

Pioneer Resources, Inc.
**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**
September 30, 2023 and 2022



Pioneer Resources, Inc.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Pioneer Resources, Inc.
Muskegon, Michigan

Opinion

We have audited the accompanying financial statements of Pioneer Resources, Inc., (a Michigan nonprofit corporation), which comprise the statements of financial position as of September 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows 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 Resources, Inc. as of September 30, 2023 and 2022, 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 for Opinion

We conducted our audits 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 Resources, Inc. 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 that substantial doubt about Pioneer Resources, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Board of Directors
Pioneer Resources, Inc.
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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 Resources, Inc.'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 Resources, Inc.'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.



Muskegon, Michigan
February 16, 2024

Pioneer Resources, Inc.
STATEMENTS OF FINANCIAL POSITION
September 30, 2023 and 2022

ASSETS	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,941,051	\$ 1,938,465
Investments	2,676,270	2,514,223
Receivables		
Trade	3,986,527	1,870,732
Grants	-	145,729
Current portion of land contract receivable	11,993	11,467
Due from related entities	426,642	315,477
Inventories	23,952	11,731
Prepaid expenses	104,320	139,115
Total current assets	9,170,755	6,946,939
PROPERTY AND EQUIPMENT		
Buildings and improvements	5,291,724	5,214,111
Furniture and equipment	1,055,806	1,162,630
Vehicles	6,669,616	6,514,219
	13,017,146	12,890,960
Less accumulated depreciation	(7,832,772)	(7,463,953)
	5,184,374	5,427,007
Land	311,520	311,520
Construction in progress	2,651,113	93,323
Total property and equipment	8,147,007	5,831,850
OTHER ASSETS		
Operating lease right-of-use assets	83,078	-
Land contract receivable, less current portion	216,540	228,533
	299,618	228,533
	\$ 17,617,380	\$ 13,007,322
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of operating lease liabilities	\$ 28,280	\$ -
Note payable to bank	1,604,373	-
Accounts payable	157,934	100,588
Accrued liabilities	347,589	316,047
Total current liabilities	2,138,176	416,635
OTHER LIABILITIES		
Operating lease liabilities, less current portion	54,798	-
Total liabilities	2,192,974	416,635
NET ASSETS		
Without donor restrictions	15,405,160	12,572,018
With donor restrictions	19,246	18,669
	15,424,406	12,590,687
	\$ 17,617,380	\$ 13,007,322

The accompanying notes are an integral part of these statements.

Pioneer Resources, Inc.
STATEMENTS OF ACTIVITIES
Years ended September 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT						
Program revenues, grants, and contracts						
Group homes	\$ 3,368,906	\$ -	\$ 3,368,906	\$ 3,295,044	\$ -	\$ 3,295,044
Speciality services	576,164	-	576,164	548,399	-	548,399
Transportation						
Federal revenues, grants, and contracts	306,839	-	306,839	747,172	-	747,172
Other revenues, grants, and contracts	695,206	-	695,206	641,055	-	641,055
Fee for service revenues	2,250,511	-	2,250,511	2,135,697	-	2,135,697
Senior services	277,481	-	277,481	276,218	-	276,218
Vocational training	2,096,030	-	2,096,030	1,879,200	-	1,879,200
Pioneer Trails Camp	178,238	-	178,238	169,554	-	169,554
Facilities and maintenance						
Federal revenues, grants, and contracts	32,744	-	32,744	218,386	-	218,386
Other revenues, grants, and contracts	71,212	-	71,212	102,805	-	102,805
Public support						
Fundraising	557,408	6,677	564,085	130,010	-	130,010
Other income						
Investment income (loss), net	196,840	-	196,840	(200,104)	-	(200,104)
Rental income	50	-	50	26,659	-	26,659
Gain (loss) on sale of property and equipment	(15,530)	-	(15,530)	262,306	-	262,306
Employee Retention Credit	1,606,952	-	1,606,952	-	-	-
Net assets released from restrictions	6,100	(6,100)	-	2,252	(2,252)	-
Total revenues and support	12,205,151	577	12,205,728	10,234,653	(2,252)	10,232,401
EXPENSES						
Program services						
Group homes	2,820,924	-	2,820,924	3,001,435	-	3,001,435
Youth services	509,207	-	509,207	473,881	-	473,881
Transportation	2,678,023	-	2,678,023	2,669,053	-	2,669,053
LARC and senior services	172,941	-	172,941	126,024	-	126,024
Vocational training	1,281,380	-	1,281,380	1,109,723	-	1,109,723
Pioneer Trails Camp	135,674	-	135,674	125,732	-	125,732
Rental properties	7,586	-	7,586	29,205	-	29,205
Supporting services						
Management and general	1,484,200	-	1,484,200	1,351,767	-	1,351,767
Fundraising	282,074	-	282,074	117,941	-	117,941
Total expenses	9,372,009	-	9,372,009	9,004,761	-	9,004,761
Change in net assets	2,833,142	577	2,833,719	1,229,892	(2,252)	1,227,640
Net assets at beginning of year	12,572,018	18,669	12,590,687	11,342,126	20,921	11,363,047
Net assets at end of year	\$ 15,405,160	\$ 19,246	\$ 15,424,406	\$ 12,572,018	\$ 18,669	\$ 12,590,687

