

# 2024 & 2023 Consolidated Financial Statements

## PIONEER INSTITUTE, INC.

185 Devonshire Street; Suite 1101  
Boston, Massachusetts 02110  
Year Ended September 30, 2024 and 2023

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**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

### ***Opinion***

We have audited the accompanying consolidated financial statements of PIONEER INSTITUTE, INC. (PIONEER INSTITUTE) a not-for-profit organization, which comprise the consolidated statements of financial position as of September 30, 2024 and 2023, and the related consolidated statements of activities, cash flows, and functional expenses by program for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PIONEER INSTITUTE, INC. as of September 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

### ***Basis of Opinion***

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

### ***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.

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

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Other Matters***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information included in the Consolidating Statements of Financial Position and Consolidating Statements of Activities is presented solely for additional analysis and is a required part of the basic financial statements. Such information is the representation of PIONEER INSTITUTE's management and we do not express an opinion or any form of assistance thereon.

Respectfully,

*Glenn Ricciardelli, PC*

Boston, Massachusetts

January 11, 2025

# PIONEER INSTITUTE, INC. & AFFILIATE

Consolidated Statements of Financial Position

Years Ended September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b><u>ASSETS:</u></b>		
<i>Current Assets:</i>		
Cash & Cash Equivalents (Note A)	\$ 1,427,329	\$ 1,780,467
Contributions Receivable (Note A)	987,801	191,750
Prepaid Expenses & Deposits	153,853	76,127
Total Current Assets	<u>2,568,983</u>	<u>2,048,344</u>
<i>Noncurrent Assets:</i>		
Investments (Note D)	6,074,121	4,685,940
Property	1,035,782	992,864
Furniture and Fixtures	23,896	23,896
Office Equipment	56,040	49,507
Software	187,912	162,412
Subtotal	<u>1,303,630</u>	<u>1,228,679</u>
Less: Accumulated Depreciation & Amortization	<u>(519,385)</u>	<u>(484,325)</u>
Net Property & Equipment	<u>784,245</u>	<u>744,354</u>
Total Noncurrent Assets	<u>6,858,366</u>	<u>5,430,294</u>
<b>Total Assets</b>	<b><u>\$ 9,427,349</u></b>	<b><u>\$ 7,478,638</u></b>
<b><u>LIABILITIES:</u></b>		
Accounts Payable and Accrued Expenses	\$ 222,039	\$ 207,862
<b>Total Liabilities</b>	<u>222,039</u>	<u>207,862</u>
<b><u>NET ASSETS:</u></b>		
Without Donor Restrictions	6,783,656	5,255,980
With Donor Restrictions (Note B)	2,421,654	2,014,796
<b>Total Net Assets</b>	<u>9,205,310</u>	<u>7,270,776</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 9,427,349</u></b>	<b><u>\$ 7,478,638</u></b>

The Accompanying Notes are an Integral Part of these Financial Statements.

