

# 2021 & 2020 Annual Financial Statements

## PIONEER INSTITUTE, INC.

185 Devonshire Street; Suite 1101  
Boston, Massachusetts 02110  
Year Ended September 30, 2021 and 2020

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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, 2021 and 2020, and the related statements of activities and changes in net assets, cash flows, revenue and investment income 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, 2021 and 2020, 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.

Respectfully,

*Glenn Ricciardelli, PC*

Boston, Massachusetts

January 5, 2022

# PIONEER INSTITUTE, INC.

## Statements of Financial Position

As of September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b><u>ASSETS:</u></b>		
<i>Current Assets:</i>		
Cash & Cash Equivalents (Note A)	\$1,541,585	\$726,308
Contributions Receivable (Note A)	207,247	277,862
Prepaid Expenses & Deposits	7,124	7,751
Total Current Assets	<u>1,755,955</u>	<u>1,011,921</u>
<i>Property &amp; Equipment:</i> (Note B)		
Real Property	992,864	992,864
Furniture & Fixtures	23,896	23,896
Office Equipment	49,507	49,507
Software	162,412	162,412
Subtotal	1,228,680	1,228,680
Less: Accumulated Depreciation & Amortization	<u>(425,301)</u>	<u>(391,737)</u>
Net Property & Equipment	803,378	836,942
<i>Other Assets</i>		
Long-term Investments (Note E)	3,426,497	2,865,672
<b>Total Assets</b>	<b><u><u>\$5,985,831</u></u></b>	<b><u><u>\$4,714,535</u></u></b>
<b><u>LIABILITIES:</u></b>		
Accounts Payable & Accrued Expenses	\$123,281	\$147,223
<b>Total Liabilities</b>	<b><u>123,281</u></b>	<b><u>147,223</u></b>
<b><u>NET ASSETS:</u></b>		
Without Donor Restrictions	4,154,298	3,505,497
With Donor Restrictions (Note C)	1,708,252	1,061,815
<b>Total Net Assets</b>	<b><u>5,862,550</u></b>	<b><u>4,567,312</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u><u>\$5,985,831</u></u></b>	<b><u><u>\$4,714,535</u></u></b>

**PIONEER INSTITUTE, INC.**

Statements of Activities

Years Ended September 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b><i>CHANGE in NET ASSETS:</i></b>						
Revenues:						
Contributions	\$1,775,042	\$1,562,039	\$3,337,081	\$ 2,187,299	\$ 1,079,756	\$ 3,267,056
Sales of Publications, Tickets, etc.	18,391	15,250	33,641	6,675	-	6,675
Total Gifts, Grants & Other Receipts	1,793,433	1,577,289	3,370,722	2,193,975	1,079,756	3,273,731
Net Assets Released from Restrictions: (Note D)	1,072,588	(1,072,588)	-	1,105,731	(1,105,731)	-
<b>Total Support and Revenues</b>	<b>2,866,022</b>	<b>504,701</b>	<b>3,370,722</b>	<b>3,299,706</b>	<b>(25,975)</b>	<b>3,273,731</b>
Expenses:						
Management & General Operations	210,040	-	210,040	184,978	-	184,978
Fund Raising	469,931	-	469,931	269,635	-	269,635
Outreach & Public Communications	176,354	-	176,354	103,764	-	103,764
<i>Major Program Expenses:</i>						
PioneerEducation	645,444	-	645,444	704,859	-	704,859
PioneerOpportunity	614,889	-	614,889	476,353	-	476,353
PioneerHealth	183,723	-	183,723	251,873	-	251,873
PioneerPublic	249,486	-	249,486	277,006	-	277,006
Lovett C. Peters Lecture Series	125,469	-	125,469	115,967	-	115,967
Subtotal Program Expenses	1,819,011	-	1,819,011	1,826,057	-	1,826,057
<b>Total Expenses</b>	<b>2,675,335</b>	<b>-</b>	<b>2,675,335</b>	<b>2,384,434</b>	<b>-</b>	<b>2,384,434</b>
Interest Income	2,595	491	3,087	138	2	140
Dividend Income	31,126	17,598	48,724	47,332	21,205	68,537
Realized Gains (Losses) on Long-term Investments	297,538	55,261	352,799	(4,522)	(23,655)	(28,177)
Unrealized Gains on Long-term Investments	126,853	68,386	195,239	61,193	1,864	63,056
Subtotal	458,112	141,736	599,849	104,140	(584)	103,556
Change in Net Assets	648,799	646,437	1,295,236	1,019,411	(26,559)	992,853
<b><i>NET ASSETS: Beginning of Year</i></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>
<b><i>NET ASSETS: End of Year</i></b>	<b>\$4,154,298</b>	<b>\$1,708,252</b>	<b>\$5,862,550</b>	<b>\$3,505,499</b>	<b>\$1,061,815</b>	<b>\$4,567,313</b>