The accompanying notes are an integral part of these statements.

Pioneer Resources, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended September 30, 2023

	Program Services						Supporting Services		Total	
	Group Homes	Youth Services	Transportation	LARC and Senior Services	Vocational Training	Pioneer Trails Camp	Rental Properties	Management and General		Fundraising
Compensation and related expenses										
Salaries and wages	\$ 2,122,000	\$ 411,064	\$ 1,185,367	\$ 89,117	\$ 772,745	\$ 46,104	\$ -	\$ 659,772	\$ 82,528	\$ 5,368,697
Employee benefits	181,576	44,642	120,840	5,040	61,772	4,601	-	70,039	8,994	497,504
Payroll taxes and unemployment insurance	163,782	31,070	89,766	6,553	58,779	3,402	-	50,388	4,737	408,477
	<u>2,467,358</u>	<u>486,776</u>	<u>1,395,973</u>	<u>100,710</u>	<u>893,296</u>	<u>54,107</u>	<u>-</u>	<u>780,199</u>	<u>96,259</u>	<u>6,274,678</u>
Advertising	-	-	3,697	213	-	-	-	4,760	909	9,579
Conferences, conventions and meetings	11,238	1,349	10,412	2,157	3,979	-	-	26,497	-	55,632
Depreciation	72,884	-	485,064	7,257	76,524	12,397	-	78,661	-	732,787
Equipment and building maintenance	47,245	3,534	49,673	3,902	28,196	12,998	-	41,018	4,340	190,906
Information technology	7,205	37	57,867	47	2,607	-	-	88,059	-	155,822
Insurance	19,634	53	143,532	2,617	23,042	5,349	(685)	119,571	-	313,113
Laundry and uniforms	1,182	-	213	-	60	-	-	(587)	-	868
Licenses, fees, and dues	319	-	1,770	143	100	1,478	-	12,724	1,028	17,562
Office expenses	1,121	361	1,568	2,566	1,414	7	-	12,642	649	20,328
Operating leases	2,683	159	2,978	44	78	10	-	20,250	-	26,202
Professional services	74,385	7,449	8,091	-	2,874	-	-	163,708	160,695	417,202
Program and events	747	3,058	140	41,314	10,002	960	-	6,930	16,760	79,911
Rent	-	-	-	-	-	-	-	35,130	-	35,130
Supplies	23,168	-	6,972	123	7,849	35,809	-	12,740	-	86,661
Telephone	30,754	2,963	41,512	1,297	13,246	5,491	-	34,912	580	130,755
Travel	1,142	1,917	310	1,363	2,454	-	-	3,153	88	10,427
Utilities	34,352	-	17,120	-	12,756	6,529	-	15,940	-	86,697
Vehicle expenses	22,536	-	450,561	9,084	201,878	532	-	12,969	-	697,560
Other	2,971	1,551	570	104	1,025	7	8,271	14,924	766	30,189
	<u>\$ 2,820,924</u>	<u>\$ 509,207</u>	<u>\$ 2,678,023</u>	<u>\$ 172,941</u>	<u>\$ 1,281,380</u>	<u>\$ 135,674</u>	<u>\$ 7,586</u>	<u>\$ 1,484,200</u>	<u>\$ 282,074</u>	<u>\$ 9,372,009</u>

The accompanying notes are an integral part of these statements.

