

# 2020 & 2019 Annual Financial Statements

## PIONEER INSTITUTE, INC.

185 Devonshire Street; Suite 1101  
Boston, Massachusetts 02110  
Year Ended September 30, 2020 and 2019

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**GLENN RICCIARDELLI, P.C.**

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Certified Public Accountants

# GLENN RICCIARDELLI, P.C.

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Certified Public Accountants  
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Glenn Ricciardelli, P.C

## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
PIONEER INSTITUTE, INC.  
185 Devonshire Street; Suite 1101  
Boston, Massachusetts 02110

### ***Report on Financial Statements***

We have audited the accompanying financial statements of PIONEER INSTITUTE, INC. a not-for-profit organization, which comprise the statements of financial position as of September 30, 2020 and 2019, and the related statements of activities and changes in net assets, cash flows, and functional expenses by program for the years 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 audits. We conducted our audits 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 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 controls 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 controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PIONEER INSTITUTE, INC. as of September 30, 2020 and 2019, 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.

***Emphasis of Matter***

As discussed in Note A to the financial statements, in 2019, the Organization adopted ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*.

Respectfully,

*Glenn Ricciardelli, PC*

Boston, Massachusetts

January 19, 2021

# PIONEER INSTITUTE, INC.

## Statements of Financial Position

As of September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b><u>ASSETS:</u></b>		
<i>Current Assets:</i>		
Cash & Cash Equivalents (Note A)	\$726,308	\$195,732
Contributions Receivable (Note A)	277,862	269,020
Prepaid Expenses & Deposits	7,751	45,653
Total Current Assets	<u>1,011,921</u>	<u>510,405</u>
<i>Property &amp; Equipment</i> : (Note B)		
Property	992,864	992,864
Furniture & Fixtures	23,896	23,896
Office Equipment	49,507	49,507
Software	162,412	138,027
Subtotal	<u>1,228,680</u>	<u>1,204,295</u>
Less: Accumulated Depreciation & Amortization	<u>(391,737)</u>	<u>(352,589)</u>
Net Property & Equipment	836,942	851,705
<i>Other Assets</i>		
Long-term Investments (Note E)	2,865,672	2,262,288
Film Production Costs (Note K)	-	28,000
<b>Total Assets</b>	<b><u><u>\$4,714,535</u></u></b>	<b><u><u>\$3,652,398</u></u></b>
<b><u>LIABILITIES:</u></b>		
Accounts Payable & Accrued Expenses	\$147,223	\$77,938
<b>Total Liabilities</b>	<b><u>147,223</u></b>	<b><u>77,938</u></b>
<b><u>NET ASSETS:</u></b>		
Without Donor Restrictions	3,505,498	2,486,087
With Donor Restrictions (Note C)	<u>1,061,814</u>	<u>1,088,373</u>
<b>Total Net Assets</b>	<b><u>4,567,312</u></b>	<b><u>3,574,460</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u><u>\$4,714,535</u></u></b>	<b><u><u>\$3,652,398</u></u></b>

