

2014 & 2013 Annual Financial Statements

PIONEER INSTITUTE, INC.

185 Devonshire Street; Suite 1101

Boston, Massachusetts 02110

Year Ended September 30, 2014

(with Comparative Totals for September 30, 2013)

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GLENN RICCIARDELLI, P.C.

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”, which comprise the statement of financial position as of September 30, 2014, the related statements 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 audit. We conducted our audit 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 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, 2014, 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.

Report on Summarized Comparative Information

We have previously audited Pioneer's 2013 financial statements, and our report dated January 16, 2014, 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, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Respectfully,

Glenn Ricciardelli, PC

Boston, Massachusetts

January 20, 2015

PIONEER INSTITUTE, INC.

Statements of Financial Position

Year Ended September 30, 2014 (with Comparative Totals for 2013)

	<u>2014</u>	<u>2013</u>
<u>ASSETS:</u>		
<i>Current Assets:</i>		
Cash & Cash Equivalents (Note A)	\$320,423	\$408,641
Contributions Receivable (Note A)	227,839	164,583
Prepaid Expenses & Deposits	32,971	58,819
Total Current Assets	<u>581,232</u>	<u>632,043</u>
<i>Property & Equipment:</i>		
Property	952,984	942,204
Furniture & Fixtures	23,895	54,086
Office Equipment	40,172	116,830
Software	95,429	193,295
Leasehold Improvements	-	35,498
Subtotal	<u>1,112,481</u>	<u>1,341,913</u>
Less: Accumulated Depreciation & Amortization	<u>(132,880)</u>	<u>(339,936)</u>
Net Property & Equipment	979,601	1,001,977
<i>Other Assets</i>		
Long-Term Investments (Note F)	1,133,935	1,050,170
Long-Term Contributions Receivable	<u>25,000</u>	<u>58,000</u>
Total Assets	<u><u>\$2,719,769</u></u>	<u><u>\$2,742,191</u></u>
<u>LIABILITIES:</u>		
Accounts Payable & Accrued Expenses	<u>\$73,721</u>	<u>\$63,965</u>
Total Liabilities	<u>73,721</u>	<u>63,965</u>
<u>NET ASSETS:</u>		
Unrestricted	1,960,400	1,822,260
Permanently Restricted (Note C)	235,150	219,566
Temporarily Restricted (Note C)	<u>450,498</u>	<u>636,401</u>
Total Net Assets	<u>2,646,047</u>	<u>2,678,226</u>
Total Liabilities and Net Assets	<u><u>\$2,719,769</u></u>	<u><u>\$2,742,191</u></u>

PIONEER INSTITUTE, INC.

Statements of Activities and Changes in Net Assets

Year Ended September 30, 2014 (with Comparative Totals for 2013)

