

# 2016 & 2015 Annual Financial Statements

## PIONEER INSTITUTE, INC.

185 Devonshire Street; Suite 1101

Boston, Massachusetts 02110

Year Ended September 30, 2016

(with Comparative Totals for September 30, 2015)

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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

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 corporation), which comprise the statement of financial position as of September 30, 2016, related statement of activities and changes in net assets, cash flows, and revenues and investment income and functional expenses by program for the year then ended, and the related notes to the financial statements.

## ***Management's Responsibility for the Financial Statements and Revenues & Investment Income & Functional Expenses by Program***

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 control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting 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, 2016, and the changes in their net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### ***Report on Summarized Comparative Information***

We have previously audited Pioneer's 2015 financial statements, and our report dated January 7, 2016, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Report on Supplemental Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of Revenues & Investment Income & Functional Expenses by Program on Page 6 & 7 is presented for purposes of additional analysis and is not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully,

*Glenn Ricciardelli, PC*

Boston, Massachusetts

January 12, 2017

**PIONEER INSTITUTE, INC.**

Statements of Financial Position

As of September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b><u>ASSETS:</u></b>		
<i>Current Assets:</i>		
Cash & Cash Equivalents (Note A)	\$593,417	\$926,946
Contributions Receivable (Note A)	82,550	47,450
Prepaid Expenses & Deposits	\$7,674	20,475
Total Current Assets	<u>683,642</u>	<u>994,871</u>
<i>Property &amp; Equipment:</i>		
Property	952,984	952,984
Furniture & Fixtures	23,896	23,895
Office Equipment	40,172	40,172
Software	126,927	119,427
Subtotal	<u>1,143,979</u>	<u>1,136,479</u>
Less: Accumulated Depreciation & Amortization	<u>(225,376)</u>	<u>(179,482)</u>
Net Property & Equipment	918,603	956,997
<i>Other Assets</i>		
Long-Term Investments (Note F)	<u>2,038,391</u>	<u>1,118,081</u>
<b>Total Assets</b>	<b><u><u>\$3,640,636</u></u></b>	<b><u><u>\$3,069,949</u></u></b>
 <b><u>LIABILITIES:</u></b>		
Accounts Payable & Accrued Expenses	<u>51,531</u>	<u>67,867</u>
<b>Total Liabilities</b>	<b><u>51,531</u></b>	<b><u>67,867</u></b>
 <b><u>NET ASSETS:</u></b>		
Unrestricted	2,648,786	1,978,425
Permanently Restricted (Note C)	266,124	243,733
Temporarily Restricted (Note C)	674,195	779,924
<b>Total Net Assets</b>	<b><u>3,589,105</u></b>	<b><u>3,002,082</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u><u>\$3,640,636</u></u></b>	<b><u><u>\$3,069,949</u></u></b>

**PIONEER INSTITUTE, INC.**

Statements of Activities

As of September 30, 2016 and 2015

	<b>2016</b>	<b>2015</b>
<b><u>CHANGE in UNRESTRICTED NET ASSETS:</u></b>		
Revenues:		
Contributions	\$1,790,948	\$1,124,723
Sales of Publications, Tickets, etc.	31,260	18,461
Total Unrestricted Revenues	<u>1,822,208</u>	<u>1,143,185</u>
Net Assets Released from Restrictions: (Note D)		
Satisfaction of Program Restrictions	<u>775,054</u>	<u>677,571</u>
<b>Total Unrestricted Revenues &amp; Assets Released from Restriction</b>	<b>2,597,262</b>	<b>1,820,756</b>
Expenses:		
Management & General Operations	139,681	192,623
Fund Raising	333,069	310,983
Outreach & Public Communications	78,200	50,177
Major Research & Program Categories:		
Pioneer Education	735,499	623,269
Pioneer Opportunity	76,585	68,383
PioneerHealth	131,461	94,446
PioneerPublic	458,580	403,634
Middle Cities Initiative	23,969	14,703
Lovett C. Peters Lecture Series	53,610	63,762
<b>Total Expenses</b>	<b><u>2,030,653</u></b>	<b><u>1,821,979</u></b>
Interest Income	237	110
Dividend Income	36,986	23,880
Realized Gains (Losses) on Long-term Investments	928	(2,167)
Unrealized Gains (Losses) on Long Term Investments	65,601	(2,576)
<b>Total Other Income (Losses)</b>	<b><u>103,752</u></b>	<b><u>19,248</u></b>
<b>Increase in Unrestricted Net Assets</b>	<b><u>670,361</u></b>	<b><u>18,025</u></b>
<b><u>CHANGE in PERMANENT &amp; TEMPORARILY RESTRICTED NET ASSETS:</u></b>		
Temporarily Restricted:		
Contributions - Temporary Restriction (Note A, C)	661,234	997,996
Interest Income	12	11
Dividend Income	32	2
Net Assets Released from Restrictions (Note D)	<u>(767,007)</u>	<u>(668,583)</u>
Total Increase (Decrease)	<u>(105,729)</u>	<u>329,426</u>
Permanently Restricted:		
Contributions - Permanent Restriction (Note A, C)	2,000	1,500
Interest Income	1	3
Dividend Income	10,820	9,855
Realized Losses on Long Term Investments	(527)	(2,002)
Unrealized Gains on Long Term Investments	18,144	8,334
Net Assets Released from Restrictions (Note D)	<u>(8,046)</u>	<u>(9,106)</u>
Increase in Permanent & Temporarily Restricted Net Assets	<b><u>22,391</u></b>	<b><u>8,584</u></b>
<b><u>INCREASE IN NET ASSETS:</u></b>	<b>587,023</b>	<b>356,035</b>
<b><u>NET ASSETS: Beginning of Year</u></b>	<b><u>3,002,082</u></b>	<b><u>2,646,047</u></b>
<b><u>NET ASSETS: End of Year</u></b>	<b><u>\$3,589,105</u></b>	<b><u>\$3,002,082</u></b>