**PIONEER INSTITUTE, INC.**

Statements of Activities

Years Ended September 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<i>CHANGE in NET ASSETS:</i>						
Revenues:						
Contributions	\$2,187,299	\$1,079,756	\$3,267,056	\$ 1,333,973	\$ 1,059,500	\$ 2,393,473
Sales of Publications, Tickets, etc.	6,675	-	6,675	19,196	-	19,196
Total Gifts, Grants & Other Receipts	2,193,975	1,079,756	3,273,731	1,353,168	1,059,500	2,412,668
Net Assets Released from Restrictions: (Note D)	1,105,731	(1,105,731)	-	1,048,206	(1,048,206)	-
Satisfaction of Program Restrictions						
<b>Total Support and Revenues</b>	<b>3,299,706</b>	<b>(25,975)</b>	<b>3,273,731</b>	<b>2,401,374</b>	<b>11,294</b>	<b>2,412,668</b>
Expenses:						
Management & General Operations	184,978	-	184,978	166,567	-	166,567
Fund Raising	269,635	-	269,635	341,486	-	341,486
Outreach & Public Communications	103,764	-	103,764	89,452	-	89,452
<i>Major Program Expenses:</i>						
PioneerEducation	704,859	-	704,859	766,708	-	766,708
PioneerOpportunity	476,353	-	476,353	396,053	-	396,053
PioneerHealth	251,873	-	251,873	282,444	-	282,444
PioneerPublic	277,006	-	277,006	425,205	-	425,205
Lovett C. Peters Lecture Series	115,967	-	115,967	80,977	-	80,977
Subtotal Program Expenses	1,826,057	-	1,826,057	1,951,386	-	1,951,386
<b>Total Expenses</b>	<b>2,384,434</b>	<b>-</b>	<b>2,384,434</b>	<b>2,548,891</b>	<b>-</b>	<b>2,548,891</b>
Interest Income	138	2	140	12,010	19	12,029
Dividend Income	47,332	21,205	68,537	35,610	13,764	49,374
Realized Losses on Long-term Investments	(4,522)	(23,655)	(28,177)	(12,991)	(3,030)	(16,021)
Unrealized Gains on Long-term Investments	61,193	1,864	63,056	13,692	9,608	23,300
Subtotal	<b>104,140</b>	<b>(584)</b>	<b>103,556</b>	<b>48,321</b>	<b>20,361</b>	<b>68,682</b>
Change in Net Assets	<b>1,019,411</b>	<b>(26,559)</b>	<b>992,853</b>	<b>(99,195)</b>	<b>31,655</b>	<b>(67,540)</b>
<b>NET ASSETS: Beginning of Year</b>	<b>2,486,087</b>	<b>1,088,373</b>	<b>3,574,461</b>	<b>2,585,282</b>	<b>1,056,718</b>	<b>3,642,001</b>
<b>NET ASSETS: End of Year</b>	<b>\$3,505,499</b>	<b>\$1,061,815</b>	<b>\$4,567,313</b>	<b>\$2,486,087</b>	<b>\$1,088,373</b>	<b>\$3,574,461</b>

# PIONEER INSTITUTE, INC.

## Statements of Cash Flows

Years Ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b><u>CASH FLOWS from OPERATING ACTIVITIES:</u></b>		
Change in Net Assets	\$992,853	(\$67,540)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation & Amortization	67,148	142,142
(Increase) in Contributions Receivable	(8,842)	(51,133)
(Increase)/Decrease in Prepaid Expenses & Deposits	37,902	(30,658)
Increase in Accounts Payable & Accrued Expenses	69,285	35,787
Unrealized (Gains) on Long-term Securities	(63,056)	(23,300)
Realized Losses in Long-term Securities	28,178	16,021
Contributions Permanently Restricted	(7,000)	(35,000)
<b>Net Cash Provided by (Used In) Operating Activities</b>	<b><u>1,116,467</u></b>	<b><u>(13,681)</u></b>
<b><u>CASH FLOWS from INVESTING ACTIVITIES:</u></b>		
Purchase of (Long-term Assets) Property & Equipment	(24,385)	(5,500)
Purchase & Income Reinvestments of Long-term Securities	(1,054,459)	(828,204)
Sales of Long-term Securities	485,954	763,042
<b>Net Cash Used in Investing Activities</b>	<b><u>(592,890)</u></b>	<b><u>(70,662)</u></b>
<b><u>CASH FLOWS from FINANCING ACTIVITIES:</u></b>		
Net Assets with Donor Restrictions	7,000	35,000
<b>Net Cash Provided by Financing Activities</b>	<b><u>7,000</u></b>	<b><u>35,000</u></b>
<b><u>NET INCREASE (DECREASE) IN CASH &amp; CASH EQUIVALENTS:</u></b>	<b>530,577</b>	<b>(49,343)</b>
<b><u>CASH &amp; EQUIVALENTS:</u></b> Beginning of Year	<b><u>195,732</u></b>	<b><u>245,074</u></b>
<b><u>CASH &amp; EQUIVALENTS:</u></b> End of Year	<b><u>726,308</u></b>	<b><u>\$195,732</u></b>