	2014	2013
<u>CHANGE in UNRESTRICTED NET ASSETS:</u>		
Revenues:		
Contributions	\$1,147,042	\$1,037,701
Sales of Publications, Tickets, etc.	7,981	24,146
Total Unrestricted Revenues	<u>1,155,023</u>	<u>1,061,847</u>
Net Assets Released from Restrictions: (Note D)		
Satisfaction of Program Restrictions	587,596	1,582,021
Total Unrestricted Revenues & Assets Released from Restriction	<u>1,742,619</u>	<u>2,643,868</u>
Expenses:		
Management & General Operations	143,281	153,447
Fund Raising	207,713	268,082
Programs:		
Outreach & Public Communications	46,141	44,807
<i>Major Research & Program Categories:</i>		
Lovett C. Peters Memorial	8,187	16,658
Center for School Reform	647,645	516,658
Center for Economic Opportunity	65,012	24,010
Healthcare Initiative	122,574	155,775
Shamie Center for Better Government	332,600	371,865
Middle Cities Initiative	8,097	22,918
Lovett C. Peters Lecture Series	74,302	48,435
Total Expenses	<u>1,655,552</u>	<u>1,622,657</u>
Interest Income	7,353	437
Dividend Income	18,968	15,363
Realized Gains (Losses) on Long-Term Investments	178	(1,326)
Unrealized Gains (Losses) on Long-Term Investments	24,574	(34,028)
Other Income (Expense)	<u>51,073</u>	<u>(19,553)</u>
Increase/(Decrease) in Unrestricted Net Assets	<u>138,140</u>	<u>1,001,659</u>
<u>CHANGE in PERMANENT & TEMPORARILY RESTRICTED NET ASSETS:</u>		
Temporarily Restricted:		
Contributions (Note A, C)	394,489	630,780
Interest Income	16	36
Dividend Income	-	-
Net Assets Released from Restrictions (Note D)	(580,408)	(1,574,037)
Total Increase (Decrease)	<u>(185,903)</u>	<u>(943,221)</u>
Permanently Restricted:		
Contributions - (Note A, C)	4,000	2,500
Interest Income	5	6
Dividend Income	8,567	6,407
Realized Losses on Long Term Investments	(103)	(816)
Unrealized Gains (Losses) on Long Term Investments	10,303	(8,652)
Net Assets Released from Restrictions (Note D)	(7,188)	(7,984)
Total Increase (Decrease)	<u>15,584</u>	<u>(8,539)</u>
<u>INCREASE/(DECREASE) IN NET ASSETS:</u>	(32,179)	49,899
<u>NET ASSETS: Beginning of Year</u>	<u>2,678,226</u>	<u>2,628,327</u>
<u>NET ASSETS: End of Year</u>	<u>\$2,646,047</u>	<u>\$2,678,226</u>

PIONEER INSTITUTE, INC.

Statements of Cash Flows

Year Ended September 30, 2014 (with Comparative Totals for 2013)

	<u>2014</u>	<u>2013</u>
<u>CASH FLOWS from OPERATING ACTIVITIES:</u>		
Change in Net Assets	(\$32,179)	\$49,899
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation & Amortization	44,827	10,534
Decrease/(Increase) in Contributions Receivable	(30,256)	(105,266)
Decrease/(Increase) in Prepaid Expenses & Deposits	25,849	(22,688)
Increase/(Decrease) in Accounts Payable & Accrued Expenses	9,757	9,524
Unrealized Losses/(Gains) on Long Term Investments	(34,877)	42,678
Realized Losses (Gains) in Long Term Investments	(75)	2,142
Contributions Restricted for Purchase of Equipment & Other LT Purposes	(70,016)	-
Contributions Permanently Restricted	(4,000)	(2,500)
Net Cash Used by Operating Activities	<u>(90,970)</u>	<u>(15,677)</u>
<u>CASH FLOWS from INVESTING ACTIVITIES:</u>		
(Purchase) / Sales of Property & Equipment	(22,451)	(1,006,961)
(Purchase & Income Reinvestments) / Sales of Long-Term Investments	(48,813)	901,818
Net Cash Used by Investing Activities	<u>(71,264)</u>	<u>(105,143)</u>
<u>CASH FLOWS from FINANCING ACTIVITIES:</u>		
Contributions Restricted for Purchase of Equipment & Other LT Purposes	70,016	-
Contributions Permanently Restricted	4,000	2,500
Net Cash Used by Financing Activities	<u>74,016</u>	<u>2,500</u>
<u>NET DECREASE IN CASH & CASH EQUIVALENTS:</u>	<u>(88,218)</u>	<u>(118,320)</u>
<u>CASH & EQUIVALENTS: Beginning of Year</u>	<u>408,641</u>	<u>526,961</u>
<u>CASH & EQUIVALENTS: End of Year</u>	<u>\$320,423</u>	<u>\$408,641</u>
<u>SUPPLEMENTAL NON-CASH ACTIVITIES:</u>		
Fully Depreciated Assets Removed or Disposed	<u>\$251,883</u>	<u>\$ -</u>