**PIONEER INSTITUTE, INC.**

Statements of Cash Flows

As of September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<i><u>CASH FLOWS from OPERATING ACTIVITIES:</u></i>		
Change in Net Assets	\$587,023	\$356,035
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation & Amortization	45,894	46,603
Decrease/(Increase) in Contributions Receivable	(35,101)	205,388
Decrease/(Increase) in Prepaid Expenses & Deposits	12,801	12,497
Increase/(Decrease) in Accounts Payable & Accrued Expenses	(16,336)	(5,855)
Unrealized (Losses)/Gains on Long Term Investments	(83,744)	(5,759)
Realized Losses/(Gains) in Long Term Investments	401	(4,169)
Contributions Restricted for Long Term Purposes	(49,050)	-
Contributions Permanently Restricted	(2,000)	(1,500)
<b>Net Cash Provided by Operating Activities</b>	<u><b>459,887</b></u>	<u><b>603,240</b></u>
<i><u>CASH FLOWS from INVESTING ACTIVITIES:</u></i>		
Purchase of Long-term Assets	(7,500)	(23,998)
(Purchase & Income Reinvestments) / Sales of Long-Term Investments	(836,966)	25,781
<b>Net Cash Provided by (Used in) Investing Activities</b>	<u><b>(844,466)</b></u>	<u><b>1,783</b></u>
<i><u>CASH FLOWS from FINANCING ACTIVITIES:</u></i>		
Contributions Restricted for Other Long Term Purposes	49,050	-
Contributions Permanently Restricted	2,000	1,500
<b>Net Cash Provided by Financing Activities</b>	<u><b>51,050</b></u>	<u><b>1,500</b></u>
<i><u>NET INCREASE (DECREASE) IN CASH &amp; CASH EQUIVALENTS:</u></i>	<u><b>(333,529)</b></u>	<u><b>606,523</b></u>
<i><u>CASH &amp; EQUIVALENTS: Beginning of Year</u></i>	<u><b>926,946</b></u>	<u><b>320,423</b></u>
<i><u>CASH &amp; EQUIVALENTS: End of Year</u></i>	<u><u><b>\$593,417</b></u></u>	<u><u><b>\$926,946</b></u></u>

**PIONEER INSTITUTE, INC.**  
 Supplemental Schedule - Summary of Funding & Expenses by Program  
 For the Years Ended September 30th, 2016 and 2015