# PIONEER INSTITUTE, INC.

## Statements of Functional Expenses

Years Ended September 30, 2020 and 2019

Description	F2020 MAJOR RESEARCH & PROGRAM CATEGORIES						F2020 Supporting Services		F2020 Total Expenses
	Pioneer Education	Pioneer Opportunity	Pioneer Health	Pioneer Public	LCP Lecture Series	Outreach & Public Communication	Management & General Operations	Fund Raising	
<b><i>OPERATING EXPENSES:</i></b>									
EMPLOYMENT COSTS	\$ 456,589	\$ 356,970	\$ 84,405	\$ 135,883	\$ 11,058	\$ 16,960	\$ 139,347	\$ 179,676	\$ 1,380,888
CONSULTANTS & AUDIT	21,518	21,504	2,762	3,176	79	28,921	23,493	21,366	122,819
RESEARCH EXPENSES	57,298	35,405	116,457	62,956	350	28,820	218	100	301,602
PRINTING & DESIGN	7,610	7,193	4,869	3,021	2,702	5,543	913	18,914	50,765
ADVERTISING & DISTRIBUTION	80,433	21,111	13,964	56,316	204	6,604	856	10,276	189,764
EVENTS & MEETINGS	4,773	-	3,615	-	99,866	-	3,232	2,043	113,529
STAFF BUSINESS EXPENSES	6,020	437	14,878	-	93	310	1,446	2,243	25,428
OFFICE OPERATIONS	29,673	23,614	8,531	11,801	1,301	16,125	8,618	21,821	121,485
Subtotal	663,915	466,233	249,480	273,154	115,653	103,283	178,123	256,439	2,306,279
BANK & FULFILLMENT CHARGES	-	-	-	-	-	-	2,905	8,102	11,007
DEPRECIATION & AMORTIZATION	40,944	10,120	2,393	3,852	314	481	3,951	5,094	67,148
Total Other Expenses	40,944	10,120	2,393	3,852	314	481	6,855	13,196	78,155
Total Expenses	\$ 704,859	\$ 476,353	\$ 251,873	\$ 277,006	\$ 115,967	\$ 103,764	\$ 184,978	\$ 269,635	\$ 2,384,434

Description	F2019 MAJOR RESEARCH & PROGRAM CATEGORIES						F2019 Supporting Services		F2019 Total Expenses
	Pioneer Education	Pioneer Opportunity	Pioneer Health	Pioneer Public	LCP Lecture Series	Outreach & Public Communication	Management & General Operations	Fund Raising	
<b><i>OPERATING EXPENSES:</i></b>									
EMPLOYMENT COSTS	\$ 435,759	\$ 262,795	\$ 54,206	\$ 195,862	\$ 21,648	\$ 18,679	\$ 123,660	\$ 235,432	\$ 1,348,041
CONSULTANTS & AUDIT	28,807	4,858	618	6,234	247	16,503	23,911	35,186	116,363
RESEARCH EXPENSES	58,717	32,508	143,340	115,230	3,444	-	-	2,073	355,310
PRINTING & DESIGN	10,341	4,261	4,360	16,000	5,627	9,536	-	13,753	63,879
ADVERTISING & DISTRIBUTION	61,778	65,132	35,754	19,394	256	30,856	389	10,869	224,427
EVENTS & MEETINGS	10,451	1,572	21,136	52,199	47,998	-	5,721	1,535	140,611
STAFF BUSINESS EXPENSES	11,980	2,823	16,988	2,318	-	593	2,417	5,191	42,310
OFFICE OPERATIONS	27,131	16,229	4,830	13,589	1,274	12,867	7,170	24,088	107,177
Subtotal	644,964	390,177	281,232	420,825	80,492	89,034	163,267	328,126	2,398,119
BANK & FULFILLMENT CHARGES	-	-	-	-	-	-	534	8,096	8,630
DEPRECIATION & AMORTIZATION	121,744	5,876	1,212	4,379	484	418	2,765	5,264	142,142
Total Other Expenses	121,744	5,876	1,212	4,379	484	418	3,299	13,360	150,772
Total Expenses	\$ 766,708	\$ 396,053	\$ 282,444	\$ 425,205	\$ 80,977	\$ 89,452	\$ 166,566	\$ 341,486	\$ 2,548,891