PIONEER INSTITUTE, INC.
Revenues & Investment Income & Functional Expenses by Program
For the Year Ended September 30th, 2014 (with Comparative Totals for 2013)

Account Number / Description	Revenues & Investment Income & Functional Expenses by Program											FY2014 Total Funding & Expense	FY2013 Total Funding & Expense	
	Management & General Operations	Fund Raising	Lovett C. Peters Memorial Fund	Outreach & Public Communication	MAJOR RESEARCH & PROGRAM CATEGORIES						LCP Lecture Series			Colby Hewitt Endowment
					Center for School Reform	Center for Economic Opportunity	Healthcare Initiative	Shamie Center for Better Government	Middle Class Initiatives					
REVENUE:														
UNRESTRICTED DONATIONS:														
4-1010 · Individual Donations	\$ 805,014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 805,014	\$ 765,443
4-1020 · Corporate Donations	21,100	-	-	-	-	-	-	-	-	-	-	-	21,100	15,308
4-1030 · Foundation Donations	303,428	-	-	-	-	-	-	-	-	-	-	-	303,428	239,450
Total - Unrestricted Donations	1,129,542	-	-	-	-	-	-	-	-	-	-	-	1,129,542	1,020,201
IN-KIND DONATIONS:														
4-1040 · In-Kind Donations	17,500.00	-	-	-	-	-	-	-	-	-	-	-	17,500	17,500
Total - In-Kind Donations	17,500	-	-	-	-	-	-	-	-	-	-	-	17,500	17,500
PERMANENT & TEMPORARILY RESTRICTED DONATIONS:														
4-2010 · Individual Donations	-	6,950	-	-	48,500	-	-	-	-	-	2,500	-	57,950	69,380
4-2020 · Corporate Donations	-	-	-	-	-	-	-	-	-	-	-	-	-	13,750
4-2030 · Foundation Donations	-	15,000	70,000	-	164,500	-	1,000	-	-	-	-	-	250,500	460,150
4-2040 · Event Sponsorship	-	-	-	-	4,789	-	5,250	76,000	-	-	-	-	86,039	87,500
Subtotal	-	21,950	70,000	-	217,789	-	6,250	76,000	-	-	2,500	-	394,489	630,780
Endowments:														
4-2110 · Colby Hewitt Endowment	-	-	-	-	-	-	-	-	-	-	-	4,000	4,000	2,500
Subtotal	-	-	-	-	-	-	-	-	-	-	-	4,000	4,000	2,500
Total 4-2000 · Restricted Donations	-	21,950	70,000	-	217,789	-	6,250	76,000	-	2,500	4,000	-	398,489	633,280
OTHER REVENUE:														
4-5000 · Ticket Sales	-	-	-	-	-	-	2,262	5,000	-	-	-	-	7,262	20,740
4-6000 · Book Sales	-	-	-	-	125	-	19	-	-	-	-	-	144	1,206
4-7000 · Editorial Income	575	-	-	-	-	-	-	-	-	-	-	-	575	2,200
Subtotal	575	-	-	-	125	-	2,281	5,000	-	-	-	-	7,981	24,146
Total Income	1,147,617	21,950	70,000	-	217,914	-	8,531	81,000	-	2,500	4,000	-	1,553,512	1,695,126
OPERATING EXPENSES:														
EMPLOYMENT COSTS:														
6-1100 · Gross Wages	78,916	118,752	-	21,596	295,343	44,275	56,737	95,612	1,298	4,371	-	-	716,901	696,847
6-1150 · Bonus	-	-	-	-	6,000	-	-	-	-	-	-	-	6,000	5,500
6-1200 · Federal P/R Taxes-employer	5,325	8,013	-	1,457	19,929	2,988	3,829	6,452	88	295	-	-	48,375	48,986