Account Number / Description	FY2016 DISTRIBUTION of FUNDING & EXPENSE by PROGRAM											F2016 Total Funding & Expense	F2015 Total Funding & Expense	
	Management & General Operations	Fund Raising	Lovett C. Peters Memorial Fund	Roger Perry Internship Fund	Outreach & Public Communication	MAJOR RESEARCH & PROGRAM CATEGORIES								
						Pioneer Education	Pioneer Opportunity	PioneerHealth	PioneerPublic	Middle Cities Initiative	LCP Lecture Series			Colby Hewitt Endowment
<b>REVENUE:</b>														
<b>UNRESTRICTED DONATIONS:</b>														
4-1010 · Individual Donations	\$ 1,542,993	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,542,993	\$ 735,612
4-1020 · Corporate Donations	17,633	-	-	-	-	-	-	-	-	-	-	-	17,633	9,100
4-1030 · Foundation Donations	210,500	-	-	-	-	-	-	-	-	-	-	-	210,500	361,967
<b>Total - Unrestricted Donations</b>	<b>1,771,127</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,771,127</b>	<b>1,106,678</b>
<b>IN-KIND DONATIONS:</b>														
4-1040 · In-Kind Donations	17,500	-	-	-	-	-	-	2,321	-	-	-	-	19,821	18,045
<b>Total - In-Kind Donations</b>	<b>17,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,321</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,821</b>	<b>18,045</b>
<b>PERMANENT &amp; TEMPORARILY RESTRICTED DONATIONS:</b>														
4-2010 · Individual Donations	-	-	-	69,050	-	90,445	79,789	1,000	1,700	-	3,250	-	245,234	209,846
4-2020 · Corporate Donations	-	-	-	1,000	-	100	-	-	-	-	-	-	1,100	13,000
4-2030 · Foundation Donations	-	-	-	-	2,000	252,650	-	40,000	-	-	-	-	294,650	674,400
4-2040 · Event Sponsorship	-	-	-	-	-	-	-	25,750	94,500	-	-	-	120,250	100,750
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70,050</b>	<b>2,000</b>	<b>343,195</b>	<b>79,789</b>	<b>66,750</b>	<b>96,200</b>	<b>-</b>	<b>3,250</b>	<b>-</b>	<b>661,234</b>	<b>997,996</b>
<b>Endowments:</b>														
4-2110 · Colby Hewitt Endowment	-	-	-	-	-	-	-	-	-	-	-	2,000	2,000	1,500
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,000</b>	<b>2,000</b>	<b>1,500</b>
<b>Total 4-2000 · Restricted Donations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70,050</b>	<b>2,000</b>	<b>343,195</b>	<b>79,789</b>	<b>66,750</b>	<b>96,200</b>	<b>-</b>	<b>3,250</b>	<b>2,000</b>	<b>663,234</b>	<b>999,496</b>
<b>OTHER REVENUE:</b>														
4-5000 · Ticket Sales	-	-	-	-	-	-	-	2,550	14,250	-	-	-	16,800	14,550
4-6000 · Book Sales	-	-	-	-	-	11,510	-	-	-	-	-	-	11,510	1,811
4-7000 · Editorial Income	2,950	-	-	-	-	-	-	-	-	-	-	-	2,950	2,100
<b>Subtotal</b>	<b>2,950</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,510</b>	<b>-</b>	<b>2,550</b>	<b>14,250</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,260</b>	<b>18,461</b>
<b>Total Income</b>	<b>1,791,577</b>	<b>-</b>	<b>-</b>	<b>70,050</b>	<b>2,000</b>	<b>354,705</b>	<b>82,110</b>	<b>69,300</b>	<b>110,450</b>	<b>-</b>	<b>3,250</b>	<b>2,000</b>	<b>2,485,442</b>	<b>2,142,681</b>
<b>OPERATING EXPENSES:</b>														
<b>EMPLOYMENT COSTS:</b>														
6-1100 · Gross Wages	82,791	199,348	-	-	33,834	345,373	52,326	42,881	191,091	17,441	3,877	-	968,961	889,469
6-1200 · Federal P/R Taxes-employer	5,497	13,236	-	-	2,246	22,932	3,474	2,847	12,688	1,158	257	-	64,337	59,828
6-1300 · State P/R Taxes	56	134	-	-	23	232	35	29	128	12	3	-	651	1,556
6-1400 · Health & Dental-employer	6,070	14,617	-	-	2,481	25,324	3,837	3,144	14,012	1,279	284	-	71,048	87,881