# PIONEER INSTITUTE, INC.

## Statements of Cash Flows

Years Ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b><u>CASH FLOWS from OPERATING ACTIVITIES:</u></b>		
Change in Net Assets	\$1,295,236	\$992,853
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation & Amortization	33,564	67,148
(Increase) / Decrease in Contributions Receivable	70,615	(8,842)
(Increase) / Decrease in Prepaid Expenses & Deposits	627	37,902
Increase / (Decrease) in Accounts Payable & Accrued Expenses	(23,942)	69,285
Unrealized (Gains) / Losses on Long Term Securities	(195,239)	(63,056)
Realized (Gains) / Losses in Long Term Securities	(352,799)	28,178
Contributions Permanently Restricted	-	(7,000)
<b>Net Cash Provided by Operating Activities</b>	<b><u>828,063</u></b>	<b><u>1,116,467</u></b>
<b><u>CASH FLOWS from INVESTING ACTIVITIES:</u></b>		
Purchase of (Long Term Assets) Property & Equipment	-	(24,385)
Purchase & Income Reinvestments of Long-term Securities	(3,362,942)	(1,054,459)
Sales of Long-term Securities	3,375,729	485,954
<b>Net Cash Used in Investing Activities</b>	<b><u>(12,787)</u></b>	<b><u>(592,890)</u></b>
<b><u>CASH FLOWS from FINANCING ACTIVITIES:</u></b>		
Net Assets with Donor Restrictions	-	7,000
<b>Net Cash Provided by Financing Activities</b>	<b><u>-</u></b>	<b><u>7,000</u></b>
<b><u>NET INCREASE (DECREASE) IN CASH &amp; CASH EQUIVALENTS:</u></b>	<b>815,276</b>	<b>530,577</b>
<b><u>CASH &amp; EQUIVALENTS: Beginning of Year</u></b>	<b><u>726,309</u></b>	<b><u>195,732</u></b>
<b><u>CASH &amp; EQUIVALENTS: End of Year</u></b>	<b><u>\$1,541,585</u></b>	<b><u>\$726,309</u></b>
<b><u>SUPPLEMENT NON-CASH ACTIVITIES:</u></b>		
Fully Depreciated Assets Removed or Disposed	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

# PIONEER INSTITUTE, INC.

## Statements of Functional Expenses

Years Ended September 30, 2021 and 2020

Description	FY2021 MAJOR RESEARCH & PROGRAM CATEGORIES						FY2021 Supporting Services		
	Pioneer Education	Pioneer Opportunity	Pioneer Health	Pioneer Public	LCP Lecture Series	Outreach & Public Communication	Management & General Operations	Fund Raising	F2021 Total Expenses
<b><u>OPERATING EXPENSES:</u></b>									
EMPLOYMENT COSTS	\$ 376,836	\$ 388,740	\$ 51,831	\$ 87,321	\$ 1,621	\$ 56,063	\$ 164,488	\$ 309,432	\$ 1,436,332
CONSULTANTS & AUDIT	43,440	59,189	8,049	2,437	3,609	41,589	25,744	77,708	261,765
RESEARCH EXPENSES	88,839	49,992	92,433	56,878	-	46,502	254	11,905	346,802
PRINTING & DESIGN	10,273	7,052	1,271	66	6,860	7,934	543	10,305	44,305
ADVERTISING & DISTRIBUTION	89,132	69,871	4,642	92,528	3,852	11,107	263	2,750	274,145
EVENTS & MEETINGS	1,383	5,236	13,257	-	109,190	-	282	-	129,349
STAFF BUSINESS EXPENSES	1,275	-	6,117	454	-	28	2,835	14,877	25,586
OFFICE OPERATIONS	25,283	25,543	4,887	7,721	299	11,793	8,519	30,775	114,821
Subtotal	636,463	605,624	182,487	247,405	125,431	175,017	202,929	457,751	2,633,106
BANK & FULFILLMENT CHARGES	-	-	-	-	-	-	3,860	4,805	8,665
DEPRECIATION & AMORTIZATION	8,982	9,265	1,235	2,081	39	1,336	3,251	7,375	33,564
Total Other Expenses	8,982	9,265	1,235	2,081	39	1,336	7,111	12,180	42,229
Total Expenses	\$ 645,444	\$ 614,889	\$ 183,723	\$ 249,486	\$ 125,469	\$ 176,354	\$ 210,040	\$ 469,931	\$ 2,675,335