6-1300 · State P/R Taxes	189	284	-	52	708	106	136	229	3	10	-	-	1,717	721
6-1400 · Health & Dental-employer	7,363	11,080	-	2,015	27,558	4,131	5,294	8,921	121	408	-	-	66,892	50,467
6-1500 · 401K-employer share	1,811	2,725	-	496	6,777	1,016	1,302	2,194	30	100	-	-	16,450	15,947
6-1550 · Pension Plan Charges	200	301	-	55	747	112	144	242	3	11	-	-	1,814	1,140
6-1600 · Workmen's Compensation	118	178	-	32	442	66	85	143	2	7	-	-	1,072	1,064
6-1800 · Payroll Expenses	321	484	-	88	1,203	180	231	389	5	18	-	-	2,920	2,806
Subtotal	94,243	141,817	-	25,790	358,707	52,875	67,757	114,183	1,550	5,220	-	-	862,142	823,478
OUTSIDE SERVICES:														
6-2100 · Consultants	1,943	3,074	540	532	7,671	2,090	1,397	5,646	32	1,658	-	-	24,583	134,368
6-2400 · Annual Audit	22,500	-	-	-	-	-	-	-	-	-	-	-	22,500	22,500
Subtotal	24,443	3,074	540	532	7,671	2,090	1,397	5,646	32	1,658	-	-	47,083	156,868
RESEARCH:														
6-3160 · Data/FOIA	-	-	-	-	63	-	-	1,647	-	-	-	-	1,710	1,669
6-3200 · Contracts	-	-	-	55	55,435	468	20,520	121,064	4,300	1,000	-	-	202,841	111,713
6-3300 · Prizes	-	-	-	-	3,950	-	-	14,595	1,000	-	-	-	19,545	14,680
Subtotal	-	-	-	55	59,448	468	20,520	137,306	5,300	1,000	-	-	224,097	128,062
PRINTING & PUBLISHING:														
6-4100 · Printing Costs	600	16,483	-	4,368	3,408	-	427	2,464	-	1,278	-	-	29,027	23,443
6-4300 · Editors/Writers	-	-	-	-	2,000	-	-	-	-	-	-	-	2,000	1,900
6-4400 · Graphic Design	240	560	-	3,857	6,732	-	1,212	5,687	20	472	-	-	18,780	21,121
Subtotal	840	17,043	-	8,224	12,140	-	1,639	8,151	20	1,750	-	-	49,807	46,464
DISTRIBUTION COSTS:														
6-5100 · Copying/Reproduction	-	-	-	-	192	-	184	-	-	58	-	-	434	1,355
6-5200 · Postage Costs	1,516	3,231	-	199	826	-	99	168	-	-	-	-	6,039	14,488
6-5300 · Shipping/Delivery fees	-	170	-	16	151	-	-	-	-	-	-	-	337	612
6-5400 · Mailing Services	-	-	-	2,465	-	-	-	-	-	-	-	-	2,465	3,545
6-5500 · Advertising Costs	-	635	-	465	25,070	-	-	350	-	-	-	-	26,520	10,103
Subtotal	1,516	4,036	-	3,145	26,239	-	283	518	-	58	-	-	35,795	30,103
EVENTS & MEETINGS:														
6-6100 · Room Costs	1,635	400	-	-	11,522	-	1,702	629	-	-	-	-	15,888	14,367
6-6200 · Food & Beverage Costs	3,347	1,772	-	-	27,261	546	14,911	31,827	-	31,735	-	-	111,398	100,795
6-6250 · Transportation	-	-	-	-	8,390	655	338	941	-	384	-	-	10,708	15,816
6-6300 · Photography	-	-	-	49	-	-	-	1,768	-	-	-	-	1,817	450
6-6500 · Taping and Transcripts	-	-	-	-	-	-	-	-	-	-	-	-	-	950
6-6600 · Audio-Visual	-	-	-	147	7,547	-	2,079	4,056	-	4,868	-	-	18,697	18,273

PIONEER INSTITUTE, INC.
Revenues & Investment Income & Functional Expenses by Program
For the Year Ended September 30th, 2014 (with Comparative Totals for 2013)