Pioneer Resources, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended September 30, 2022

	Program Services						Supporting Services		Total	
	Group Homes	Youth Services	Transportation	LARC and Senior Services	Vocational Training	Pioneer Trails Camp	Rental Properties	Management and General		Fundraising
Compensation and related expenses										
Salaries and wages	\$ 2,127,157	\$ 379,958	\$ 1,030,659	\$ 71,431	\$ 615,347	\$ 40,477	\$ -	\$ 575,770	\$ 74,067	\$ 4,914,866
Employee benefits	193,430	41,432	121,571	3,777	39,902	4,702	-	110,424	10,586	525,824
Payroll taxes and unemployment insurance	166,476	29,162	80,608	5,463	48,390	3,199	-	43,807	5,437	382,542
	<u>2,487,063</u>	<u>450,552</u>	<u>1,232,838</u>	<u>80,671</u>	<u>703,639</u>	<u>48,378</u>	<u>-</u>	<u>730,001</u>	<u>90,090</u>	<u>5,823,232</u>
Advertising	-	-	2,508	-	77	-	-	5,539	-	8,124
Conferences, conventions and meetings	752	332	6,746	255	3,077	-	-	14,684	-	25,846
Depreciation	61,929	1,181	532,792	2,419	78,801	14,674	6,375	71,892	-	770,063
Equipment and building maintenance	52,544	819	39,648	26	12,314	9,262	15,481	70,425	-	200,519
Information technology	63,534	2,044	71,197	115	2,467	39	-	87,963	-	227,359
Insurance	13,111	1,464	144,920	2,780	19,210	4,180	795	85,575	-	272,035
Laundry and uniforms	1,027	-	68	-	-	-	-	1,058	-	2,153
Licenses, fees, and dues	385	-	10,853	285	131	2,046	-	17,267	100	31,067
Office expenses	1,610	93	1,883	2,140	1,142	9	-	10,301	510	17,688
Professional services	100,520	10,152	1,670	-	5,864	1,450	-	106,614	7,155	233,425
Program and events	623	1,242	-	27,716	30,631	987	-	2,164	18,928	82,291
Rent	-	-	-	1,200	-	-	-	59,957	-	61,157
Supplies	144,298	413	1,850	109	4,170	34,640	480	12,993	51	199,004
Telephone	25,474	3,388	38,037	1,048	12,035	3,666	-	31,130	482	115,260
Travel	487	1,134	1,273	2,335	1,690	-	-	846	50	7,815
Utilities	33,948	-	16,141	-	10,047	5,932	3,509	17,866	-	87,443
Vehicle expenses	10,857	455	566,370	4,780	223,272	434	-	15,327	230	821,725
Other	3,273	612	259	145	1,156	35	2,565	10,165	345	18,555
	<u>\$ 3,001,435</u>	<u>\$ 473,881</u>	<u>\$ 2,669,053</u>	<u>\$ 126,024</u>	<u>\$ 1,109,723</u>	<u>\$ 125,732</u>	<u>\$ 29,205</u>	<u>\$ 1,351,767</u>	<u>\$ 117,941</u>	<u>\$ 9,004,761</u>

The accompanying notes are an integral part of these statements.

Pioneer Resources, Inc.
STATEMENTS OF CASH FLOWS
Years ended September 30, 2023 and 2022

	2023	2022
Operating activities		
Change in net assets	\$ 2,833,719	\$ 1,227,640
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Depreciation	732,787	770,063
(Gain) loss on sale of property and equipment	15,530	(262,306)
Realized and unrealized (gain) loss on investments	(196,840)	265,143
	3,385,196	2,000,540
(Increase) decrease in operating assets		
Receivables	(1,958,599)	(818,665)
Due from related entities	(111,165)	(8,463)
Inventories	(12,221)	83,298
Prepaid expenses	34,795	(35,646)
Increase (decrease) in operating liabilities		
Accounts payable	57,346	41,227
Accrued liabilities	31,542	73,236
	1,426,894	1,335,527
Net cash provided by (used for) operating activities	1,426,894	1,335,527
Investing activities		
Proceeds from sales of investments	9,575,578	226,352
Purchases of investments	(9,540,785)	(1,791,700)
Proceeds from sale of property and equipment	30,384	557,388
Property and equipment purchases	(1,489,485)	(1,515,537)
	(1,424,308)	(2,523,497)
Net cash provided by (used for) investing activities	(1,424,308)	(2,523,497)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,586	(1,187,970)
Cash and cash equivalents at beginning of year	1,938,465	3,126,435
Cash and cash equivalents at end of year	\$ 1,941,051	\$ 1,938,465
Supplemental disclosures of non-cash investing and financing transactions		
Property and equipment purchases		
Cost of property and equipment purchased	\$ (3,093,858)	\$ -
Financed from note payable to bank	1,604,373	-
	\$ (1,489,485)	\$ -
Proceeds from short-term financing		
Proceeds from note payable to bank	\$ 1,604,373	\$ -
Financing of property and equipment purchases	(1,604,373)	-
	\$ -	\$ -

The accompanying notes are an integral part of these statements.