6-1500 · 401K-employer share	1,866	4,493	-	-	762	7,783	1,179	967	4,306	393	87	-	21,837	21,636
6-1550 · Pension Plan Charges	131	316	-	-	54	547	83	68	303	28	6	-	1,536	2,530
6-1600 · Workmen's Compensation	155	374	-	-	63	647	98	80	358	33	7	-	1,816	1,075
6-1800 · Payroll Expenses	322	774	-	-	131	1,342	203	167	742	68	15	-	3,764	3,490
<b>Subtotal</b>	<b>96,887</b>	<b>233,292</b>	<b>-</b>	<b>-</b>	<b>39,595</b>	<b>404,181</b>	<b>61,236</b>	<b>50,182</b>	<b>223,629</b>	<b>20,411</b>	<b>4,537</b>	<b>-</b>	<b>1,133,950</b>	<b>1,067,466</b>
<b>OUTSIDE SERVICES:</b>														
6-2100 · Consultants	842	2,158	-	-	344	6,289	532	436	4,782	177	39	-	15,601	16,099
6-2400 · Annual Audit	22,500	-	-	-	-	-	-	-	-	-	-	-	22,500	22,500
<b>Subtotal</b>	<b>23,342</b>	<b>2,158</b>	<b>-</b>	<b>-</b>	<b>344</b>	<b>6,289</b>	<b>532</b>	<b>436</b>	<b>4,782</b>	<b>177</b>	<b>39</b>	<b>-</b>	<b>38,101</b>	<b>38,599</b>
<b>RESEARCH:</b>														
6-3160 · Data/FOIA	-	-	-	-	-	-	-	-	180	-	-	-	180	3,110
6-3200 · Contracts	-	1,858	-	-	1,500	119,115	2,400	45,186	119,597	1,040	3,143	-	293,838	175,817
6-3300 · Prizes	-	-	-	-	-	11,000	-	-	14,000	-	-	-	25,000	24,000
<b>Subtotal</b>	<b>-</b>	<b>1,858</b>	<b>-</b>	<b>-</b>	<b>1,500</b>	<b>130,115</b>	<b>2,400</b>	<b>45,186</b>	<b>133,777</b>	<b>1,040</b>	<b>3,143</b>	<b>-</b>	<b>319,018</b>	<b>202,927</b>
<b>PRINTING &amp; PUBLISHING:</b>														
6-4100 · Printing Costs	785	22,857	-	-	3,963	12,857	211	598	6,162	-	1,317	-	48,750	39,597
6-4300 · Editors/Writers	-	-	-	-	-	-	-	500	2,500	-	-	-	3,000	4,000
6-4400 · Graphic Design	-	1,896	-	-	3,155	6,359	220	4,076	8,045	230	116	-	24,098	24,775
<b>Subtotal</b>	<b>785</b>	<b>24,753</b>	<b>-</b>	<b>-</b>	<b>7,118</b>	<b>19,216</b>	<b>431</b>	<b>5,174</b>	<b>16,708</b>	<b>230</b>	<b>1,433</b>	<b>-</b>	<b>75,848</b>	<b>68,372</b>
<b>DISTRIBUTION COSTS:</b>														
6-5100 · Copying/Reproduction	-	-	-	-	-	-	-	-	-	-	-	-	-	10,220
6-5200 · Postage Costs	544	11,062	-	-	912	3,516	159	293	1,361	-	370	-	18,215	1,741
6-5300 · Shipping/Delivery fees	-	-	-	-	-	-	-	-	-	-	-	-	-	4,839
6-5400 · Mailing Services	-	7,127	-	-	3,238	-	-	-	610	-	-	-	10,975	13,736
6-5500 · Advertising Costs	83	1,000	-	-	6,507	7,977	-	-	-	-	-	-	15,567	3,150
6-5600 · Mailing Lists	-	3,000	-	-	-	-	-	-	-	-	-	-	3,000	-
<b>Subtotal</b>	<b>627</b>	<b>22,189</b>	<b>-</b>	<b>-</b>	<b>10,657</b>	<b>11,493</b>	<b>159</b>	<b>293</b>	<b>1,971</b>	<b>-</b>	<b>370</b>	<b>-</b>	<b>47,756</b>	<b>33,686</b>
<b>EVENTS &amp; MEETINGS:</b>														
6-6100 · Room Costs	1,675	-	-	-	-	10,936	-	4,470	2,127	-	805	-	20,013	10,380
6-6200 · Food & Beverage Costs	4,039	5,107	-	-	-	18,368	2,321	13,030	37,922	-	33,071	-	113,859	116,381
6-6250 · Transportation	-	-	-	-	-	12,904	-	7	499	-	133	-	13,543	14,027
6-6300 · Photography	-	-	-	-	-	-	-	-	-	-	450	-	450	950
6-6600 · Audio-Visual	-	308	-	-	147	10,032	-	4,520	6,270	-	7,246	-	28,523	27,388
6-6800 · Honorarium	-	-	-	-	-	44,800	-	-	95	-	250	-	45,145	48,500
6-6950 · Other Event Expenses	-	112	-	-	-	1,482	-	-	2,015	-	1,530	-	5,138	4,947
<b>Subtotal</b>	<b>5,714</b>	<b>5,526</b>	<b>-</b>	<b>-</b>	<b>147</b>	<b>98,522</b>	<b>2,321</b>	<b>22,028</b>	<b>48,930</b>	<b>-</b>	<b>43,485</b>	<b>-</b>	<b>226,672</b>	<b>222,574</b>
<b>STAFF BUSINESS EXPENSES:</b>														
6-7100 · Breakfasts/Luncheons	491	2,529	-	-	402	1,536	-	151	642	-	-	-	5,751	5,484