## PIONEER INSTITUTE, INC. & AFFILIATE

Consolidated Statements of Activities

Years Ended September 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b><i>CHANGE in NET ASSETS:</i></b>						
Revenues:						
Contributions	\$ 3,697,407	\$ 1,929,216	\$ 5,626,623	\$ 3,166,529	\$ 1,257,946	\$ 4,424,475
Sales of Publications, Tickets, & Other Revenue	81,341	9,265	90,606	4,156	6,500	10,656
Total Gifts, Grants & Other Receipts	3,778,748	1,938,481	5,717,229	3,170,685	1,264,446	4,435,131
Net Assets Released from Restrictions: (Note C)	1,730,680	(1,730,680)	-	1,085,865	(1,085,865)	-
<b>Total Support and Revenues</b>	<b>5,509,428</b>	<b>207,801</b>	<b>5,717,229</b>	<b>4,256,550</b>	<b>178,581</b>	<b>4,435,131</b>
Expenses:						
Management & General Operations	359,477	-	359,477	329,729	-	329,729
Fund Raising	1,044,806	-	1,044,806	694,788	-	694,788
Outreach & Public Communications	571,625	-	571,625	487,959	-	487,959
<i>Major Program Expenses:</i>						
PioneerEducation & American Citizenship	899,463	-	899,463	818,875	-	818,875
PioneerOpportunity	708,753	-	708,753	454,385	-	454,385
PioneerHealth & Life Sciences	655,431	-	655,431	621,980	-	621,980
Pioneer Public Transparency	-	-	-	139,493	-	139,493
Lovett C. Peters Lecture Series	105,582	-	105,582	92,269	-	92,269
Legal activities	349,244	-	349,244	424,873	-	424,873
Subtotal Program Expenses	2,718,473	-	2,718,473	2,551,875	-	2,551,875
<b>Total Expenses</b>	<b>4,694,380</b>	<b>-</b>	<b>4,694,380</b>	<b>4,064,351</b>	<b>-</b>	<b>4,064,351</b>
<b>OTHER INCOME</b>						
Transfer board designated funds to Hewitt endowment			-	(80,000)	80,000	-
Interest Income	31,397	2,877	34,274	22,110	5,390	27,500
Dividend Income	48,266	14,514	62,780	43,854	10,912	54,766
Realized gains (losses) on long-term investments	29,145	103,006	132,151	41,063	(8,626)	32,437
Unrealized gains (losses) on long-term investments	603,821	78,659	682,480	330,923	77,391	408,314
Subtotal	712,628	199,057	911,685	357,950	165,067	523,017
Change in net assets	1,527,676	406,858	1,934,534	550,149	343,648	893,797
<b><i>NET ASSETS: Beginning of Year</i></b>	<b>5,255,980</b>	<b>2,014,796</b>	<b>7,270,776</b>	<b>4,705,831</b>	<b>1,671,148</b>	<b>6,376,979</b>
<b><i>NET ASSETS: End of Year</i></b>	<b>\$ 6,783,656</b>	<b>\$ 2,421,654</b>	<b>\$ 9,205,310</b>	<b>\$ 5,255,980</b>	<b>\$ 2,014,796</b>	<b>\$ 7,270,776</b>

The Accompanying Notes are an Integral Part of these Financial Statements.

## PIONEER INSTITUTE, INC. & AFFILIATE

Consolidated Statements of Cash Flows

Years Ended September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b><u>CASH FLOWS from OPERATING ACTIVITIES:</u></b>		
Change in net assets	\$ 1,934,534	\$ 893,797
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation & Amortization	35,060	25,460
Unrealized (gains) losses on long-term securities	(682,480)	(408,314)
Realized (gains) losses on long-term securities	(132,151)	(32,437)
Contributions permanently restricted	(35,000)	(40,000)
(Increase) decrease in operating assets:		
Contribution Receivable	(796,051)	168,275
Prepaid expenses and deposits	(77,726)	(49,212)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	14,177	54,620
<b>Net Cash Provided by Operating Activities</b>	<b><u>260,363</u></b>	<b><u>612,189</u></b>
<b><u>CASH FLOWS from INVESTING ACTIVITIES:</u></b>		
Purchase of property and equipment	(74,951)	-
Purchase and income reinvestments of long-term securities	(4,843,374)	(3,259,853)
Sales of long-term securities	4,269,824	2,589,948
<b>Net Cash Used in Investing Activities</b>	<b><u>(648,501)</u></b>	<b><u>(669,905)</u></b>
<b><u>CASH FLOWS from FINANCING ACTIVITIES:</u></b>		
Contributions permanently restricted	35,000	40,000
<b>Net Cash Provided by Financing Activities</b>	<b><u>35,000</u></b>	<b><u>40,000</u></b>
<b><u>NET DECREASE IN CASH &amp; CASH EQUIVALENTS:</u></b>	<b>(353,138)</b>	<b>(17,716)</b>
<b><u>CASH &amp; CASH EQUIVALENTS: - Beginning of Year</u></b>	<b><u>1,780,467</u></b>	<b><u>1,798,182</u></b>
<b><u>CASH &amp; CASH EQUIVALENTS: - End of Year</u></b>	<b><u>\$ 1,427,329</u></b>	<b><u>\$1,780,466</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. & AFFILIATE**

