September 30, 2023 there was \$1,000,000 outstanding on the line of credit. At September 30, 2022, there were no outstanding borrowings on the line of credit. The line of credit was extended on January 28, 2024 with similar terms and matures on April 28, 2024.

Note 8—Long-term debt

On October 5, 2011, the Foundation and Hands On Atlanta (“HOA”) entered into an agreement for the Foundation to purchase the building and land from HOA for a total purchase price of \$3,925,000. The purchase price was funded with proceeds from a \$1,800,000 commercial loan with a bank and issuance of a \$2,125,000 note payable to HOA. The Foundation and HOA simultaneously signed a 25-year lease agreement which allows HOA to lease space in the building from the Foundation. The Foundation and HOA agreed, in lieu of making payments on the note payable or rental payments the amounts owed between the parties would be offset on an annual basis. The note payable represents the present value of the rent due over the course of the lease, discounted at 6%. If the Foundation sells the building, the outstanding note payable balance at the sale date, which would be equivalent to the present value of the remainder of the prepaid rent, would be due to HOA. On June 6, 2022, the Foundation sold the building and terminated its agreement with HOA. On that date, the Foundation paid a \$500,000 termination fee to HOA and paid off the outstanding note payable in full.

On May 5, 2020, the Foundation entered into a 10-year loan agreement with a commercial bank to refinance \$1,070,046 of the remaining loan balance from the original loan of \$1,800,000. The bank loan was collateralized by the acquired land and building and bears interest at a fixed rate of 3.50%. Monthly principal and interest payments of \$10,607 began June 15, 2020 through the maturity date of May 15, 2030. On June 6, 2022, sold its building and utilized a portion of sales proceeds to pay off this loan in full.

In addition, in accordance with the purchase agreement of the building and land, HOA also transferred its interest in a \$750,000 endowment to the Foundation. The earnings on this endowment are restricted to be used for major maintenance on the building. On November 30, 2023, the donor redesignated this endowment, corpus and accumulated gains, as a contribution without donor restriction and also removed the requirement for the corpus to be maintained into perpetuity.

Note 9—Leases

The Foundation leases office space in Atlanta. The determination of whether an arrangement is a lease is made at the lease’s inception. For contracts entered into on or after the effective date or at the inception of a contract, the Foundation assessed whether the contract is, or contains, a lease. The assessment is based on: (1) whether the contract involves the use of a distinct identified asset, (2) whether the Foundation obtains the right to substantially all the economic benefit from the use of the asset throughout the period, and (3) whether the Foundation has the right to direct the use of the asset.

POINTS OF LIGHT FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

Note 9—Leases (continued)

The ROU assets and lease liabilities are recognized at the commencement date based on the present value of the future minimum lease payments over the lease term. Renewal and termination clauses are factored into the determination of the lease term if it is reasonably certain these options would be exercised by the Foundation. Lease assets are amortized over the lease term unless there is a transfer of title or purchase option reasonably certain of exercise, in which case the asset life is used. To determine the present value of lease payments, the Foundation uses the implicit rate when it is readily determinable. As most of the leases do not provide an implicit rate, the Foundation has elected to utilize the risk-free discount rate to calculate lease assets and liabilities.

The Foundation’s lease agreements do not contain any material residual value guarantees or material restrictive covenants. The Foundation does not have leases where it is involved with the construction or design of an underlying asset. The Foundation has no material obligation for leases signed but not yet commenced as of September 30, 2023. The Foundation does not have any material sublease activities.

Practical Expedients Elected:

- The Foundation elected the three practical expedients that permit an entity to (a) not reassess whether expired or existing contracts contain leases, (b) not reassess lease classification for existing or expired leases, and (c) not consider whether previously capitalized initial direct costs would be appropriate under the ASC 842, *Leases*.
- The Foundation has elected the practical expedient not to recognize leases with terms of 12 months or less on the statement of financial position and instead recognize the lease payments on a straight-line basis over the term of the lease and variable lease payments in the period in which the obligation for the payments is incurred. Therefore, short-term lease expense for the period does not reflect ongoing short-term lease commitments.
- The Foundation has elected to account for lease and non-lease components as a single component.

Future minimum lease payments as of September 30, 2023 is as follows:

<u>Years Ending September 30:</u>	<u>Operating</u>
2024	\$ 103,800
2025	34,600
Total lease payments	138,400
Less interest	(4,348)
Present value of lease liabilities	<u>\$ 134,052</u>

POINTS OF LIGHT FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

Note 9—Leases (continued)

Required supplemental information relating to our leases for the year ended September 30, 2023 is as follows:

Operating lease cost:

Operating leases, included in operating expenses	\$	17,300
Short-term leases , included in operating expenses		84,035
Variable lease payments, included in operating expenses		-
Net operating lease cost	\$	<u>101,335</u>

Cash flow information:

Cash paid for amounts included in measurement of lease liabilities:

Operating cash flows from operating leases	\$	17,300
Lease assets obtained in exchange for operating lease liabilities:		150,171

Lease term (in years) and discount rate:

Weighted average remaining lease term - operating leases	1.33
Weighted average discount rate - operating leases	5.15%

Operating Leases (under ASC 840) – During the year ended September 30, 2022, the Foundation lease office space for its Atlanta office. In addition, the Foundation was a party to a lease agreement for the parking lot adjacent to the Atlanta office space which ended during the fiscal year ended September 30, 2022. Rent expense for these leases was \$69,985 for the year ended September 30, 2022.