Description	FY2020 MAJOR RESEARCH & PROGRAM CATEGORIES						FY2020 Supporting Services		
	Pioneer Education	Pioneer Opportunity	Pioneer Health	Pioneer Public	LCP Lecture Series	Outreach & Public Communication	Management & General Operations	Fund Raising	F2020 Total Expenses
<b><u>OPERATING EXPENSES:</u></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

# PIONEER INSTITUTE, INC.

Notes to Financial Statements

Year Ended September 30, 2021 and 2020

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

### **ORGANIZATION:**

PIONEER INSTITUTE, INC. (PIONEER) is a not-for-profit public policy research organization, which specializes in the support, distribution, and promotion of scholarly research on Massachusetts' public policy issues. PIONEER may incur 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. Accordingly, assets are recorded when the Organization obtains the rights of ownership or is entitled to claims for receipt, and liabilities are recorded when the obligation is incurred. 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:**

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors as follows:

Net Assets Without Donor Restrictions – Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its qualification for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions – Net assets with donor restrictions are resources that are restricted by a donor for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature: the organization must continue to use the resources in accordance with the donor's restrictions. When a donor's restriction is satisfied, 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. Net assets restricted for acquisition of building or equipment (or less commonly the contribution of those assets directly) are reported as net assets with



## PIONEER INSTITUTE, INC.

Notes to Financial Statements

Year Ended September 30, 2021 and 2020

donor restrictions until the specified asset is placed in service by the organization, unless the donor provides more specific directions about the period of its use. Unexpended appreciation on restricted assets is included in endowment assets unless otherwise instructed by the donor. The release of endowment assets amounted to \$20,074 and \$7,220, in the years ended September 30, 2021 and 2020, respectively.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions and/or time restrictions. In 2019, PIONEER 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 \$207,247 and \$277,862 as of September 30, 2021 and 2020, respectively.

## **PIONEER INSTITUTE, INC.**

Notes to Financial Statements

Year Ended September 30, 2021 and 2020

Contributions, including unconditional promises to give, are recognized as revenues in the period received. A contribution is conditional if an agreement includes a barrier that must be overcome 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 barrier and a right of return or right of release indicates that a recipient is not entitled to the contribution until it has satisfied the requirement(s) in the agreement. Conditional promises to give are not recognized until they become unconditional, that is, when the barrier(s) in the agreement are overcome.

An allowance for uncollectible contributions receivable may be determined based on management's evaluation of the collectability of individual pledged amounts. Contributions Receivable that remain uncollected for 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, 2021 and 2020.

### Donated Services:

The in-kind contributions in both 2021 and 2020 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 2021 and 2020, PIONEER received \$116,789 and \$104,224, 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.

## PIONEER INSTITUTE, INC.

Notes to Financial Statements

Year Ended September 30, 2021 and 2020

### Investments:

PIONEER is required to apply the provisions of U.S. generally accepted accounting principles to fair value measurements for non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a non-recurring basis. PIONEER has no non-financial assets or liabilities required to be accounted for on a non-recurring basis. Fair values of financial instruments for which PIONEER did not elect the fair value option includes cash and cash equivalents, receivables, and accounts payable. Certain of these instruments are short term in nature, and accordingly, fair values are estimated to approximate the carrying values.

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, with increases or decreases in net assets without restrictions in all other cases.

### 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.

## **PIONEER INSTITUTE, INC.**

Notes to Financial Statements

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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.