Statement of Functional Expenses

Years Ended September 30, 2024 and 2023

Description	FY 2024 MAJOR RESEARCH & PROGRAM CATEGORIES						FY 2024 SUPPORTING SERVICES			FY 2024 Total Expenses
	Pioneer Education & American Citizenship	Pioneer Opportunity	Pioneer Health & Life Sciences	Pioneer Public Transparency	LCP Lecture Series	PioneerLegal LLC	Public Outreach	Management & General Operations	Fundraising	
<i>OPERATING EXPENSES:</i>										
EMPLOYMENT COSTS	\$ 465,916	\$ 462,564	\$ 366,639	\$ -	\$ 6,479	\$ 264,098	\$ 308,590	\$ 181,013	\$ 763,358	\$ 2,818,658
CONSULTANTS & AUDIT	81,940	70,736	54,478	-	5,196	3,915	130,054	30,227	66,296	442,843
RESEARCH EXPENSES	109,730	49,225	125,835	-	-	32,231	22,300	-	2,500	341,821
PRINTING & DESIGN	27,543	9,075	7,433	-	5,191	5,085	14,553	1,970	41,800	112,650
ADVERTISING & DISTRIBUTION	81,950	75,573	21,772	-	9	315	49,499	4,715	26,622	260,456
EVENTS & MEETINGS	44,242	2,335	18,357	-	88,286	18,389	84	45,137	41,501	258,331
STAFF BUSINESS EXPENSES	5,440	288	21,848	-	-	3,995	887	1,942	25,934	60,334
OFFICE OPERATIONS	27,782	34,073	26,697	-	351	21,214	42,496	58,013	62,135	272,761
Subtotal	844,543	703,868	643,060	-	105,514	349,244	568,462	323,018	1,030,146	4,567,854
BANK & FULFILLMENT CHARGES	-	-	-	-	-	-	-	34,707	6,758	41,466
DEPRECIATION & AMORTIZATION	4,920	4,885	12,372	-	68	-	3,163	1,752	7,901	35,060
CONTRIBUTIONS	50,000	-	-	-	-	-	-	-	-	50,000
Total Other Expenses	54,920	4,885	12,372	-	68	-	3,163	36,459	14,659	126,526
Total Expenses	\$ 899,463	\$ 708,753	\$ 655,431	\$ -	\$ 105,582	\$ 349,244	\$ 571,625	\$ 359,477	\$ 1,044,806	\$ 4,694,380