# PIONEER INSTITUTE, INC.

Notes to Financial Statements

Year Ended September 30, 2020 and 2019

## Note A - Description of Organization and Summary of Significant Accounting Policies

### **ORGANIZATION:**

PIONEER INSTITUTE, INC. (PIONEER) is a public policy research organization, which specializes in the support, distribution, and promotion of scholarly research on Massachusetts' public policy issues. PIONEER incurs de minimis costs related to lobbying for the purpose of influencing legislation as addressed under Section 501(h) of the Federal Tax Code.

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The financial statements of PIONEER have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The significant accounting and reporting policies used by PIONEER are subsequently described to enhance the usefulness and understandability of the financial statements.

### Financial Statement Presentation:

#### Net Assets:

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-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- (or certain grantor-) imposed restrictions. The governing board of PIONEER may elect to designate these resources for a specific purpose. This designation may be removed by the Board's direction.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or the achievement of conditions. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that assets be maintained in perpetuity. PIONEER reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor's restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions either by using the resources in the manner specified by the donor or by the passage of time. The expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. This classification also includes endowment assets accumulated through donations or grants, which are maintained in perpetuity with the principal to be invested by PIONEER. Endowment net assets include the original value of the gift,



## PIONEER INSTITUTE, INC.

Notes to Financial Statements

Year Ended September 30, 2020 and 2019

plus any subsequent additions. Unexpended appreciation on restricted assets is included in endowment assets unless otherwise instructed by the donor. The release of endowment assets amounted to \$7,220 and \$12,244, in the years ended September 30, 2020 and 2019, respectively.

PIONEER has adopted ASU No.2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. Pioneer implemented ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under the full prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

### Revenue and Revenue Recognition:

PIONEER recognizes contributions as revenue when they are received or unconditionally pledged. Contributions subject to donor-imposed stipulations that are met in the same reporting period are reclassified as without restrictions. Unconditional promises to give, subject to donor-imposed restrictions with due dates scheduled after the balance sheet date, are shown as increases in net assets with donor restrictions and are reclassified to net assets without donor restrictions when the related purpose or time restrictions are met. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair market value at the date of the gift.

### Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities, as of the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Significant estimates included in the financial statements include the fair value of certain allowances on contributions receivable, the useful lives of depreciable assets, and the allocation of expenses to operations and programs based upon the time allocated to each by PIONEER's employees.

### Contributions Receivable:

Contributions Receivable represent amounts unconditionally pledged by donors that have not yet been received by PIONEER. Contributions receivable were \$277,862 and \$269,020 as of September 30, 2020 and 2019, respectively.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Contributions subject to donor-imposed stipulations, including conditional contributions, that are met in the same reporting period are reported as unrestricted support. A contribution is conditional if an agreement includes a requirement that must be satisfied and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets exists. The presence of both a requirement and a

## **PIONEER INSTITUTE, INC.**

Notes to Financial Statements

*Year Ended September 30, 2020 and 2019*

right of return or right of release indicates that a recipient is not entitled to the contribution until it has satisfied in the requirement(s) in the agreement. Conditional promises to give are not recognized until they become unconditional, that is, when the requirement(s) in the agreement are satisfied.

An allowance for uncollectible contributions receivable may be determined based on management's evaluation of the collectability of individual pledged amounts. Pledges that remain uncollected more than one year after their due dates are written off unless the donor indicates that payment is merely postponed. There was no allowance for uncollectible contributions at September 30, 2020 and 2019.