### 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 and software, 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 of more than one year when acquired. 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 Statements of Functional Expenses. The Statements of Functional Expenses present the natural classification detail of expenses by function. PIONEER reports certain categories of expenses that are attributable to more than one program or supporting function. Therefore, 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

## PIONEER INSTITUTE, INC.

Notes to Financial Statements

Year Ended September 30, 2021 and 2020

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 it did 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’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, 2021 & 2020 were comprised of the following:

	<u>2021</u>	<u>2020</u>
Property	\$992,864	\$992,864
Furniture & Fixtures	23,896	23,896
Office Equipment	49,507	49,507
Software	<u>162,412</u>	<u>162,412</u>
Subtotal	1,228,680	1,228,680
Less: Accumulated Depreciation	<u>(425,301)</u>	<u>(391,738)</u>
Net Property & Equipment	<u><b>\$803,378</b></u>	<u><b>\$836,942</b></u>

### NOTE C - NET ASSETS WITH DONOR RESTRICTIONS

Endowment net assets are available for the following specific uses at September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Colby Hewitt Endowment - Health Care	\$431,185	\$351,644
Tyler Endowment - General Operating Purposes	<u>284,961</u>	<u>243,565</u>
<b>Total Endowment Net Assets</b>	<u><b>\$716,146</b></u>	<u><b>\$595,209</b></u>

## PIONEER INSTITUTE, INC.

Notes to Financial Statements

Year Ended September 30, 2021 and 2020

Other net assets with restrictions are available for the following specific programs at September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Direct Mail Campaign	\$ -	\$ 1,902
Lovett C. Peters Memorial Fund	18,544	18,544
Roger Perry Internship Fund	33,415	45,915
Outreach & Public Communications	203,512	33,000
PioneerEducation	362,500	122,973
PioneerOpportunity	145,708	205,194
PioneerHealth	36,083	9,769
PioneerPublic	<u>192,344</u>	<u>29,308</u>
<b>Total Other Net Assets with Restrictions</b>	<b><u>\$992,106</u></b>	<b><u>\$466,605</u></b>
<b>Total Net Assets with Donor Restrictions</b>	<b><u>\$1,708,252</u></b>	<b><u>\$1,061,815</u></b>

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

Net assets were released from donor restrictions by satisfying the restricted purposes specified by the donor in the years ended September 30, 2021 and 2020 as follows:

	<u>2021</u>	<u>2020</u>
Development Activities & Direct Mail Campaign	\$ 1,902	\$ 13,595
Outreach and Public Communications	398,576	311,594
Lovett C. Peters Memorial Fund	-	22,000
Roger Perry Internship Program	18,000	18,660
PioneerEducation	252,349	224,682
PioneerOpportunity	162,486	199,859
PioneerHealth	109,687	166,939
PioneerPublic	9,264	67,932
Lovett C. Peters Lecture Series	100,250	73,250
Tyler Family Endowment	8,016	7,220
Colby Hewitt Endowment for PioneerHealth	<u>12,058</u>	<u>-</u>
<b>Net Assets Released from Restrictions</b>	<b><u>\$1,072,588</u></b>	<b><u>\$1,105,731</u></b>

### NOTE E - LONG TERM INVESTMENTS

The fair market values of PIONEER's investments at September 30, 2021 and 2020 are summarized as follows:

## PIONEER INSTITUTE, INC.

Notes to Financial Statements

Year Ended September 30, 2021 and 2020

Description	2021	2020
Equity Mutual Funds and Equity Index Funds	\$17,209	\$856,484
Corporate Bond and Bond Funds	855,687	427,388
Equities (Domestic or UK with International Operations)	2,111,622	419,260
International Equities	235,162	66,743
Money Market Fund	206,817	1,095,797
<b>Total</b>	<b><u>\$3,426,497</u></b>	<b><u>\$2,865,672</u></b>

Investment income from cash equivalents and investments is comprised of the following for the years ended September 30, 2021 and 2020.