Description	FY 2023 MAJOR RESEARCH & PROGRAM CATEGORIES						FY 2023 SUPPORTING SERVICES			FY 2023 Total Expenses
	Pioneer Education & American Citizenship	Pioneer Opportunity	Pioneer Health & Life Sciences	Pioneer Public Transparency	LCP Lecture Series	PioneerLegal LLC	Public Outreach	Management & General Operations	Fundraising	
<i>OPERATING EXPENSES:</i>										
EMPLOYMENT COSTS	\$ 509,017	\$ 329,502	\$ 315,622	\$ 55,658	\$ 4,005	\$ 336,785	\$ 279,022	\$ 183,515	\$ 416,059	\$ 2,429,185
CONSULTANTS & AUDIT	68,408	24,152	60,848	13,885	1,767	10,393	97,844	29,679	170,799	477,776
RESEARCH EXPENSES	108,000	26,440	146,325	33,380	1,000	26,777	-	-	-	341,922
PRINTING & DESIGN	12,785	6,325	12,391	-	5,063	10,534	26,592	1,329	8,596	83,615
ADVERTISING & DISTRIBUTION	63,516	35,503	44,615	29,171	3	504	34,819	1,934	6,797	216,862
EVENTS & MEETINGS	10,070	850	3,254	-	80,067	25,666	608	47,425	21,799	189,739
STAFF BUSINESS EXPENSES	4,115	575	12,866	115	40	1,389	4,435	404	10,905	34,844
OFFICE OPERATIONS	36,708	26,890	22,087	6,584	275	12,825	41,366	33,083	45,547	225,365
Subtotal	812,619	450,237	618,008	138,793	92,220	424,873	484,686	297,369	680,502	3,999,307
BANK & FULFILLMENT CHARGES	-	-	-	-	-	-	-	30,293	9,292	39,585
DEPRECIATION & AMORTIZATION	6,256	4,147	3,973	701	50	-	3,274	2,066	4,993	25,460
CONTRIBUTIONS	-	-	-	-	-	-	-	-	-	-
Total Other Expenses	6,256	4,147	3,973	701	50	-	3,274	32,359	14,285	65,045
Total Expenses	\$ 818,875	\$ 454,384	\$ 621,981	\$ 139,494	\$ 92,270	\$ 424,873	\$ 487,960	\$ 329,728	\$ 694,787	\$ 4,064,352

The Accompanying Notes are an Integral Part of these Financial Statements.



# PIONEER INSTITUTE, INC. & AFFILIATE

Notes to Consolidated Financial Statements

Years Ended September 30, 2024 and 2023

## **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.

PIONEERLEGAL, LLC, D/B/A PIONEER PUBLIC INTEREST LAW CENTER, (THE AFFILIATE) is a not-for-profit public interest law firm established in December 2021 as an LLC with PIONEER as its sole member. The AFFILIATE has its own Board of Directors whose membership must be approved by PIONEER along with its budget, the appointment of its president, and other significant transactions. Unless otherwise indicated, these consolidated entities are hereinafter referred to as "the ORGANIZATION".

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

The financial statements of the ORGANIZATION 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 the ORGANIZATION are subsequently described to enhance the usefulness and understandability of the financial statements.

#### Financial Statement Presentation:

##### Principles of Consolidation

The Consolidated Financial Statements include the accounts of PIONEER and the AFFILIATE. All significant intercompany accounts have been eliminated in consolidation.

##### 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

## PIONEER INSTITUTE, INC. & AFFILIATE

Notes to Consolidated Financial Statements

Years Ended September 30, 2024 and 2023

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 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. The release of endowment assets amounted to \$16,785 and \$15,471, in the years ended September 30, 2024 and 2023, respectively.

### Revenue and Revenue Recognition:

The ORGANIZATION 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 the ORGANIZATION's employees.

### Contributions Receivable:

Contributions Receivable represent amounts unconditionally pledged by donors that have not yet been received by the ORGANIZATION. Contributions receivable were \$987,801 and \$191,750 as of September 30, 2024 and 2023, respectively.

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.

## PIONEER INSTITUTE, INC. & AFFILIATE

Notes to Consolidated Financial Statements

Years Ended September 30, 2024 and 2023

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 on September 30, 2024 and 2023.

### Donated Services:

The in-kind contributions in 2024 and 2023 consisted of donated accounting and tax preparation services valued by management at \$20,000 and \$20,000 respectively, which are included in Management & General Operations revenues and expenses. During 2024 and 2023, PIONEER received \$73,380 and \$118,121, respectively, in in-kind contributions for social media advertisements and marketing consulting services, which are reported both as revenues and expenses in the program areas advertised. Additionally, during 2024 and 2023, PIONEER received \$27,383 and \$21,641, respectively, in event expenses as an in-kind donation.

The ORGANIZATION also receives a significant amount of donated services from unpaid volunteers who assist in fundraising, and other 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. The AFFILIATE receives pro-bono assistance with various mission-related litigation and amicus brief drafting. The AFFILIATE is unable to accurately assess the value of the services provided, and therefore, has not reflected the value in the financial statements.