Account Number / Description	Revenues & Investment Income & Functional Expenses by Program											FY2014 Total Funding & Expense	FY2013 Total Funding & Expense	
	Management & General Operations	Fund Raising	Lovett C. Peters Memorial Fund	Outreach & Public Communication	MAJOR RESEARCH & PROGRAM CATEGORIES						LCP Lecture Series			Colby Hewitt Endowment
					Center for School Reform	Center for Economic Opportunity	Healthcare Initiative	Shamie Center for Better Government	Middle Class Initiatives					
6-6800 · Honorarium	-	-	-	-	41,750	-	-	-	-	-	25,000	-	66,750	55,250
6-6950 · Other Event Expenses	-	-	-	-	1,331	-	-	1,150	-	-	1,230	-	3,711	3,978
Subtotal	4,982	2,172	-	196	97,800	1,201	19,030	40,371	-	63,216	-	228,969	209,880	
STAFF BUSINESS EXPENSES:														
6-7100 · Breakfasts/Luncheons	900	2,250	-	-	967	-	7	385	-	-	-	-	4,510	4,219
6-7200 · Training/Meeting Fees	-	53	-	-	235	-	-	1,006	-	-	-	-	1,294	3,936
6-7300 · Transportation	159	7,216	-	-	10,130	-	230	569	-	-	-	-	18,304	27,568
6-7400 · Meals/Food	762	157	-	37	1,252	-	-	-	-	308	-	-	2,516	7,448
6-7600 · Lodging	-	506	-	-	1,518	-	-	-	-	-	-	-	2,024	6,739
6-7700 · Miscellaneous/Petty Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	466
Subtotal	1,822	10,182	-	37	14,102	-	238	1,960	-	308	-	28,648	50,377	
OFFICE OPERATIONS:														
6-8100 · Rent	1,701	2,559	(2,801)	465	6,366	954	1,223	2,061	28	94	-	-	12,651	92,623
6-8101 · Condo fees	2,812	4,084	-	743	10,158	1,523	1,951	3,288	45	150	-	-	24,754	
6-8102 · Property taxes	(98)	-	-	-	-	-	-	-	-	-	-	-	(98)	8,958
6-8150 · Equip. Supplies	68	102	4,607	19	253	38	49	82	1	4	-	-	5,222	-
6-8175 · Equip. Contracts/Rental	1,731	5,889	414	659	6,477	971	1,244	2,127	29	96	-	-	19,636	17,995
6-8180 · Equip. Maintenance & Repairs	364	548	1,143	100	1,364	204	262	442	6	20	-	-	4,454	149
6-8200 · Electric	49	74	-	13	184	28	35	60	1	3	-	-	448	4,127
6-8300 · Telephone	302	454	-	83	1,130	169	217	366	5	17	-	-	2,742	1,859
6-8500 · Office Supplies	941	1,494	4,285	258	4,048	552	796	1,419	15	319	-	-	14,128	15,287
6-8600 · Insurance	483	727	-	132	1,808	271	347	585	8	27	-	-	4,388	5,651
6-8750 · Legal Fees	1,651	2,485	-	452	6,180	926	1,187	2,001	27	91	-	-	15,000	5,864
6-8800 · Publications/Subscriptions	-	-	-	-	885	-	885	885	-	-	-	-	2,655	643
6-9925 · Newsclips	-	-	-	3,567	-	-	-	-	-	-	-	-	3,567	918
6-8850 · Dues/Memberships	69	354	-	19	257	39	49	1,666	1	4	-	-	2,458	1,167
6-8875 · Licenses and Permits	85	802	-	23	316	47	61	102	1	5	-	-	1,443	2,505
Subtotal	10,158	19,573	7,647	6,532	39,426	5,723	8,308	15,083	167	830	-	113,447	157,745	
INTERNET/WEBSITE:														
6-9100 · Internet Access	184	276	-	95	687	103	132	223	3	10	-	-	1,714	1,593
6-9300 · Programming	-	-	-	-	11,989	-	-	2,000	950	-	-	-	14,939	3,317