Future minimum lease payments required under these leases at September 30, 2022 are as follows:

2023	\$	98,409
2024		14,054
2025		14,054
2026		14,054
2027		14,054
Thereafter		<u>2,342</u>
Total minimum rental payments	\$	<u>156,967</u>

POINTS OF LIGHT FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

Note 10—Net assets with donor restrictions

Net assets with donor restrictions at September 30, 2023 and 2022, have been restricted by the donors for the following purpose restrictions:

	<u>2023</u>	<u>2022</u>
Subject to purpose restriction:		
Capacity building	\$ 359,420	\$ 349,232
Service enterprise program	30,000	30,000
Total subject to purpose restriction	<u>389,420</u>	<u>379,232</u>
Subject to NFP spending policy and appropriation:		
Endowment corpus invested in perpetuity	<u>6,027,720</u>	<u>6,027,720</u>
Accumulated earnings on endowments restricted for use as follows:		
General operations	1,522,408	778,706
Building maintenance	74,988	(49,640)
	<u>1,597,396</u>	<u>729,066</u>
Total subject to NFP spending policy and appropriation	<u>7,625,116</u>	<u>6,756,786</u>
Total net assets with donor restrictions	<u>\$ 8,014,536</u>	<u>\$ 7,136,018</u>

Net assets with donor restrictions for the years ended September 30, 2023 and 2022, were released from donor restrictions by incurring expense satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

	<u>2023</u>	<u>2022</u>
Purpose restrictions accomplished:		
Capacity building	\$ 887,717	\$ 972,016
Other program expenses	29,000	110,711
Corporate solutions	9,991,800	9,353,775
Service enterprise program	-	29,937
Total net assets released from restrictions	<u>\$ 10,908,517</u>	<u>\$ 10,466,439</u>

Note 11—Endowments

The Foundation's donor-restricted endowments consist of endowments that support general operations and building maintenance. The Foundation's endowments are subject to the general provisions of the *Uniform Prudent Management of Institutional Funds Act* ("UPMIFA"). Under the provisions of this state law, the Board of Directors may appropriate for expenditure underwater endowment funds as is deemed prudent for the uses and purposes for which the endowment funds were established. The Foundation has applied U.S. GAAP when allocating investment gains to the net asset classes.

POINTS OF LIGHT FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

Note 11—Endowments (continued)

The Foundation has interpreted UPMIFA as requiring the preservation of the historic value (corpus) of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (1) the original value of gifts donated to permanent endowments, (2) the original value of subsequent gifts to permanent endowments, and (3) accumulations to permanent endowments made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the funds. If endowment assets earn investment returns beyond the amount necessary to maintain the endowment assets' historic value, such excess is available for appropriation and, therefore, classified as net assets with donor restrictions until appropriated by the Foundation for expenditure. The Foundation considers available endowment earnings as being appropriated for expenditure when the actual qualified expenditure occurs.

In accordance with the UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purposes of the donor-restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation or deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of the Foundation; and
- (7) The investment policies of the Foundation.

At September 30, 2023 and 2022, the Foundation had the following endowment net assets composition:

	Without Donor Restrictions	With Donor Restrictions	Total
September 30, 2023			
Original donor restricted gift amounts required to be maintained into perpetuity by the donor	\$ -	\$ 6,027,720	\$ 6,027,720
Accumulated investment earnings	-	1,597,396	1,597,396
Endowment net assets	<u>\$ -</u>	<u>\$ 7,625,116</u>	<u>\$ 7,625,116</u>
September 30, 2022			
Original donor restricted gift amounts required to be maintained into perpetuity by the donor	\$ -	\$ 6,027,720	\$ 6,027,720
Accumulated investment earnings	-	729,066	729,066
Endowment net assets	<u>\$ -</u>	<u>\$ 6,756,786</u>	<u>\$ 6,756,786</u>

POINTS OF LIGHT FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

Note 11—Endowments (continued)

Changes in endowment net assets for the years ended September 30, 2023 and 2022 are as follows:

	September 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, October 1, 2022	\$ -	\$ 6,756,786	\$ 6,756,786
Investment return, net	-	868,330	868,330
Endowment net assets, September 30, 2023	<u>\$ -</u>	<u>\$ 7,625,116</u>	<u>\$ 7,625,116</u>

	September 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, October 1, 2021	\$ -	\$ 8,241,685	\$ 8,241,685
Investment return, net	-	(1,484,899)	(1,484,899)
Endowment net assets, September 30, 2022	<u>\$ -</u>	<u>\$ 6,756,786</u>	<u>\$ 6,756,786</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Foundation is required to retain as a fund of perpetual duration pursuant to donor stipulation or UPMIFA. The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At September 30, 2022, a fund with an original gift value of \$750,000, fair values of \$700,360 and deficiencies of \$49,640 were reported in net assets with donor restrictions. At September 30, 2023, there no such deficiencies.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Under this policy, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of relevant market indices while assuming a moderate level of investment risk.