### Cash and Cash Equivalents:

The ORGANIZATION maintains its cash and cash equivalents in bank deposit accounts or in money market mutual funds. Management believes the ORGANIZATION is not exposed to any significant credit risk on cash and cash equivalents (see Note G).

The ORGANIZATION 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. & AFFILIATE

Notes to Consolidated Financial Statements

Years Ended September 30, 2024 and 2023

### Investments:

The ORGANIZATION 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. The ORGANIZATION has no non-financial assets or liabilities required to be accounted for on a non-recurring basis. Fair values of financial instruments for which the ORGANIZATION 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, and as increases or decreases in net assets without restrictions in all other cases.

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

The ORGANIZATION 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, the ORGANIZATION 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 the ORGANIZATION 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 ASC 820, 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

## PIONEER INSTITUTE, INC. & AFFILIATE

Notes to Consolidated Financial Statements

Years Ended September 30, 2024 and 2023

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 the ORGANIZATION's investment assets are classified within Level 1 because they are composed 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. The ORGANIZATION 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 Statements of Functional Expenses. The Statements of Functional Expenses present the natural classification detail of expenses by function. The ORGANIZATION 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.

### Nonprofit Status and Income Taxes:

The ORGANIZATION 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 the ORGANIZATION under sections 170(b)(1)(A)(vi) and (viii) of the Internal Revenue Code. The ORGANIZATION is required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the ORGANIZATION 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, 2023 & 2022, the ORGANIZATION 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.

## PIONEER INSTITUTE, INC. & AFFILIATE

Notes to Consolidated Financial Statements

Years Ended September 30, 2024 and 2023

### Uncertain Tax Positions:

The ORGANIZATION is not currently under examination by any taxing jurisdiction. The ORGANIZATION's federal and state tax returns are generally open for examination for 3-years following the date filed.

### **NOTE B - NET ASSETS WITH DONOR RESTRICTIONS**

Endowment net assets are available for the following specific uses on September 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
<u>Endowment Assets:</u>		
Colby Hewitt Endowment - Health Care	\$ 753,347	\$ 594,893
Tyler Family Endowment - General Operating Purposes	<u>323,586</u>	<u>264,768</u>
Total Endowment Assets	<u><u>\$ 1,076,933</u></u>	<u><u>\$ 859,661</u></u>

Other net assets with restrictions are available for the following specific programs on September 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Other Net Assets:		
Outreach & Public Communications	\$ 351,237	\$ 280,740
PioneerEducation & American Citizenship	257,500	530,934
Development Activities	230,600	-
PioneerHealth & Life Sciences	189,676	138,100
Lovett C. Peters Lecture Series	127,688	105,000
PioneerOpportunity	65,970	76,402
PioneerLegal	65,500	-
Roger Perry Internship Fund	56,550	5,415
Lovett C. Peters Memorial Fund	<u>-</u>	<u>18,544</u>
Total Other Net Assets	<u><u>1,344,721</u></u>	<u><u>1,155,135</u></u>
Total Net Assets with Donor Restrictions	<u><u>\$ 2,421,654</u></u>	<u><u>\$ 2,014,796</u></u>

## PIONEER INSTITUTE, INC. & AFFILIATE

Notes to Consolidated Financial Statements

Years Ended September 30, 2024 and 2023

### NOTE C - 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, 2024 and 2023 as follows:

	September 30,	
	2024	2023
Other Net Assets:		
Outreach & Public Communications	\$ 351,237	\$ 280,740
PioneerEducation & American Citizenship	257,500	530,934
Development Activities	230,600	-
PioneerHealth & Life Sciences	189,676	138,100
Lovett C. Peters Lecture Series	127,688	105,000
PioneerOpportunity	65,970	76,402
PioneerLegal	65,500	-
Roger Perry Internship Fund	56,550	5,415
Lovett C. Peters Memorial Fund	-	18,544
Total Other Net Assets	<u>1,344,721</u>	<u>1,155,135</u>
 Total Net Assets with Donor Restrictions	<u><u>\$ 2,421,654</u></u>	<u><u>\$ 2,014,796</u></u>