**PIONEER INSTITUTE, INC.**  
 Supplemental Schedule - Summary of Funding & Expenses by Program  
 For the Years Ended September 30th, 2016 and 2015

Account Number / Description	FY2016 DISTRIBUTION of FUNDING & EXPENSE by PROGRAM											F2016 Total Funding & Expense	F2015 Total Funding & Expense	
	Management & General Operations	Fund Raising	Lovett C. Peters Memorial Fund	Roger Perry Internship Fund	Outreach & Public Communication	MAJOR RESEARCH & PROGRAM CATEGORIES								
						Pioneer Education	Pioneer Opportunity	PioneerHealth	PioneerPublic	Middle Cities Initiative	LCP Lecture Series			Colby Hewitt Endowment
6-7200 · Training/Meeting Fees	-	-	-	-	-	100	-	150	50	-	-	-	300	2,190
6-7300 · Transportation	-	6,256	-	-	1,346	4,209	-	183	784	35	18	-	12,831	16,081
6-7400 · Meals/Food	20	858	-	-	230	737	-	6	28	-	-	-	1,878	1,330
6-7600 · Lodging	-	-	-	-	1,766	665	-	-	260	-	-	-	2,691	1,151
<b>Subtotal</b>	<b>511</b>	<b>9,642</b>	<b>-</b>	<b>-</b>	<b>3,744</b>	<b>7,247</b>	<b>-</b>	<b>490</b>	<b>1,764</b>	<b>35</b>	<b>18</b>	<b>-</b>	<b>23,452</b>	<b>26,237</b>
<b>OFFICE OPERATIONS:</b>														
6-8101 · Condo fees	2,349	5,656	-	-	960	9,798	1,485	1,217	5,421	495	110	-	27,490	26,618
6-8150 · Equip. Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6-8175 · Equip. Contracts/Rental	399	962	-	-	163	1,666	252	207	922	84	19	-	4,675	21,717
6-8180 · Equip. Maintenance & Repairs	55	133	-	-	23	231	35	29	128	12	3	-	648	1,150
6-8200 · Electric	229	551	-	-	93	954	145	118	528	48	11	-	2,676	-
6-8300 · Telephone	1,561	4,005	-	-	3,287	6,695	987	1,032	3,876	329	197	-	21,969	2,616
6-8500 · Office Supplies	712	1,715	-	-	291	2,971	450	369	1,644	150	33	-	8,337	17,155
6-8600 · Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	9,181
6-8750 · Legal/ProfessionalFees	-	-	-	-	-	9,500	-	-	-	-	-	-	9,500	16,500
6-8800 · Publications/Subscriptions	268	7,886	-	-	1,878	3,074	169	2,081	4,360	56	13	-	19,785	4,085
6-9925 · Newspapers	-	-	-	-	5,600	-	-	-	-	-	-	-	5,600	2,000
6-8850 · Dues/Memberships	-	-	-	-	-	200	-	150	150	-	-	-	500	1,500
6-8875 · Licenses and Permits	167	1,127	-	-	68	805	105	86	494	35	8	-	2,896	1,611
6-8876 · Bad Debts	1,200	-	-	-	-	-	-	250	-	-	-	-	1,450	-
<b>Subtotal</b>	<b>6,940</b>	<b>22,034</b>	<b>-</b>	<b>-</b>	<b>12,364</b>	<b>35,896</b>	<b>3,628</b>	<b>5,539</b>	<b>17,524</b>	<b>1,209</b>	<b>392</b>	<b>-</b>	<b>105,526</b>	<b>104,132</b>
<b>INTERNET/WEBSITE:</b>														
6-9100 · Internet Access	123	295	-	-	50	512	78	64	283	26	6	-	1,436	1,299
6-9300 · Programming	-	-	-	-	1,050	5,360	-	-	-	-	-	-	6,410	6,008
6-9400 · Hosting	71	170	-	-	29	295	45	37	163	15	3	-	827	795
<b>Subtotal</b>	<b>193</b>	<b>465</b>	<b>-</b>	<b>-</b>	<b>1,129</b>	<b>6,166</b>	<b>122</b>	<b>100</b>	<b>446</b>	<b>41</b>	<b>9</b>	<b>-</b>	<b>8,673</b>	<b>8,101</b>
<b>Total Operating Expense</b>	<b>135,000</b>	<b>321,917</b>	<b>-</b>	<b>-</b>	<b>76,598</b>	<b>719,124</b>	<b>70,830</b>	<b>129,429</b>	<b>449,530</b>	<b>23,143</b>	<b>53,426</b>	<b>-</b>	<b>1,978,996</b>	<b>1,772,094</b>
<b>OTHER EXPENSE:</b>														
8-1200 · Bank Service Charges	88	-	-	-	-	-	-	-	-	-	-	-	88	298
8-1300 · Brokerage Fees	500	-	-	-	-	-	-	-	-	-	-	-	500	268
8-1600 · Credit Card & Fulfillment Fees	171	1,710	-	-	17	3,277	1	-	-	-	-	-	5,176	2,834
8-2000 · Depreciation & Amortization Expense	3,921	9,442	-	-	1,603	16,358	2,478	2,031	9,051	826	184	-	45,894	46,603
<b>Subtotal</b>	<b>4,681</b>	<b>11,152</b>	<b>-</b>	<b>-</b>	<b>1,603</b>	<b>16,375</b>	<b>5,755</b>	<b>2,032</b>	<b>9,051</b>	<b>826</b>	<b>184</b>	<b>-</b>	<b>51,658</b>	<b>50,004</b>
<b>Total Expense</b>	<b>139,681</b>	<b>333,069</b>	<b>-</b>	<b>-</b>	<b>78,200</b>	<b>735,499</b>	<b>76,585</b>	<b>131,461</b>	<b>458,581</b>	<b>23,969</b>	<b>53,610</b>	<b>-</b>	<b>2,030,654</b>	<b>1,822,097</b>
<b>OTHER INCOME:</b>														
7-1000 · Interest Income	237	-	12	-	-	-	-	-	-	-	-	1	250	124
7-2000 · Dividend Income	36,986	-	32	-	-	-	-	-	-	-	-	10,820	47,838	33,737
7-4000 · Other Capital Gains/(Losses)	928	-	-	-	-	-	-	-	-	-	-	(527)	401	(4,169)
7-5000 · Increase/(Decrease) in mkt.value	65,602	-	-	-	-	-	-	-	-	-	-	18,145	83,746	5,760
<b>Subtotal</b>	<b>103,753</b>	<b>-</b>	<b>44</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,439</b>	<b>132,236</b>	<b>35,451</b>
<b>Net Income/(Loss)</b>	<b>\$ 1,755,649</b>	<b>\$ (333,069)</b>	<b>\$ 44</b>	<b>\$ 70,050</b>	<b>\$ (76,200)</b>	<b>\$ (380,794)</b>	<b>\$ 5,526</b>	<b>\$ (62,161)</b>	<b>\$ (348,131)</b>	<b>\$ (23,969)</b>	<b>\$ (50,360)</b>	<b>\$ 30,439</b>	<b>\$ 587,023</b>	<b>\$ 356,035</b>
<b>CHANGE in RESTRICTED NET ASSETS:</b>														
<b>PERMANENTLY RESTRICTED FUNDS:</b>														
<b>Beginning Balance - Permanently Restricted Funds</b>													243,733	235,150
Plus: 2016 Permanently Restricted Contributions													2,000	1,500
Plus/(Minus): Dividends, Interest & Change in Market Value													28,438	16,189
<b>Subtotal</b>													274,171	252,839
Less: 2015 Funds Released From Permanent Restriction													(8,046)	(9,106)
<b>Ending Permanently Restricted Balance</b>													<b>\$ 266,124</b>	<b>\$ 243,733</b>
<b>TEMPORARILY RESTRICTED FUNDS:</b>														
<b>Beginning Balance - Temporarily Restricted Funds</b>		90,761	135,844	-	-	534,319	-	-	19,000	-	-	-	779,924	450,498
Plus: 2016 Funds Released from Permanent Restrictions		-	-	-	-	-	-	8,046	-	-	-	-	8,046	8,988
Plus: 2016 Temporarily Restricted Contributions		-	44	70,050	2,000	343,195	79,789	66,750	96,200	-	3,250	-	661,279	998,009
<b>Subtotal</b>		<b>90,761</b>	<b>135,888</b>	<b>70,050</b>	<b>2,000</b>	<b>877,514</b>	<b>79,789</b>	<b>74,796</b>	<b>115,200</b>	<b>-</b>	<b>3,250</b>	<b>-</b>	<b>1,449,249</b>	<b>1,457,495</b>
Less: Temporarily Restricted Funds Expended		(47,893)	(5,833)	(10,500)	(2,000)	(512,356)	(3,225)	(74,796)	(115,200)	-	(3,250)	-	(775,054)	(677,571)
<b>Ending Temporarily Restricted Balance</b>	<b>\$ -</b>	<b>\$ 42,868</b>	<b>\$ 130,055</b>	<b>\$ 59,550</b>	<b>\$ -</b>	<b>\$ 365,158</b>	<b>\$ 76,564</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 674,195</b>	<b>\$ 779,924</b>