Pioneer Resources, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Pioneer Resources, Inc. (Organization), is a not-for-profit corporation. The mission of the Organization is to assist people with disabilities in attaining independence and dignity by creating opportunities for participation in communities throughout West Michigan. Organization programs provide transportation, housing, training, recreation, and facilities maintenance to benefit people with disabilities and senior citizens. The Organization is supported through contracts, grants, and income from programs operated to promote the Organization's purpose. A summary of the Organization's significant accounting policies applied in the preparation of the accompanying financial statements follows:

Basis of Accounting

The financial statements are presented on an accrual basis of accounting which recognizes income when earned and expenses when incurred.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to the following net asset classes: without donor restrictions and with donor restrictions.

Net assets without donor restrictions. Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions. Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those may or will be met by actions of the Organization and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Revenue Recognition

Contribution Revenue

Contributions, which include cash, unconditional promises to give, certain contributed services, and gifts of long-lived and other assets, are recognized as revenues in the period received or promised. Substantially all of the Organization's grants are considered to be contributions for the purpose of applying revenue recognition policies. Contributions receivable beyond one year are stated at net present value of the estimated cash flows using a risk-adjusted rate and are also recorded net of estimated uncollectible amounts.

Contributions are considered to be unconditional unless there are one or more barriers that must be overcome before the Organization is entitled to the assets received or promised. Conditional contributions are recognized when the conditions have been substantially met.

Unconditional contributions are considered to be without donor restriction unless specifically restricted by the donor for time or purpose. When a donor restriction is fulfilled or expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions and are reported in the statements of activities as net assets released from restriction. If a restriction is fulfilled in the same period in which the contribution is received, the Organization reports the support as increases in net assets without donor restriction.

Pioneer Resources, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Revenue Recognition—Continued

Revenue from Contracts with Customers

The Organization's revenue from contracts with customers is primarily derived from providing services within its mission to various organizations and individuals. Typical services include rent generated from residential facilities and transportation. Revenue from contracts with customers are reported as program revenues, grants, and contracts.

The Organization enters into contracts with other organizations and individuals to provide the services listed above. Substantially all of the Organization's revenues from contracts with customers are recognized over a period of time utilizing the output method, wherein revenue is recognized based on the transfer of control of the services to its customers, in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those services. Revenue recognized over time primarily consists of performance obligations that are satisfied within one year or less. Performance obligations are satisfied as services are provided to customers and revenues are recognized concurrently. In addition, the majority of the Organization's contracts with customers do not contain variable consideration and contract modifications are generally minimal. Billings are generally collected within 60 to 90 days and, as such, the Organization does not have any significant financing components.

Deferred revenue represents a contract liability for monies received in advance of a performance obligation being satisfied.

Cash and Cash Equivalents

The Organization considers all demand deposits and short-term investments with a maturity of three months or less to be cash equivalents. Cash and cash equivalents does not include cash held by investment managers and designated for investment.

Investments

Investments are reported at their fair values which are generally based on quoted market prices.

Gains and losses on disposition are accounted for on a specific identification basis. Net realized and unrealized gains and losses are included as part of investment income, net, as reported in the statements of activities.

Inventories and Prepaid Expenses

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the first-in, first-out method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Property and Equipment

Assets purchased at a cost of more than \$2,500 are recorded at cost and are depreciated over the estimated useful lives of the assets using the straight-line method. Maintenance and repairs are expensed as incurred.

Donations of property and equipment with a fair value in excess of \$2,500 are recorded at their estimated fair value on the date donated and depreciated over their estimated useful lives using the straight-line method. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Pioneer Resources, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Compensated Absences

The Organization grants personal leave (i.e., paid time off or PTO) to all of its full-time employees. A maximum of 25 personal days can be accumulated. Unused leave may be carried over to the subsequent year, but at no time may an employee accumulate more than 25 days of PTO. Upon termination, the employee will be paid the amount that was accrued, up to 40 hours, providing certain conditions are met.

Leases

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which requires lease assets and liabilities to be recorded on the balance sheet. The Organization adopted this ASU and related amendments as of October 1, 2022 under the modified retrospective approach and elected certain practical expedients permitted under the transition guidance, including to retain the historical lease classification, relief from reviewing expired or existing contracts to determine if they contain leases, and relief from determining whether previously capitalized initial direct costs would qualify for capitalization under the new ASU.