6-9400 · Hosting	62	93	-	307	230	35	44	75	1	3	-	-	849	1,365
Subtotal	245	369	-	402	12,907	138	176	2,297	954	14	-	17,501	6,275	
Total Operating Expense	138,249	198,265	8,187	44,912	628,440	62,494	119,347	325,517	8,023	74,053	-	1,607,488	1,609,252	
OTHER EXPENSE:														
8-1200 · Bank Service Charges	318	-	-	-	-	-	-	-	-	-	-	-	318	177
8-1300 · Brokerage Fees	225	-	-	-	-	-	-	-	-	-	-	-	225	123
8-1600 · Credit Card Processing Fees	-	2,694	-	-	-	-	-	-	-	-	-	-	2,694	2,591
8-2000 · Depreciation & Amortization Expense	4,488	6,754	-	1,228	19,206	2,518	3,227	7,083	74	249	-	-	44,827	10,534
8-5000 · Miscellaneous (Miscellaneous)	-	-	-	-	-	-	-	-	-	-	-	-	-	29
Subtotal	5,031	9,448	-	1,228	19,206	2,518	3,227	7,083	74	249	-	48,064	13,454	
Total Expense	143,281	207,713	8,187	46,141	647,645	65,012	122,574	332,600	8,097	74,302	-	1,655,552	1,622,706	
OTHER INCOME:														
7-1000 · Interest Income	7,353	-	16	-	-	-	-	-	-	-	5	-	7,374	479
7-2000 · Dividend Income	18,968	-	-	-	-	-	-	-	-	-	8,567	-	27,535	21,770
7-4000 · Other Capital Gains/(Losses)	178	-	-	-	-	-	-	-	-	-	(103)	-	75	(2,093)
7-5000 · Increase/(Decrease) in Market Value	24,574	-	-	-	-	-	-	-	-	-	10,303	-	34,877	(42,678)
Subtotal	51,073	-	16	-	-	-	-	-	-	-	18,773	-	69,861	(22,521)
Net Income/(Loss)	\$ 1,055,409	\$ (185,763)	\$ 61,829	\$ (46,141)	\$ (429,732)	\$ (65,012)	\$ (114,043)	\$ (251,600)	\$ (8,097)	\$ (71,802)	\$ 22,773	\$ (32,179)	\$ 49,899	
CHANGE in RESTRICTED NET ASSETS:														
PERMANENTLY RESTRICTED FUNDS:														
Beginning Balance - Permanently Restricted Funds												219,566.00	219,565.59	228,105
Plus: 2014 Permanently Restricted Contributions												4,000.00	4,000.00	2,500
Plus/(Minus): Dividends, Interest, Δ Mkt Value Perm. Restricted Funds												18,772.00	18,772.00	(3,055)
Subtotal												242,338	242,338	227,550
Less: 2014 Funds Released From Permanent Restriction												(7,188)	(7,188)	(7,984)
Ending Permanently Restricted Balance												235,150	235,150	219,566
TEMPORARILY RESTRICTED FUNDS:														
Beginning Balance - Temporarily Restricted Funds		53,262	303,361		136,232		20,000	121,046	2,500			636,401	1,579,622	
Plus: 2014 Funds Released from Permanently Restricted Funds							7,188					7,188	7,984	
Plus: 2014 Temporarily Restricted Income		21,950	70,016		217,789		6,250	76,000		2,500		394,505	630,816	
Subtotal		75,212	373,377		354,021		33,438	197,046	2,500	2,500		1,038,094	2,218,422	
Less: Temporarily Restricted Funds Expended		(12,950)	(151,607)		(230,521)		(33,438)	(154,080)	(2,500)	(2,500)		(587,596)	(1,582,021)	
Ending Temporarily Restricted Balance		\$ 62,262	\$ 221,770		\$ 123,500		\$ -	\$ 42,966	\$ -	\$ -		\$ 450,498	\$ 636,401	