# PIONEER INSTITUTE, INC.

Notes to Financial Statements

Year Ended September 30, 2016 (with Comparative Totals for 2015)

## NOTE A - DESCRIPTION OF ORGANIZATION & 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 does not incur any 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:**

PIONEER presents information regarding its financial position and activities according to three classes of net assets described as follows:

Unrestricted Net Assets – All resources over which the governing board has discretionary control. The governing board of PIONEER may elect to designate such resources for specific purpose. This designation may be removed at the Board's direction.

Temporarily Restricted Net Assets – Resources accumulated through donations or grants for specific operating or capital purposes. Such resources will become unrestricted when the requirements of the donor or grantee have been satisfied through expenditure for the specified purpose or program or through the passage of time.

Permanently Restricted Net Assets – Endowment resources accumulated through donations or grants that are subject to donor-imposed stipulations are maintained in perpetuity with the principal be invested by PIONEER. These net assets include the original value of the gift, plus any subsequent additions. Unexpended appreciation on restricted assets is included in restricted net assets unless otherwise instructed by the donor.

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 unrestricted. Unconditional promises to give, subject to donor imposed restrictions, with due dates scheduled after the balance sheet date are shown as increases in temporarily restricted net assets and shall be reclassified to unrestricted net assets when the related purpose or time restrictions are met. Conditional promises to give are not recognized until they become unconditional, that is, when the

## **PIONEER INSTITUTE, INC.**

Notes to Financial Statements

Year Ended September 30, 2016 (with Comparative Totals for 2015)

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.

PIONEER reports gifts of cash and other assets as permanently restricted support if they are received with donor stipulations that limit the access to the principal portion of the original donated assets. The release of permanently restricted assets amounted to \$8,046 and \$9,106, in the years ended September 30, 2016 and 2015, respectively.

Contributions receivable represent amounts unconditionally pledged by donors that have not been received by PIONEER. Current contributions receivable were \$82,550 and \$47,450 as of September 30, 2016 and 2015, respectively.

### **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, GIFTS AND PLEDGES RECEIVABLE:**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence and nature of any donor restrictions. Contributions may include actual gifts or unconditional promises to give. Such contributions are considered to be available for unrestricted use unless specifically restricted by the donor or grantor. Restricted gifts or conditional promises to give are required to be reported as restricted in the period received and are then reclassified to unrestricted net assets upon satisfaction of the donor restriction. Restrictions on contributions related to the acquisition of long-lived assets are considered satisfied at the time the asset is acquired.