Description	2021	2020
Dividend & Interest	\$51,810	\$68,677
Net Realized Gains (Losses)	352,800	(28,177)
Net Unrealized Gains	195,239	63,056
<b>Total</b>	<b><u>\$599,849</u></b>	<b><u>\$103,556</u></b>

### NOTES F - AVAILABILITY AND LIQUIDITY

The following represents Pioneer's financial assets as of September 30, 2021 and 2020:

Financial assets, at September 30, 2021	\$ 5,175,328
Less those unavailable for general expenditures within one year, due to Contractual or donor-imposed restrictions:	(851,081)
Board Designations:	
Quasi-endowment fund, primarily for long-term investing	(2,658,493)
Amounts set aside for liquidity reserve	(1,113,875)
Financial assets available for general expenditures within one year	<u>\$ 551,879</u>
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>

## **PIONEER INSTITUTE, INC.**

Notes to Financial Statements

Year Ended September 30, 2021 and 2020

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 on average, amounted to \$1,113,875 in 2021 and \$999,216 in 2020. 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 requirement 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. There were no board-designated funds used as of September 30, 2021 and 2020.

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

PIONEER received contributions of \$160,000 that the donors intended to be passed through to a subsidiary to be established by PIONEER to be known as PioneerLegal, LLC. See Note M – Subsequent Events.

### **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 beginning January 1st, 2021. PIONEER makes a non-elective contribution in an amount equal to 3.00% of each employee's compensation up to \$290,000. Prior to January 1st, 2021, PIONEER matched 50% of employees' contributions up to a maximum of 6.00% of their salary. Employees vest immediately in PIONEER's contribution credited to their accounts. During the years ended September 2021 and 2020, employer contributions to the plan totaled \$32,271 and \$26,627, respectively.

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

PIONEER maintains several bank accounts at two large regional financial institutions. Deposits held in non-interest 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.



## PIONEER INSTITUTE, INC.

Notes to Financial Statements

Year Ended September 30, 2021 and 2020

### ***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 satisfied. 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

### ***Endowment Funds Analysis:***

(a) ***Changes in Endowment Net Assets*** Changes in endowment net assets for the years ended September 30, 2021 and 2020 are as follows:

	<u>Fair Market Value</u>
Endowment Assets as of September 30, 2019	\$ 596,012
Plus: Investment Income	21,208
Plus: Net Loss on Investments	(21,792)
Total Investment Return	<u>(584)</u>
Plus: Contributions	7,000
Less: Assets Released from Restrictions	<u>(7,220)</u>
Endowment Assets as of September 30, 2020	\$ 595,208
Plus: Investment Income	18,089
Plus: Net Gain on Investments	122,923
Total Investment Return	<u>141,012</u>
Plus: Contributions	-
Less: Assets Released from Restrictions	<u>(20,074)</u>
Endowment Assets as of September 30, 2021	<u><u>\$ 716,146</u></u>

## PIONEER INSTITUTE, INC.

Notes to Financial Statements

Year Ended September 30, 2021 and 2020

### ***(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, it may necessitate 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, 2021 and 2020.

### ***(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 absolutely 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 - BOARD DESIGNATED FUNDS**

Net Assets Without Donor Restrictions on September 30, 2021 include the governing Board Designated Funds. The following is a summary of the balances of these funds on September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Quasi-Endowment Fund, primarily for Long-term Investing:	\$ <u>2,658,493</u>	\$ <u>1,206,930</u>

## **NOTE L – SHARED SERVICES**

During 2021, PIONEER entered into a shared services agreement with an entity for office space and administrative support. Under the agreement, Pioneer was paid \$17,665 for services rendered.

## **NOTE M - SUBSEQUENT EVENTS**

The COVID-19 pandemic developed rapidly in 2020 and continued into 2021. PIONEER has taken a number of measures to monitor and mitigate the effects of COVID-19. To date, there have been no negative impacts on operating results. Net assets have increased during the pandemic.

## **PIONEER INSTITUTE, INC.**

Notes to Financial Statements

Year Ended September 30, 2021 and 2020

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 determined by the Board of Directors and Officers of the Organization. Future potential impacts are unknown.

In January 2022, PIONEER formed PioneerLegal, LLC, of which PIONEER is the sole member. PioneerLegal, LLC is a public interest law organization established to advance PIONEER's mission.

PIONEER did not have any recognized or non-recognized subsequent events after September 30, 2021, the date of the statement of financial position. Subsequent events have been evaluated through January 5, 2022, the date the financial statements were available to be issued.