In order to satisfy its long-term rate of return objectives, the Foundation's investment strategy is to approximate the returns of a balanced portfolio that is 60% stock and 40% bonds. The performance guideline for a balanced portfolio would be the S&P 500 for the stock portion, the Barclays Aggregate Bond index for the bonds, and the US Treasury Bill (3 Month) for the cash. The Foundation guideline allows the portfolio allocation to be adjusted to move anywhere between 50% to 70% stock and 30% to 50% bonds, allowing to maintain up to a 10% cash balance. The Foundation portfolio is a diversified balanced portfolio. The overall diversified balanced approach is a moderate risk approach.

The Foundation has a policy (the spending policy) of appropriating for expenditure annually 5% of its endowment fund's average fair value as measured over a three-year market period. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow annually. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return. During the years ended September 30, 2023 and 2022, the Foundation did not appropriate any earnings for distribution as allowed under the spending limit policy, to strengthen the future earnings potential of its endowments.

POINTS OF LIGHT FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

Note 12—Retirement plans

The Foundation provides a 403(b) retirement plan (the “Plan”) for all employees. Under the Plan, the Foundation matches 50% of employee contributions to the Plan up to a maximum of 3.5% of each employee’s annual compensation, as defined by the Plan agreement and can make additional discretionary contribution. During the years ended September 30, 2023 and 2022, the Foundation paid \$182,434 and \$193,899, respectively, in matching contributions to the Plan and made no discretionary contribution.

On December 1, 2017, the Foundation also began sponsoring a 457(b) Deferred Compensation Plan (the “Deferred Compensation Plan”) primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees who are eligible for participation and elect to make salary deferrals under the Deferred Compensation Plan. These assets are fully vested and available to the participating employees at the point of termination of employment from the Foundation. As of September 30, 2023 and 2022, under the Deferred Compensation Plan the Foundation held assets of \$110,818 and \$93,04, respectively. These assets are reported in other assets on the statements of financial position and are designated by the Foundation to pay future payments. The associated Deferred Compensation Plan liabilities mirroring the amounts noted above reported in accrued expenses on the statements of financial position at September 30, 2023 and 2022, respectively.

Note 13—Gifts-in-kind

Gifts-in-kind revenue for the years ended September 30 consisted of the following:

	<u>2023</u>	<u>2022</u>
Professional services	\$ 106,483	\$ 604,838
Marketing and media advertisements	111,359	116,671
Airfare and hotel accommodations	66,623	76,816
Other	2,410	14,294
Total gifts-in-kind revenue	<u>\$ 286,875</u>	<u>\$ 812,619</u>

The Foundation generally receives contributed nonfinancial assets and utilizes them in support of its mission and vision to inspire, equip and mobilize people to take action that changes the world. The Foundation recognizes these in-kind contributed nonfinancial assets at their estimated fair value on the date of receipt.

The Foundation receives donated marketing and media advertisements and professional services that are reporting using current rates for similar services. Contributed nonfinancial assets are generally not sold but are utilized to support the Foundation’s programmatic work in support of its mission. The Foundation also recognizes contributed services as gifts-in-kind revenues at their estimated fair value on the date of receipt if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. No contributed nonfinancial assets with donor restrictions were received during the years ended September 30, 2023 and 2022.

POINTS OF LIGHT FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

Note 14—Employee Retention Credit

The Foundation is eligible for the Employee Retention Credit (“ERC”) under the CARES Act. ERCs are accounted and reported as conditional contributions under ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*. The Foundation received \$437,584 of ERC prior to September 30, 2021, which represents Form 941 Employer Quarterly Federal Tax Return refund payments for the quarter ended June 2021. Grants receivable for the ERC at September 30, 2023 and 2022 are \$310,833 and \$738,425, respectively, which represents refunds due on the 2022 Form 941 Employer Quarterly Federal Tax Return for the quarter ended March 2022 and 2021 Form 941-X Adjusted Employer’s Quarterly Federal Tax Return or Claim for Refund for the quarters ended March 2020, June 2020, September 2020, and December 2020.

Note 15—Subsequent events

Management has evaluated all events or transactions through March 8, 2024, the date the financial statements are available for issuance, for potential recognition or disclosure in the financial statements.