The adoption of this ASU and related amendments resulted in a \$105,623 change to total assets and total liabilities as of October 1, 2022. Accounting policies as a result of the adoption of this ASU are described below. Refer to Note J for additional lease disclosures.

For any new or modified lease, the Organization, at inception of the contract, determines whether a contract is or contains a lease. The Organization records right-of-use (“ROU”) assets and lease obligations for its finance and operating leases, which are initially recognized based on the discounted future lease payments over the term of the lease. As the rate implicit in the Organization’s leases is not easily determinable, the Organization’s applicable incremental borrowing rate is used in calculating the present value of the sum of the lease payments.

Lease term is defined as the non-cancelable period of the lease plus any options to extend or terminate the lease when it is reasonably certain that the Organization will exercise the option. The Organization has elected not to recognize ROU asset and lease obligations for its short-term leases, which are defined as leases with an initial term of twelve months or less.

For all classes of underlying assets, the Organization has elected to separate lease from non-lease components. Costs such as property taxes assessed by the lessor to the lessee, common area maintenance, utilities, and repairs and maintenance have been excluded from variable lease expense.

Volunteers

A number of volunteers, including the members of the Board of Directors, have made significant contributions of time to the Organization’s policy-making, program, and support functions. The value of this contributed time does not meet the criteria for recognition of contributed services and, accordingly, is not reflected in the accompanying financial statements.

Non-monetary Transactions

Non-monetary transactions are recorded on the basis of the market value of services provided or assets transferred.

Pioneer Resources, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Description of Activities

Below is a summary of the program services administered by the Organization.

Group Homes

State licensed, specialized group homes which offer intensive 24-hour support.

Youth Services

Providing Early Intensive Behavior Intervention (EIBI) and other Applied Behavior Analysis (ABA) services to individuals in West Michigan. Evidence-based and individualized interventions and teaching techniques are provided in-home, in the learning center, or in the community, depending on the needs of the individual receiving therapy.

Transportation

Through partnerships with contracted agencies, the Organization offers transportation services for persons with mobility impairments, developmental disabilities, seniors, and others facing transportation barriers. Services are provided along the lakeshore in western Michigan (Ottawa, Allegan, Muskegon, and Oceana counties).

LARC and Senior Services

The Leisure and Recreation Club (LARC) is a club for people with intellectual and developmental disabilities, their friends, families, and community volunteers which is available in both Muskegon and Ottawa counties. The common purpose for all members is the creation of community-based leisure and recreation opportunities. Recreational senior services, with a focus on socialization and exploring sites in Muskegon County, are provided by funding through the Muskegon County Senior Millage.

Vocational Training

Assists with the needs and goals to help individuals become and remain independent. This includes group community living support service, where participants learn how to socialize, build relationships and join in community activities. Skill building is a pre-vocational program that provides opportunity for learning in areas of volunteerism, attention to tasks, cooking, learning to ride a public bus system, enrolling in college classes, or learning to live on a budget. Vocational programming is also available. Working with families, outside providers, and employers to provide a continuous transition to employment and ongoing skill development toward independence, including: job placement, job coaching, resume development, soft and social skill development, and job shadowing.

Pioneer Trails Camp

A 40+ acre camp ground designed to provide various camp programs both for Pioneer Resources and other organizations. It is designed to be barrier free with paved trails and gentle slopes making the woods, waterfront, and buildings accessible for people of all abilities.

Rental Properties

A barrier-free property owned by the Organization. It was rented to a similarly-missioned organization as a specialized adult foster care home and was sold in September 2022.

Pioneer Resources, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Functional Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management's analysis and estimates.

The Organization directly allocates all expenses that are attributable to a specific program. Other expenses have been allocated based on time and effort, except for facility-related expenses, such as occupancy, which have been allocated based on estimated maintenance hours.

Advertising and Promotions Costs

The Organization expenses the cost of advertising and promotions as incurred. Advertising and promotions expense was \$9,579 and \$8,124 in 2023 and 2022, respectively.

Tax Status

The Organization is generally exempt from federal income tax under Internal Revenue Code Section 501(c)(3).

In the preparation of tax returns, tax positions are taken based on interpretation of federal, state and local income tax laws. Management periodically reviews and evaluates the status of uncertain tax positions and makes estimates of amounts, including interest and penalties, ultimately due or owed. No amounts have been identified, or recorded, as uncertain tax positions. Federal, state and local tax returns generally remain open for examination by the various taxing authorities for a period of three or four years.

Use of 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 and disclosures. Accordingly, actual results could differ from these estimates.