### NOTE D – INVESTMENTS

The fair market values of the ORGANIZATION's investments on September 30, 2024 and 2023 are summarized as follows:

	2024	2023
Corporate Bond and Bond Funds	\$ 627,626	\$ 587,194
Equities	3,293,389	2,122,268
Real Estate Investment Trusts (Equity & Index Funds)	34,979	13,296
International Equities	18,205	315,051
Short-term Treasuries & Money Market Mutual Fund	2,099,923	1,648,131
Total	<u><u>\$ 6,074,122</u></u>	<u><u>\$ 4,685,940</u></u>

Investment income from cash equivalents and investments is composed of the following for the years ended September 30, 2024 and 2023:

	2024	2023
Interest and Dividend Income	\$ 97,054	\$ 82,266
Net Realized Gain (Loss)	132,151	32,437
Net Unrealized Gain (Loss)	682,480	408,314
Total Net Investment Income (Loss)	<u><u>\$ 911,685</u></u>	<u><u>\$ 523,017</u></u>

## PIONEER INSTITUTE, INC. & AFFILIATE

Notes to Consolidated Financial Statements

Years Ended September 30, 2024 and 2023

### NOTES E - AVAILABILITY AND LIQUIDITY

The ORGANIZATION has a goal to maintain financial assets, which consist of cash, contributions receivable, and short-term investments, on-hand to meet 150 days of the prior year's operating expenses, which on average, amounted to \$1,523,406 in 2024 and \$1,344,940 in 2023. The AFFILIATE has not yet established such a policy. The ORGANIZATION 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, the ORGANIZATION 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 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 for such purpose as of September 30, 2024 and 2023. In 2024, Pioneer's board voted to expend \$125,000 from Board Designated funds for non-operating purposes related to grants to other organizations. Of those grants, \$50,000 is reported as a liability as of September 30, 2024.

The following represents the ORGANIZATION 's financial assets as of September 30, 2024 and 2023:

	September 30,	
	<u>2024</u>	<u>2023</u>
Total Financial Assets as of September 30th	\$ 8,489,251	\$6,658,156
Less: Unavailable for General Expenditures within 1-year, due to Contractual or Donor-Imposed Restrictions:		
Contractual or Donor-Imposed Restrictions:	(1,076,933)	(859,661)
Restricted by Donor with Time or Purpose Restrictions	-	-
Less: Board Designations:		
Quasi-Endowment Fund, primarily for Long-Term Investing	(3,601,409)	(2,588,832)
Amounts set aside for Liquidity Reserve	<u>(1,523,406)</u>	<u>(1,344,940)</u>
Financial Assets Available for General Expenditures within 1-Year	<u>\$ 2,287,503</u>	<u>\$1,864,723</u>

### NOTE F - CONTRIBUTORY RETIREMENT PLAN

The ORGANIZATION offers a defined contribution plan (401(k) plan) administered by a third party whereby employees could contribute up to IRS maximums. The ORGANIZATION makes a non-elective contribution in an amount equal to 4-percent of each employee's compensation up to \$345,000 and \$330,000 in calendar years 2024 and 2023, respectively. Employees vest immediately in the ORGANIZATION 's contribution credited to their accounts. During the years ended September 30, 2024 and 2023, employer contributions to the plan totaled \$85,582 and \$59,478, respectively.



## **PIONEER INSTITUTE, INC. & AFFILIATE**

Notes to Consolidated Financial Statements

Years Ended September 30, 2024 and 2023

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

The ORGANIZATION 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, the ORGANIZATION'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 H - 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. Unexpended appreciation on restricted assets is included in endowment assets unless otherwise instructed by the donor. In 2023, PIONEER'S board voted to transfer \$80,000 from Board-designated funds to the Colby Hewitt Endowment.