### Donated Services:

The in-kind contributions in both 2020 and 2019 consisted of donated accounting and tax preparation services valued by management at \$17,500 per annum, which are included in Management & General Operations revenues and expenses. During 2020 and 2019, PIONEER received \$104,224 and \$93,500, respectively, in in-kind contributions for social media advertisements that are reported both as revenues and expenses in the program areas advertised.

PIONEER also receives a significant amount of donated services from unpaid volunteers who assist in fund-raising and special projects. No value has been reflected in the financial statements for volunteer hours because they do not meet the recognition criteria prescribed by generally accepted accounting principles. Contributions are recognized if the services received require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

### Cash and Cash Equivalents:

PIONEER maintains its cash and cash equivalents in bank deposit accounts. A portion of long-term investments in the Statement of Financial Position are held in money market mutual funds. Management believes the Institute is not exposed to any significant credit risk on cash and cash equivalents (see Note I).

PIONEER considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to capital projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition

### Investments:

PIONEER reports long-term investments at their fair value. Fair value is determined as per the fair value policies described below.

Interest, dividends and net gains and losses on investments are reported in the Statement of Activities as increases or decreases in net assets with donor restrictions if the terms of the gift require that amounts be applied to principal, or as increases or decreases in net assets without restrictions in all other cases.

## PIONEER INSTITUTE, INC.

Notes to Financial Statements

Year Ended September 30, 2020 and 2019

### Fair Value of Investments: (see Note E)

PIONEER reports investments at fair value on a recurring basis in its financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. These standards require an entity to maximize use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. In addition, PIONEER reports certain investments using the net asset value as determined by investment managers under the Accounting Standards Update No. 2015-07, called “practical expedient”. The practical expedient allows net asset value to represent fair value for reporting purposes when the criteria for using this method are met. Fair value standards also require PIONEER to classify the financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value (NAV) practical expedient rules, which allow for either Level 2 or Level 3 classification, depending on lock up and notice periods associated with the underlying funds.

Under SFAS 157, Fair Value Measurement, instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments that are generally included in this category include listed equity and debt securities publicly traded on an exchange.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Level 2 also includes practical expedient investments with notice periods for redemption of 90 days or less.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation. Level 3 also includes practical expedient investments with notice periods of more than 90 days.

All PIONEER’s investment assets are classified within Level 1 because they are comprised of securities with readily determinable fair values based on daily quoted prices or redemption values.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that changes in values of these instruments will occur in the near term and such changes could affect the amounts reported in these financial statements.

## **PIONEER INSTITUTE, INC.**

Notes to Financial Statements

Year Ended September 30, 2020 and 2019

### Property and Equipment:

Property amounts are recorded at historical cost or, if donated, at the approximate fair value at the date of donation, less accumulated depreciation. Depreciation is computed over the estimated useful lives of the assets using a straight-line basis. PIONEER adopts useful lives of 3-years for office equipment & software and 5-years for furniture and fixtures, and 39-years for commercial property. Equipment is capitalized if it has a cost of \$5,000 or more and a useful life when acquired of more than one year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred.

### Functional Allocation of Expenses:

The costs of program and supporting services activities have been summarized on a functional basis in the Statement of Functional Expenses. The Statements of Functional Expenses present the classification detail of expenses by function. Certain categories of expenses that are attributable to more than one program or supporting function. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, office expenses and occupancy and certain salaries, which are allocated on the basis of estimates of time. Amortization for certain long-term assets is allocated to programs based on specific identification.

### Non-Profit Status and Income Taxes:

PIONEER is recognized by the Internal Revenue Service (IRS) as an organization described under Section 501(c)(3) of the U.S. Internal Revenue Code and is generally exempt from Federal and state income taxes on related income. Donors may deduct contributions made to PIONEER under sections 170(b)(1)(A)(vi) and (viii) of the Internal Revenue Code. PIONEER is required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, PIONEER is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. In the years ended September 30, 2020 & 2019, PIONEER was not subject to unrelated business income tax and will not file an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

### Uncertain Tax Positions:

PIONEER had appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. PIONEER would account for the effect of any uncertain tax positions based on a "more likely than not" threshold to the recognition of tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a "cumulative probability assessment" that aggregates the estimated tax liability for all uncertain tax positions. PIONEER has identified its tax status as a tax-exempt entity as its only significant tax position; however, PIONEER has determined that such tax position does not result in an uncertainty requiring recognition. PIONEER is not currently under examination by any taxing jurisdiction.