Reclassifications

Certain prior year accounts have been reclassified for comparative purposes to conform to the current year presentation.

Date of Management's Review

Subsequent events have been evaluated through February 16, 2024, which is the date the financial statements were available to be issued.

Pioneer Resources, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE B—AVAILABILITY AND LIQUIDITY

The following represents the Organization’s financial assets as of September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Financial assets at year end:		
Cash	\$ 1,941,051	\$ 1,938,465
Investments	2,676,270	2,514,223
Receivables	3,998,520	2,027,928
Due from related entities	426,642	315,477
Total financial assets	<u>9,042,483</u>	<u>6,796,093</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	19,246	18,669
Less net assets with purpose restrictions to be met in less than one year	(19,246)	(18,669)
Board-designated for building and equipment or special projects	2,676,270	2,514,223
Less board-designated for building and equipment or special projects to be used in less than one year	<u>(2,676,270)</u>	<u>(2,514,223)</u>
	<u>-</u>	<u>-</u>
Financial assets available to meet general expenses over the next year	<u>\$ 9,042,483</u>	<u>\$ 6,796,093</u>

The Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenses and meeting its liabilities and other obligations as they become due. In addition, as disclosed in Note H, the Organization also has a line of credit of \$500,000 available for short-term liquidity needs.

NOTE C—CONTRACT ASSETS AND LIABILITIES

The Organization had receivables from contracts with customers of \$3,986,527, \$1,870,734, and \$1,421,333 for the years ended September 30, 2023, 2022, and 2021. In addition, the Organization had no contract assets or liabilities as of September 30 for the same years.

Pioneer Resources, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE D—CASH

The Organization maintains its cash balances in three financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to certain limitations. At September 30, 2023, the Organization’s uninsured bank balances were approximately \$1,552,000.

NOTE E—INVESTMENTS

Investments are stated at fair value and consist of the following at September 30, 2023 and 2022:

	2023	2022
Investment type:		
Money market funds	\$ -	\$ 6,926
Exchange-traded and closed-end funds	1,110,056	1,006,866
Certificates of deposits and shared certificates	1,566,214	1,500,431
	\$ 2,676,270	\$ 2,514,223

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect investment account balances and the amounts reported in the financial statements.

NOTE F—FAIR VALUE MEASUREMENTS

Generally Accepted Accounting Principles 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 level. Level 2 inputs consist of observable inputs other than quoted prices for identical assets. Level 3 inputs are unobservable and have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs are used for investments for which Level 1 inputs were not available.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2023 and 2022.

Money market funds: Valued at amortized cost which approximates fair value.

Exchange-traded and closed-end funds, corporate bonds and notes, and certificates of deposits and shared certificates: Valued throughout the day as they are bought and sold on an active market.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Pioneer Resources, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE F—FAIR VALUE MEASUREMENTS—Continued

The following table sets forth by level, within the fair value hierarchy, the Organization’s assets at fair value as of September 30, 2023 and 2022:

	Assets at Fair Value as of September 30, 2023		
	Level 1	Level 2	Total
Exchange-traded and closed-end funds	\$ 1,110,056	\$ -	\$ 1,110,056
Certificates of deposits and shared certificates	1,566,214	-	1,566,214
	\$ 2,676,270	\$ -	\$ 2,676,270
	Assets at Fair Value as of September 30, 2022		
	Level 1	Level 2	Total
Money market funds	\$ -	\$ 6,926	\$ 6,926
Exchange-traded and closed-end funds	1,006,866	-	1,006,866
Corporate bonds and notes	1,500,431	-	1,500,431
	\$ 2,507,297	\$ 6,926	\$ 2,514,223

NOTE G—BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Organization has a fund with the Community Foundation for Muskegon County (Community Foundation). The Richard W. and Dora M. Hain Fund (Hain Fund) was established to support the Pioneer Trails Camp program of the Organization. The agreement with the Community Foundation allows the use of both the Hain Fund’s income and principal.

The Community Foundation invests the contributions to the fund in various types of marketable equity and debt securities, U.S. Treasuries, commercial paper, and certificates of deposit. The majority of investments are uninsured and uncollateralized.

Reporting of the Assets of the Funds

Any investments held at the Community Foundation which were contributed by the Organization to the Hain Fund along with the earnings on these investments are reported at fair value by the Organization as net assets without donor restriction. Any contributions to this Fund made by third-party donors directly to the Community Foundation have been excluded from the net assets of the Organization. Currently all investments held at the Community Foundation were contributed by third-party donors.