PIONEER INSTITUTE, INC.

Notes to Financial Statements

Year Ended September 30, 2014 (with Comparative Totals for 2013)

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

PIONEER INSTITUTE, INC.

Notes to Financial Statements

Year Ended September 30, 2014 (with Comparative Totals for 2013)

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.

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 \$7,188 and \$7,984, in the years ended September 30, 2014 and 2013, respectively.

Contributions receivable represent amounts unconditionally pledged by donors that have not been received by PIONEER. Current contributions receivable were \$252,839 and \$164,583 as of September 30, 2014 and 2013, 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 promises to give. Such contributions are considered to be available for unrestricted use unless specifically restricted by the donor or grantor. Restricted gifts or 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. There was no allowance for uncollectible contributions at September 30, 2014 and 2013.

CONTRIBUTED SERVICES:

The in-kind contributions for 2014 and 2013 consisted of donated Certified Public Accounting services valued by management at \$17,500, which are included in program and administrative revenues and expenditures.

PIONEER INSTITUTE, INC.

Notes to Financial Statements

Year Ended September 30, 2014 (with Comparative Totals for 2013)

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, 2014 (with Comparative Totals for 2013)

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 office equipment & software and 5-years for furniture and fixtures, while leasehold improvements were amortized over the length of the lease, or the life of the asset, whichever is shorter. 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. During the year ended September 30, 2014, PIONEER disposed of fully depreciated assets with a total cost basis of \$246,576.

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.

PIONEER INSTITUTE, INC.

Notes to Financial Statements

Year Ended September 30, 2014 (with Comparative Totals for 2013)

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.

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.

2013 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, 2013 from which the summarized information was derived.

NOTE B – PROPERTY & EQUIPMENT

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

	<u>2014</u>	<u>2013</u>
Property	\$952,984	\$942,204
Furniture & Fixtures	23,895	54,087
Office Equipment	40,172	116,830
Software	95,429	193,295
Leasehold Improvements	-	35,498
Subtotal	1,112,481	1,341,913
Less: Accumulated Depreciation	(132,880)	(339,956)
Net Property & Equipment	<u>\$979,601</u>	<u>\$1,001,997</u>

PIONEER INSTITUTE, INC.

Notes to Financial Statements

Year Ended September 30, 2014 (with Comparative Totals for 2013)

NOTE C - RESTRICTED NET ASSETS

Permanently restricted net assets are available for the following specific programs at September 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Colby Hewitt Endowment for Health Care	\$235,150	\$219,566
Total Permanently Restricted	<u>\$235,150</u>	<u>\$219,566</u>

Temporarily restricted net assets are available for the following specific programs at September 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Direct Mail Fund-Raising Campaign	\$62,262	\$53,261
Lovett C. Peters Memorial Fund	221,770	303,361
Center for School Reform	125,500	136,232
Healthcare Initiative	-	20,000
Shamie Center for Better Government	42,966	121,046
Middle Cities Initiative	-	2,500
Total Temporarily Restricted	<u>\$450,498</u>	<u>\$636,401</u>

During the years ended September 30, 2014 and 2013, PIONEER continued a capital campaign to gain additional contributions to purchase an office condominium and to fund fellowships. Contributions related to these efforts comprise the Lovett C. Peters Memorial Fund. During 2013 and 2014, Pioneer purchased and completed renovations of an office condominium located at 185 Devonshire Street in Boston Massachusetts.