## PIONEER INSTITUTE, INC.

Notes to Financial Statements

Year Ended September 30, 2020 and 2019

PIONEER's Federal and state tax returns are generally open for examination for three years following the date filed.

### NOTE B - PROPERTY & EQUIPMENT

PIONEER's investments in property and equipment as of September 30, 2020 & 2019 were comprised of the following:

	<u>2020</u>	<u>2019</u>
Property	\$992,864	\$992,864
Furniture & Fixtures	23,896	23,896
Office Equipment	49,507	49,507
Software	162,412	138,027
Subtotal	1,228,680	1,204,295
Less: Accumulated Depreciation	(391,738)	(352,589)
Net Property & Equipment	<u>\$836,942</u>	<u>\$851,705</u>

### NOTE C - NET ASSETS WITH DONOR RESTRICTIONS

Endowment net assets are available for the following specific uses at September 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Colby Hewitt Endowment - Health Care	\$351,644	\$334,609
Tyler Endowment - General Operating Purposes	243,565	261,404
<b>Total Endowment Net Assets</b>	<u>\$595,209</u>	<u>\$596,013</u>

Other net assets with restrictions are available for the following specific programs at September 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Direct Mail Campaign	\$1,902	\$14,002
Lovett C. Peters Memorial Fund	18,544	40,544
Roger Perry Internship Fund	45,915	18,550
Lovett C. Peters Lecture Series	-	25,000
Outreach & Public Communications	33,000	7,813
PioneerEducation	122,973	125,000
PioneerOpportunity	205,194	155,303
PioneerHealth	9,769	52,408
PioneerPublic	29,308	53,740
<b>Total Other Net Assets with Restrictions</b>	<u>\$466,605</u>	<u>\$492,360</u>

### NOTE D - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by satisfying the restricted purposes specified by the donor. For the years ended September 30, 2020 and 2019, the following purpose restrictions were accomplished:

## PIONEER INSTITUTE, INC.

Notes to Financial Statements

Year Ended September 30, 2020 and 2019

	<b><u>2020</u></b>	<b><u>2019</u></b>
Management & General Operations	\$ -	\$4,165
Development Activities & Direct Mail Campaign	13,595	11,248
Outreach and Public Communications	311,594	153,285
Lovett C. Peters Memorial Fund	22,000	5,500
Roger Perry Internship Program	18,660	16,000
PioneerEducation	224,682	132,533
PioneerOpportunity	199,859	291,862
PioneerHealth	166,939	190,592
PioneerPublic	67,932	177,427
Lovett C. Peters Lecture Series	73,250	53,350
Tyler Family Endowment	7,220	1,831
Colby Hewitt Endowment for PioneerHealth	-	10,413
<b>Net Assets Released from Restrictions</b>	<b><u>\$1,105,731</u></b>	<b><u>\$1,048,206</u></b>

### **NOTE E - LONG TERM INVESTMENTS**

The fair market values of PIONEER's investments at September 30, 2020 and 2019 are summarized as follows:

<b>Description</b>	<b>2020</b>	<b>2019</b>
<b>US Treasury Notes</b>	\$ -	\$400,056
<b>Equity Mutual Funds and Equity Index Funds</b>	856,484	324,047
<b>Corporate Bond Funds</b>	427,388	214,498
<b>Equities (Domestic or UK with International Operations)</b>	419,260	529,220
<b>Real Estate Investment Trusts (Equity &amp; Index Funds)</b>	-	73,444
<b>International Equities</b>	66,743	73,432
<b>Money Market Fund</b>	1,095,798	647,591
<b>Total</b>	<b><u>\$2,865,673</u></b>	<b><u>\$2,262,288</u></b>

Investment income from cash equivalents and investments is comprised of the following for the years ended September 30, 2020 and 2019.