Pioneer Resources, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE G—BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS—Continued

Summary of Community Foundation Funds

A summary of revenues, expenses, and changes in the net assets at fair value of the Hain Fund for the years ended September 30, 2023 and 2022 follows:

	2023	2022
Revenues		
Investment income (loss), net	\$ 38,554	\$ (66,253)
Expenses		
Transfers to the Organization	7,854	3,735
Change in net assets	30,700	(69,988)
Net assets at beginning of year	276,760	346,748
Net assets at end of year	\$ 307,460	\$ 276,760

The Board of Trustees of the Community Foundation has the power to modify any restriction or condition on the distribution of funds for any specified charitable purpose or to a specified organization if, in the sole judgment of the Board, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served. The authority to modify restrictions is sometimes referred to as “variance power” and is a legal standard imposed on all community foundations.

NOTE H—NOTES PAYABLE

The Organization has a line of credit with borrowings limited to \$500,000 and interest payable monthly at the prime rate (effective rate was 6.25 percent at September 30, 2023) expiring April 2024. The note is collateralized by deposits of the Organization held at the financial institution. The Organization has an additional line of credit with borrowings limited to \$2,180,000 and interest payable monthly at prime rate or 6.75 percent, whichever is higher (effective rate was 6.75 percent at September 30, 2023). The note is collateralized by the property being built as well as all other property owned by the Organization. The balance outstanding as of September 30, 2023 is \$1,604,373. There was no balance outstanding as of September 30, 2022.

Pioneer Resources, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE I—NET ASSETS

Net assets without donor restrictions as of September 30, 2023 and 2022 are comprised of the following:

	2023	2022
Undesignated	\$ 4,581,883	\$ 4,225,945
Board designated		
For building and equipment replacement or special projects	2,676,270	2,514,223
Investment in property and equipment, net of related debt	8,147,007	5,831,850
Total board-designated net assets without donor restrictions	10,823,277	8,346,073
Total net assets without donor restrictions	\$15,405,160	\$12,572,018

Net assets with donor restrictions as of September 30, 2023 and 2022 are comprised of the following:

	2023	2022
Specific purpose		
Autism programs	\$ 19,246	\$ 18,669

Net assets were released from donor restrictions by incurring the expenses satisfying the restricted purpose as follows for the years ended September 30, 2023 and 2022:

	2023	2022
Specific purpose		
Autism programs	\$ 6,100	\$ 2,252

Pioneer Resources, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE J—COMMITMENTS, LEASES AND RELATED PARTY TRANSACTIONS

For the year ended September 30, 2023

Leases

The Organization leases certain locations and equipment from unrelated parties. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Operating Leases

The Organization leases classroom space for services rendered through an agreement that expires in November 2024. This lease contains no renewal options and requires the Organization to pay executory costs such as a percentage of common area maintenance paid for by the lessor, utilities, and insurance. Lease payments have no escalating fee.

The Organization leases copiers and other office equipment through an agreement that expires in April 2024. This lease requires the Organization to pay additional use cost for services provided beyond the scope identified within the contract. Lease payments have no escalating fee.

The Organization also leases a copier through an agreement that expires in April 2028. This lease requires the Organization to pay additional use cost for services provided beyond the scope identified within the contract. Lease payments have no escalating fee.

The Organization's lease costs recognized in the consolidated statement of activities consist of the following for the year ended September 30, 2023:

	<u>2023</u>
Operating lease cost	\$ 26,202

Pioneer Resources, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE J—COMMITMENTS, LEASES AND RELATED PARTY TRANSACTIONS—Continued

Operating Leases—Continued

Other lease information is as follows for the year ended September 30, 2023:

	2023
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	\$ 26,201
Assets obtained in exchange for new operating liabilities	\$ 105,623
Weighted-average remaining lease term in years for operating leases	3.83
Weighted-average discount rate for operating leases	6.75%

The aggregate annual lease obligations as of September 30, 2023 are as follows:

Year Ending September 30,	Operating Leases
2024	\$ 32,873
2025	18,631
2026	16,631
2027	16,631
2028	9,701
Total undiscounted lease liabilities	94,467
Less: present value discount	(11,389)
	\$ 83,078

Pioneer Resources, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE J—COMMITMENTS, LEASES AND RELATED PARTY TRANSACTIONS—Continued

For the year ended September 30, 2022

Operating Leases—Lessee

The Organization conducts its operations in facilities under a three-year agreement that expired in April 2023. Rent expense for each of the year ended September 30, 2022 was \$48,000.

The Organization also leases office space under a three-year agreement expiring in November 2024. Rent expense for the year ended September 30, 2022 was \$12,000.