An allowance for uncollectible contributions receivable would be determined based on management's evaluation of the collectability of individual promises. Promises that remain uncollected more than one year after their due dates are written off unless the donor's indicate that payment is merely postponed. In 2016, \$1,450 in receivables were deemed uncollectable and written off. There was no allowance for uncollectible contributions at September 30, 2016 and 2015.

### **CONTRIBUTED SERVICES:**

The in-kind contributions for 2016 and 2015 consisted of donated Certified Public Accounting services valued by management at \$17,500 and which are included in program and administrative revenues and expenditures. Additionally, in 2016 Pioneer received in-kind event expenses amounting to \$2,321.

## **PIONEER INSTITUTE, INC.**

Notes to Financial Statements

Year Ended September 30, 2016 (with Comparative Totals for 2015)

Pioneer also receives a significant amount of donated services from unpaid volunteers who assist in fund-raising and special projects. No contributions are reflected in the financial statements for volunteer hours as the following criteria were not met. 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. Investments held in money market mutual funds are considered part of long-term investments. Management believes the Institute is not exposed to any significant credit risk on cash and cash equivalents (see Note I).

### **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 decrease in permanently restricted net assets if the terms of the gift require that amounts be applied to principal, as increases or decreases in temporarily restricted net assets if the term of the gift imposed restriction on current use, and increases or decreases in unrestricted net assets in all other cases.

### **FAIR VALUE MEASUREMENTS:** (see Note E)

PIONEER reports investments at fair value on a recurring basis. 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 per share as determined by investment managers under the Accounting Standards Update No. 2009-12, called "practical expedient". The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met. Fair value standards also require PIONEER to classify these 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 depending on lock up and notice periods associated with the underlying funds.

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 a stock exchange.

## **PIONEER INSTITUTE, INC.**

Notes to Financial Statements

Year Ended September 30, 2016 (with Comparative Totals for 2015)

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 which notice periods for redemption are 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.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement.

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 change 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 DEPRECIATION:**

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 software and 5-years for office equipment and furniture and fixtures. 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.

PIONEER purchased an office condominium located at 185 Devonshire Street in Boston Massachusetts on December 29, 2012 for \$800,000. PIONEER has since undertaken improvements to the space, which has been capitalized as part of the cost of the property. PIONEER has adopted a useful life of 40 years for the condominium and began depreciating the property in November 2013 concurrent with occupancy.

### **NON-PROFIT STATUS AND INCOME TAXES:**

PIONEER is recognized by the Internal Revenue Service 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, while income from any unrelated business may be subject to tax. Donors may deduct contributions made to PIONEER within Internal Revenue Code regulations.

## PIONEER INSTITUTE, INC.

Notes to Financial Statements

Year Ended September 30, 2016 (with Comparative Totals for 2015)

### UNCERTAIN TAX POSITIONS:

PIONEER accounts 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.

### 2015 COMPARATIVE INFORMATION:

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Pioneer’s financial statements for the year ended September 30, 2015 from which the summarized information was derived.

### NOTE B – PROPERTY & EQUIPMENT

PIONEER’s investments in property and equipment as of September 30<sup>th</sup> were comprised of the following:

	<u>2016</u>	<u>2015</u>
Property	\$952,984	\$952,984
Furniture & Fixtures	23,896	23,895
Office Equipment	40,172	40,172
Software	126,927	119,427
Subtotal	1,143,979	1,136,479
Less: Accumulated Depreciation	(225,376)	(179,482)
Net Property & Equipment	<u>\$918,603</u>	<u>\$956,997</u>

### NOTE C - RESTRICTED NET ASSETS

Permanently restricted net assets are available for the following specific programs at September 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Colby Hewitt Endowment for Health Care	\$266,124	\$243,733
<b>Total Permanently Restricted</b>	<u>\$266,124</u>	<u>\$243,733</u>

Temporarily restricted net assets are available for the following specific programs at September 30, 2016 and 2015:

**PIONEER INSTITUTE, INC.**

Notes to Financial Statements

Year Ended September 30, 2016 (with Comparative Totals for 2015)

	<u>2016</u>	<u>2015</u>
Development Activities & Direct Mail Campaign	\$42,868	\$90,761
Lovett C. Peters Memorial Fund	130,055	135,844
Roger Perry Internship Fund	59,550	-
Pioneer Education	365,158	534,319
Pioneer Opportunity	76,564	-
PioneerPublic	-	19,000
<b>Total Temporarily Restricted</b>	<b><u>\$674,195</u></b>	<b><u>\$779,924</u></b>

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

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by the donor. For the years ended September 30, 2016 and 2015, the following purpose restrictions were accomplished:

	<u>2016</u>	<u>2015</u>
Development Activities & Direct Mail Campaign	\$47,893	\$48,897
Communications	2,000	-
Lovett C. Peters Memorial Fund	5,833	85,939
Roger Perry Internship Program	10,500	-
Pioneer Education	512,356	267,206
Pioneer Opportunity	3,225	-
PioneerHealth	74,796	86,488
PioneerPublic	115,200	183,791
Lovett C. Peters Lecture Series	3,250	5,250
<b>Net Assets Released from Restrictions</b>	<b><u>\$775,054</u></b>	<b><u>\$677,571</u></b>

**NOTE E – FAIR VALUE OF INVESTMENTS**

Investments are reported at fair value in the accompanying statements of net assets.