<b>Description</b>	<b>2020</b>	<b>2019</b>
<b>Dividend &amp; Interest</b>	\$68,677	\$61,403
<b>Net Realized (Losses)</b>	(28,177)	(16,021)
<b>Net Unrealized Gains</b>	63,056	23,300
<b>Total</b>	<b><u>\$103,556</u></b>	<b><u>\$68,682</u></b>

## PIONEER INSTITUTE, INC.

Notes to Financial Statements

Year Ended September 30, 2020 and 2019

### **NOTES F - AVAILABILITY AND LIQUIDITY**

The following represents Pioneer's financial assets as of September 30, 2020 and 2019:

Financial assets, at September 30, 2020	\$ 3,869,842
Less those unavailable for general expenditures within one year, due to Contractual or donor-imposed restrictions:	(613,439)
Board Designations:	
Quasi-endowment fund, primarily for long-term investing	(1,206,930)
Amounts set aside for liquidity reserve	(999,216)
Financial assets available for general expenditures within one year	<u>\$ 1,050,257</u>
Financial assets, at September 30, 2019	\$ 2,727,040
Less those unavailable for general expenditures within one year, due to Contractual or donor-imposed restrictions:	(584,301)
Board Designations:	
Quasi-endowment fund, primarily for long-term investing	(625,045)
Amounts set aside for liquidity reserve	(977,567)
Financial assets available for general expenditures within one year	<u>\$ 540,127</u>

PIONEER has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 150 days of the prior year's operating expenses, which are, on average, approximately \$988,000. Pioneer has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, PIONEER invests cash in excess of daily requirements in various short-term investments, including money market mutual funds and short-term treasury instruments. PIONEER's board of directors authorized up to 3.5% of board designated funds to be used for operating purposes each fiscal year. PIONEER's board of directors also established a policy whereby up to 10% of board designated funds could be used by management for short-term operating needs to be replenished to board-designated funds within 12-months. As of September 30, 2019, there was \$56,426 outstanding under this policy, which the board voted not to replenish to board designated funds during the year ended September 30, 2020.

### **NOTE G - AGENCY TRANSACTION**

PIONEER holds no "pass through" grants as of September 30, 2020.

### **NOTE H - CONTRIBUTORY RETIREMENT PLAN**

PIONEER offers a defined contribution plan (401k plan) administered by a third-party whereby employees can contribute up to IRS maximums and PIONEER matches 50% of the contribution up to 6% of the employee's salary. Employees vest immediately in PIONEER's

## **PIONEER INSTITUTE, INC.**

Notes to Financial Statements

Year Ended September 30, 2020 and 2019

contribution credited to their accounts. During the years ended September 2020 and 2019, matching contributions to the plan totaled \$26,627 and \$23,472, respectively.

### **NOTE I - CONCENTRATION OF CREDIT AND MARKET RISK**

PIONEER maintains several bank accounts at two large regional financial institutions. Deposits held in noninterest-bearing transaction accounts are now aggregated with any interest-bearing deposits the owner may hold in the same ownership category, and the combined total is insured up to at least \$250,000. At times, PIONEER's aggregate bank balances exceed the available limit of insurance, although management regularly monitors the cash positions to minimize any potential exposure to uninsured losses.

### **Note J - ENDOWMENT FUNDS**

PIONEER holds endowment funds named the Colby Hewitt Endowment for Health Care and the Tyler Family Endowment. These funds are valued at the market value of the investments that make up these endowments. The values of the endowments that are not immediately available to withdraw are classified as net assets with donor restrictions.