The future minimum lease payments are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2023	\$ 40,000
2024	12,000
2025	2,000
	<u>\$ 54,000</u>

Operating Leases—Lessor

The Organization leases a group home to another nonprofit organization under a one-year agreement expiring in May 2022 and month-to-month thereafter. Rental revenue for the year ended September 30, 2022 was \$26,659. Effective September 30, 2022, the Organization sold this group home to the other nonprofit on a land contract for \$246,000.

NOTE K—RETIREMENT PLAN

The Organization maintains a deferred compensation plan qualified under Section 403(b) of the Internal Revenue Code, covering substantially all full-time employees after one year of service. Under this plan, eligible employees are permitted to contribute any percentage of their salary into the retirement plan up to a maximum determined by the Internal Revenue Code. The Organization matches each employee contribution for the first 3 percent of compensation contributed by each employee. Employer contributions are fully vested after three years. Contributions for the years ended September 30, 2023 and 2022 were \$72,921 and \$73,815, respectively.

Pioneer Resources, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE L—RELATED PARTY TRANSACTIONS

The Organization provides management services to Pioneer Arbour, Inc. The management agreement provides for management to be provided by the Organization for an indefinite term with fees not to exceed 5 percent of residential income collected. The Organization also provides other support such as accounting, maintenance, and custodial. Amounts received from Pioneer Arbour, Inc. were as follows for the years ended September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Management services	\$ 7,488	\$ 6,864
Accounting services	16,989	17,056
Custodial services	175	229
Maintenance services	4,814	5,930
Total amounts received from Pioneer Arbour, Inc.	<u>\$ 29,466</u>	<u>\$ 30,079</u>

The Organization provides management services to Pioneer House, Inc. The management agreement provides for management to be provided by the Organization for an indefinite term with fees not to exceed 5 percent of residential income collected. The Organization also provides other support such as accounting, janitorial/custodial services, elderly/congregate services, and payroll. Amounts received from Pioneer House, Inc. were as follows for the years ended September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Salaries and wages	\$ 249,920	\$ 208,403
Payroll taxes and employee health and fringe benefits	37,781	27,232
Management services	5,616	5,148
Accounting services	11,325	11,370
Custodial services	175	177
Maintenance services	2,463	2,790
Total amounts received from Pioneer House, Inc.	<u>\$ 307,280</u>	<u>\$ 255,120</u>

Pioneer Arbour, Inc. and Pioneer House, Inc. owe the Organization \$426,642 and \$315,477 as of September 30, 2023 and 2022, respectively.

The Organization leased office space from an entity that is partially owned by a former board member. For the year ended September 30, 2022, lease expense paid to this entity was \$48,000.

The Organization received legal services from a law firm that is partially owned by a former board member. For the years ended September 30, 2023 and 2022, legal expense paid to this entity was \$2,744 and \$1,355, respectively.

The Organization provided transportation and residential services to an entity whose executive director is a board member. For the years ended September 30, 2023 and 2022, receipts received from this entity were \$1,471,128 and \$1,152,612, respectively.

Pioneer Resources, Inc.
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE L—RELATED PARTY TRANSACTIONS—Continued

The Organization received vaccine transportation coordination services from an entity owned by a board member. For the year ended September 30, 2022, coordination expense paid to this entity was \$3,141.

NOTE M—GRANT AWARD

As a response to the COVID-19 outbreak, the U.S. Government issued relief legislation. Relief issued under the CARES act came in the form of the Employee Retention Credit (ERC). The ERC is a refundable tax credit against certain employment taxes equal to 50 percent of the qualified wages an eligible employer pays to employees between March 12, 2020 and September 30, 2021. Eligibility for the ERC depends on if the Organization's operations were fully or partially suspended during any calendar quarter due to government orders limiting commerce, travel, or group meetings due to COVID-19, or if the employer saw a significant decline in gross receipts of at least 80 percent for a quarter in 2021 or 50 percent for a quarter in 2020 as compared to the same quarter in 2019. The Organization determined it was eligible for the ERC and, having met the requirements to claim the credit, has recorded \$1,606,952 as a receivable and grant income as of September 30, 2023.

NOTE N—SUBSEQUENT EVENTS

In December 2023, the Organization placed into service approximately \$2,651,000 of construction in progress with the opening of the new Wesley location.

Also in December 2023, the Organization received four buses totaling approximately \$621,000 to be paid for with federal grant funds.

In January 2024, the Organization's board approved the purchase of eight generators for certain residential homes totaling \$96,000.