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

The Board of Directors of the ORGANIZATION 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, 2024 and 2023, 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. The ORGANIZATION considers the following factors in deciding 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. & AFFILIATE

Notes to Consolidated Financial Statements

Years Ended September 30, 2024 and 2023

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

(a) ***Changes in Endowment Net Assets*** Changes in endowment net assets for the years ended September 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Endowment Assets as of September 30th	\$ 859,662	\$ 670,065
Add: Investment Income	17,391	16,303
Add: Net Gain on Investments	<u>181,665</u>	<u>68,765</u>
Total Investment Return	199,056	85,068
Add: Contributions, including transfer from Board-designated funds	35,000	120,000
Less: Assets Released from Restrictions	<u>(16,785)</u>	<u>(15,471)</u>
Subtotal	<u>18,215</u>	<u>104,529</u>
Endowment Assets - end of year:	<u><u>\$ 1,076,933</u></u>	<u><u>\$ 859,662</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, 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, 2024 and 2023.

### ***(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 I - BOARD DESIGNATED FUNDS**

Net Assets Without Donor Restrictions include the governing Board Designated Funds. The following is a summary of the balances of these funds on September 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Total Board Designated Funds as of September 30th	<u><u>\$ 3,601,409</u></u>	<u><u>\$ 2,588,832</u></u>

## **PIONEER INSTITUTE, INC. & AFFILIATE**

Notes to Consolidated Financial Statements

Years Ended September 30, 2024 and 2023

### **NOTE J – OPERATING LEASE**

On July 28, 2023, the Organization signed a Space Sharing License Agreement for the use of one exterior office suite of approximately 160 square feet in a building known as Suite 825 East located at 101 Constitution Avenue, Washington, DC. The agreement extends for 24 months, commencing on September 1, 2023 and expiring on September 30, 2025. The monthly rent is \$2,500 for year one and \$2,575 for year two of the agreement. Total rent for the location for the year ended September 30, 2024 and 2023 totaled \$30,000 and \$2,500, respectively. Future minimum lease payments are as follows:

Year Ending September 30, 2025	<u>\$ 28,325</u>
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### **NOTE K – SHARED SERVICES**

During 2023, PIONEER was subject to a shared services agreement with an entity for office space and administrative support. Under the agreement, PIONEER was paid \$1,527 for services rendered, which is included in Other Revenue in the Statement of Activities.

### **NOTE L - RELATED PARTY**

During 2024, the Organization entered into an agreement with a venue controlled by a board member to host a programming event the following fiscal year. In 2024, as part of the agreement, the Organization paid \$13,500 in deposits to the venue.

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

Subsequent events have been evaluated through January 11, 2025, the date the financial statements were available to be issued.