#### ***Interpretation of Relevant Law***

The board of directors of PIONEER has interpreted Massachusetts' Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As of September 30, 2020 and 2019, there was no such donor stipulation on the Colby Hewitt Endowment, but the Tyler Family Endowment provided for dividend income to be used for operating purposes regardless of whether the original gift value was preserved. While both endowments are restricted and are classified as net assets with restrictions, the Colby Hewitt endowment is classified as net assets with restrictions, which include; (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. PIONEER considers the following factors in making a determination to appropriate or accumulate funds with donor restrictions:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization



## PIONEER INSTITUTE, INC.

Notes to Financial Statements

Year Ended September 30, 2020 and 2019

### **Endowment Funds Analysis:**

**(a) Changes in Endowment Net Assets** Changes in endowment net assets for the years ended September 30, 2020 and 2019 are as follows:

	<u>Fair Market Value</u>
Endowment Assets as of September 30, 2018	\$ 552,896
Plus: Investment Income	13,957
Plus: Net Gain on Investments	6,404
Total Investment Return	<u>20,361</u>
Plus: Contributions	35,000
Less: Assets Released from Restrictions	<u>(12,244)</u>
Endowment Assets as of September 30, 2019	\$ 596,013
Plus: Investment Income	21,208
Plus: Net Loss on Investments	<u>(21,792)</u>
Total Investment Return	(584)
Plus: Contributions	7,000
Less: Assets Released from Restrictions	<u>(7,220)</u>
Endowment Assets as of September 30, 2020	<u><u>\$ 595,209</u></u>

### **(b) Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial and subsequent donor gift amounts (deficit). When donor endowment fund deficits exist, they may be classified as a reduction of unrestricted net assets consistent with the terms of the endowment agreement. There were no deficiencies of this nature as of September 30, 2020 and 2019.

### **(c) Return Objectives and Risk Parameters and Strategies Employed for Achieving Objectives**

The overall investment objective of PIONEER is to achieve a total return (net of investment management fees) above guideline returns over an equity market cycle, which is typically 3 to 7 years.

### **(d) Investment Objectives Related to Spending Policy**

PIONEER's investment objectives are to maintain purchasing power on a consistent and long-term basis, and to also preserve capital over a market cycle. The primary long-term goal is to earn an investment return that permits a distribution of at least 3.5% annually for operating purposes. Because PIONEER's spending is expected to be less than the long-term real rate of investment return, the purchasing power of the endowments should increase over the long-term.

### **NOTE K - RELATED PARTY TRANSACTION**

PIONEER entered into a contract with a non-profit organization to provide film production services to PIONEER at a cost of \$224,000 after a competitive bidding process. An officer of the organization providing the services was a member of PIONEER's board of directors at the

## PIONEER INSTITUTE, INC.

Notes to Financial Statements

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time of the transaction. The 2019 Statements of Financial Position includes \$28,000 in unamortized film production costs related to the contract. The film was being amortized over its useful life that was estimated to be two years. Amortization cost of the film amounted to \$28,000 and \$112,000 during the years ended September 30, 2019 and 2018, respectively.

### **NOTE L - BOARD DESIGNATED FUNDS**

Net Assets Without Donor Restrictions at September 30, 2020 include the governing Board Designated Funds. The following is a summary of the balances of these funds at September 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Quasi-Endowment Fund, primarily for Long-term Investing:	\$1,206,930	\$ 625,045
Amounts set aside for Liquidity Reserve:	<u>999,216</u>	<u>977,567</u>
Total	<u>\$2,206,146</u>	<u>\$1,602,612</u>

### **NOTE M - SUBSEQUENT EVENTS**

The COVID-19 pandemic has developed rapidly in 2020. PIONEER has taken a number of measures to monitor and mitigate the effects of COVID-19. At this stage, there have been no negative impacts on operating results. Net assets have increased during the pandemic.

PIONEER will continue to closely monitor any significant variations in operations that may be experienced due to the COVID-19 pandemic and take whatever actions are deemed necessary as decreed by the Board of Directors and Officers of the Organization. Future potential impacts are unknown.

PIONEER did not have any recognized or non-recognized subsequent events after September 30, 2020, the date of the statement of financial position. Subsequent events have been evaluated through January 19, 2021, the date the financial statements were available to be issued.