September 30, 2015	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)
<b>Equity Mutual Funds &amp; Equity Index Funds</b>	\$98,502	\$98,502
<b>Corporate Bond Funds</b>	403,692	403,692
<b>Governmental Bond Funds</b>	168,355	168,355
<b>Equities (Domestic or UK with International Operations)</b>	227,404	227,404
<b>Real Estate Investment Trusts (Equity &amp; Index Funds)</b>	201,449	201,449
<b>Money Market Funds</b>	938,989	938,955

**PIONEER INSTITUTE, INC.**

Notes to Financial Statements

Year Ended September 30, 2016 (with Comparative Totals for 2015)

SFAS 157, Fair Value Measurements, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. PIONEER's investments are comprised solely of Level 1 assets.

**NOTES F – INVESTMENTS**

The fair market values at September 30, 2016 and 2015 are as follows:

Description	2016	2015
Equity Mutual Funds and Equity Index Funds	\$98,502	\$56,151
Corporate Bond Funds	403,692	137,314
Government Bond Funds	168,355	150,617
Equities (Domestic or UK with International Operations)	227,404	259,716
Real Estate Investment Trusts (Equity and Index Funds)	201,449	78,472
Money Market Fund	938,989	435,811
<b>Total</b>	<b><u>\$2,038,391</u></b>	<b><u>\$1,118,081</u></b>

Investment income from cash equivalents and investments is comprised of the following for the years ended September 30, 2016 and 2015.

Description	2016	2015
Dividend & Interest	\$48,087	\$33,861
Net Realized Gains (Losses)	401	(4,169)
Net Unrealized Gains (Losses)	83,746	5,760
<b>Total</b>	<b><u>\$132,234</u></b>	<b><u>\$35,452</u></b>

**NOTE G – AGENCY TRANSACTION**

PIONEER holds no "pass through" grants as of September 30, 2016.

**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 will match 50% of the contribution up to the first 6% of the employee's salary. Employees vest immediately in employer contribution credited to their accounts.

# PIONEER INSTITUTE, INC.

Notes to Financial Statements

Year Ended September 30, 2016 (with Comparative Totals for 2015)

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

PIONEER maintains several bank accounts at two large regional financial institutions. The unlimited insurance coverage for noninterest-bearing transaction accounts provided under the Dodd-Frank Wall Street Reform and Consumer Protection Act expired on December 31, 2012. 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 insured up to at least \$250,000. At times, PIONEER's aggregate bank balances exceed the available limit of insurance, although management regularly monitors their cash positions to minimize any potential exposure to any uninsured losses.

## **Note K – RESTRICTED ENDOWMENT NET ASSETS**

PIONEER holds endowment funds under the name of the Colby Hewitt Endowment for the benefit of an annual lecture on healthcare. These funds are valued at the market value of the investments that make up this endowment. The values of the original donations are classified as permanently restricted net assets and appreciation of endowment assets that are not immediately available to withdraw are classified as permanently restricted net assets.

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

The board of trustees of Pioneer has interpreted the 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 a result of this interpretation, the Fund classifies as permanently restricted net assets (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.

### ***Fund-by-Fund Analysis:***

#### ***(a) Changes in Endowment Net Assets***

Changes in endowment net assets for the year ended September 30, 2016 are as follows:

	Permanently <u>Restricted</u>	Total Fair <u>Market Value</u>
Endowment Net Assets as of September 30, 2015	\$243,733	\$243,733
Plus: Investment Income	10,821	10,822
Plus: Net Gain (Loss) on Investments	<u>17,617</u>	<u>17,617</u>
Total Investment Return	<u>28,438</u>	<u>28,439</u>
Plus: Contributions	2,000	2,000
Less: Endowment Assets released from restriction	<u>(8,046)</u>	<u>(8,046)</u>
Endowment Assets as of September 30, 2016	<u>\$266,125</u>	<u>\$266,126</u>



## **PIONEER INSTITUTE, INC.**

Notes to Financial Statements

Year Ended September 30, 2016 (with Comparative Totals for 2015)

### ***(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 are classified as a reduction of unrestricted net assets. There were no deficiencies of this nature as of September 30, 2016.

### ***(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 with a long-term target asset

#### ***Investment Objectives Relate to Spending Policy***

PIONEER's investment objectives are to maintain preservation of 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% annual for endowment purposes. Because the Fund's spending is expected to be less than the long-term real rate of investment return, the purchasing power of the endowment should increase over the long-term.

### **NOTE L – SUBSEQUENT EVENTS**

On December 21, 2016, PIONEER entered into an agreement with a non-profit entity that shares a common board member to provide film production services to PIONEER.