## PIONEER INSTITUTE, INC. & AFFILIATE

Consolidating Statements of Financial Position

As of September 30, 2024

	Pioneer Institute	PioneerLegal	Eliminations	Consolidated Total
<b><u>ASSETS:</u></b>				
<i>Current Assets:</i>				
Cash & Cash Equivalents (Note A)	\$ 1,158,387	\$ 268,942	\$ -	\$ 1,427,329
Contributions Receivable (Note A)	833,801	154,000	-	987,801
Due from Affiliate	-	12,370	(12,370)	-
Prepaid Expenses & Deposits	140,353	13,500	-	153,853
<b>Total Current Assets</b>	<b>2,132,541</b>	<b>448,812</b>	<b>(12,370)</b>	<b>2,568,983</b>
<i>Noncurrent Assets:</i>				
Investments (Note D)	\$ 6,074,121	-	-	6,074,120
Property	1,035,782	-	-	1,035,783
Furniture and Fixtures	23,896	-	-	23,896
Office Equipment	56,040	-	-	56,040
Software	187,912	-	-	187,912
Subtotal	1,303,630	-	-	1,303,631
Less: Accumulated Depreciation & Amortization	(519,385)	-	-	(519,385)
Net Property & Equipment	784,245	-	-	784,246
<b>Total Noncurrent Assets</b>	<b>6,858,366</b>	<b>-</b>	<b>-</b>	<b>6,858,366</b>
<b>Total Assets</b>	<b>\$ 8,990,907</b>	<b>\$ 448,812</b>	<b>\$ (12,370)</b>	<b>\$ 9,427,349</b>
<b><u>LIABILITIES:</u></b>				
Accounts Payable and Accrued Expenses	\$ 206,423	\$ 15,616	\$ -	\$ 222,039
Due to Affiliate	12,370	-	(12,370)	-
<b>Total Liabilities</b>	<b>218,793</b>	<b>15,616</b>	<b>(12,370)</b>	<b>222,039</b>
<b><u>NET ASSETS:</u></b>				
Without Donor Restrictions	6,415,960	367,696	-	6,783,656
With Donor Restrictions (Note B)	2,356,154	65,500	-	2,421,654
<b>Total Net Assets</b>	<b>8,772,114</b>	<b>433,196</b>	<b>-</b>	<b>9,205,310</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 8,990,907</b>	<b>\$ 448,812</b>	<b>\$ (12,370)</b>	<b>\$ 9,427,349</b>

**PIONEER INSTITUTE, INC. & AFFILIATE**

Consolidating Statements of Activities

As of September 30, 2024

	<u>Pioneer Institute</u>	<u>PioneerLegal</u>	<u>Eliminations</u>	<u>Consolidated Total</u>
<b><u>CHANGE in NET ASSETS:</u></b>				
Revenues:				
Contributions	\$ 5,030,905	\$ 675,718	(80,000)	\$ 5,626,623
Sales of Publications, Tickets, etc.	184,532	-	(93,926)	90,606
<b>Total Support and Revenues</b>	<b>5,215,437</b>	<b>675,718</b>	<b>(173,926)</b>	<b>5,717,229</b>
Expenses:				
Management & General Operations	413,897	81,936	(136,356)	359,477
Fund Raising	1,027,087	45,896	(28,178)	1,044,806
Outreach & Public Communications	555,983	25,034	(9,393)	571,625
<i>Major Program Expenses:</i>				
PioneerEducation & American Citizenship	899,463	-	-	899,463
PioneerOpportunity	708,753	-	-	708,753
PioneerHealth & Life Sciences	655,431	-	-	655,431
Pioneer Public Transparency	-	-	-	-
Lovett C. Peters Lecture Series	105,582	-	-	105,582
Legal activities	-	349,244	-	349,244
Subtotal Program Expenses	2,369,229	349,244	-	2,718,473
<b>Total Expenses</b>	<b>4,366,196</b>	<b>502,110</b>	<b>(173,926)</b>	<b>4,694,380</b>
Transfer-Board Designated Funds to Hewitt Endowment	-	-	-	-
Interest Income	34,252	22	-	34,274
Dividend Income	62,780	-	-	62,780
Realized Gains on Long-term Investments	132,151	-	-	132,151
Unrealized Gains on Long-term Investments	682,480	-	-	682,480
Subtotal	<b>911,663</b>	<b>22</b>	<b>-</b>	<b>911,685</b>
Change in Net Assets	<b>1,760,904</b>	<b>173,630</b>	<b>-</b>	<b>1,934,534</b>
<b><u>NET ASSETS: Beginning of Year</u></b>	<b><u>7,011,210</u></b>	<b><u>259,566</u></b>	<b><u>-</u></b>	<b><u>7,270,776</u></b>
<b><u>NET ASSETS: End of Year</u></b>	<b><u>\$ 8,772,114</u></b>	<b><u>\$ 433,196</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 9,205,310</u></b>