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, 2014 and 2013, the following purpose restrictions were accomplished:

	<u>2014</u>	<u>2013</u>
Direct Mail Fund-Raising Campaign	\$12,950	\$27,294
Building Fund	-	282,087
Lovett C. Peters Memorial Fund	151,607	721,775
Center for School Reform	230,521	322,861
Healthcare Initiative	33,438	42,984
Shamie Center for Better Government	154,080	163,021
Middle Cities Initiative	2,500	8,500
Lovett C. Peters Lecture Series	2,500	13,500
Net Assets Released from Restrictions	<u>\$587,596</u>	<u>\$1,582,021</u>

PIONEER INSTITUTE, INC.

Notes to Financial Statements

Year Ended September 30, 2014 (with Comparative Totals for 2013)

NOTE E – FAIR VALUE OF INVESTMENTS

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

September 30, 2014	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)
Domestic Stock Funds – Intermediate & Small	\$58,622	\$58,622
Corporate & Governmental Bond Funds	234,492	234,492
Domestic Equities	373,269	373,269
Money Market Fund	467,511	467,511

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, 2014 and 2013 are as follows:

Description	2014	2013
Domestic Stock Mutual Funds – Intermediate & Small	\$ 58,622	\$ -
Domestic Equities	373,269	151,922
Corporate & Government Bond Funds	234,492	418,475
Money Market Fund	<u>467,551</u>	<u>479,773</u>
Total	<u>\$1,133,934</u>	<u>\$1,050,179</u>

Investment income from cash equivalents and investments is comprised of the following for the years ended September 30, 2014 and 2013.

Description	2014	2013
Dividend & Interest	\$34,909	\$22,250
Net Realized Gains (Losses)	75	(2,142)
Net Unrealized Gains (Losses)	34,877	(42,678)
Total	<u>\$69,681</u>	<u>(\$22,522)</u>

PIONEER INSTITUTE, INC.

Notes to Financial Statements

Year Ended September 30, 2014 (with Comparative Totals for 2013)

NOTE G – AGENCY TRANSACTION

PIONEER holds no “pass through” grants as of September 30, 2014.

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.

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 account 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 J – RELATED PARTY TRANSACTION

PIONEER entered into a contract with a related party in Fiscal 2013 in conjunction with the improvements to the office condominium, but the work was not completed and cost of \$10,780 not incurred until the year ended September 30, 2014.

Note K – RESTRICTED ENDOWMENT NET ASSETS

PIONEER holds endowment funds for the benefit named Colby Hewitt Endowment for Health Care. 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.

PIONEER INSTITUTE, INC.

Notes to Financial Statements

Year Ended September 30, 2014 (with Comparative Totals for 2013)

Fund-by-Fund Analysis:

(a) Changes in Endowment Net Assets

Changes in endowment net assets for the year ended September 30, 2014 are as follows:

	<u>Permanently Restricted</u>	<u>Total Fair Market Value</u>
Endowment Net Assets as of September 30, 2013	\$ 219,566	\$ 219,566
Plus: Investment Income	8,572	8,572
Plus: Net Gain (Loss) on Investments	<u>10,200</u>	<u>10,200</u>
Total Investment Return	<u>238,338</u>	<u>238,338</u>
Plus: Contributions	4,000	4,000
Less: Endowment Assets Released from Restrictions	<u>(7,188)</u>	<u>(7,188)</u>
Endowment Assets as of September 30, 2014	\$ <u>235,150</u>	\$ <u>235,150</u>

(b) Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial and subsequent donor gift amounts (deficit). When donor endowment fund deficits exist, they are classified as a reduction of unrestricted net assets. There were no deficiencies of this nature as of September 30, 2014.

(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 – 7 years with a long-term target asset allocation of 50% / 50% mixture of equities and fixed income.

(d) Spending Policy and How 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 primarily 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.

PIONEER INSTITUTE, INC.

Notes to Financial Statements

Year Ended September 30, 2014 (with Comparative Totals for 2013)

NOTE L – SUBSEQUENT EVENTS

PIONEER did not have any recognized or non-recognized subsequent events after September 30, 2014, the date of the statement of financial position. Subsequent events have been evaluated through January 15, 2015, the date the financial statements were available to be issued.