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CERTIFIED PUBLIC ACCOUNTANTS

Pioneers, Inc.

Consolidated Financial Statements

For The Years Ended September 30, 2023 and 2022



Batts Morrison
Wales & Lee

CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT AUDITOR

The Board of Directors and Audit Committee
Pioneers, Inc.
Orlando, Florida

Opinion

We have audited the accompanying consolidated financial statements of Pioneers, Inc. (“the Organization”), which consist of the consolidated statements of financial position as of September 30, 2023 and 2022, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Pioneers, Inc. as of September 30, 2023 and 2022, the changes in its consolidated net assets, and its consolidated 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 Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements 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 consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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- Identify and assess the risk of material misstatement of the consolidated 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 consolidated 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 the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Batts Morrison Wales & Lee, P.A.

BATTS MORRISON WALES & LEE, P.A.

Orlando, Florida
January 26, 2024

PIONEERS, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

ASSETS

	September 30,	
	2023	2022
ASSETS		
Cash and cash equivalents (Note B)	\$ 7,535,001	\$ 10,659,409
Investments (Note E)	40,629,796	36,701,069
Other assets	1,523,765	2,137,701
Land, buildings, and equipment, net (Note F)	15,294,599	16,425,027
Total assets	\$ 64,983,161	\$ 65,923,206
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 2,565,514	\$ 3,070,301
Total liabilities	2,565,514	3,070,301
NET ASSETS		
Without donor restrictions (Note H)	56,208,391	55,005,593
With donor restrictions (Note I)	6,209,256	7,847,312
Total net assets	62,417,647	62,852,905
Total liabilities and net assets	\$ 64,983,161	\$ 65,923,206

The Accompanying Notes are an Integral
Part of These Consolidated Financial Statements

PIONEERS, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES

	For The Years Ended September 30,					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND OPERATING REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS						
Contributions	\$ 70,351,947	\$ 4,421,499	\$ 74,773,446	\$ 69,128,198	\$ 5,196,116	\$ 74,324,314
Grant revenue	—	626,000	626,000	—	470,000	470,000
Other income	1,186,664	—	1,186,664	902,503	—	902,503
Net assets released from restrictions	<u>6,687,608</u>	<u>(6,687,608)</u>	<u>—</u>	<u>4,626,283</u>	<u>(4,626,283)</u>	<u>—</u>
Total public support and operating revenue and net assets released from restrictions	<u>78,226,219</u>	<u>(1,640,109)</u>	<u>76,586,110</u>	<u>74,656,984</u>	<u>1,039,833</u>	<u>75,696,817</u>
EXPENSES						
Program activities						
Evangelism and church planting	58,889,588	—	58,889,588	54,411,809	—	54,411,809
Ministry to constituency	4,669,674	—	4,669,674	4,251,314	—	4,251,314
Training	2,248,563	—	2,248,563	2,034,248	—	2,034,248
Membership development	2,200,708	—	2,200,708	1,946,779	—	1,946,779
Short-term overseas ministries	<u>597,903</u>	<u>—</u>	<u>597,903</u>	<u>610,107</u>	<u>—</u>	<u>610,107</u>
Total program activities	<u>68,606,436</u>	<u>—</u>	<u>68,606,436</u>	<u>63,254,257</u>	<u>—</u>	<u>63,254,257</u>
Supporting activities						
Management and general	9,681,966	—	9,681,966	8,821,736	—	8,821,736
Fundraising - general	3,651,183	—	3,651,183	3,604,911	—	3,604,911
Fundraising - appointees	<u>816,139</u>	<u>—</u>	<u>816,139</u>	<u>879,156</u>	<u>—</u>	<u>879,156</u>
Total supporting activities	<u>14,149,288</u>	<u>—</u>	<u>14,149,288</u>	<u>13,305,803</u>	<u>—</u>	<u>13,305,803</u>
Total expenses	<u>82,755,724</u>	<u>—</u>	<u>82,755,724</u>	<u>76,560,060</u>	<u>—</u>	<u>76,560,060</u>
CHANGE IN NET ASSETS BEFORE OTHER NON-OPERATING ACTIVITIES	<u>(4,529,505)</u>	<u>(1,640,109)</u>	<u>(6,169,614)</u>	<u>(1,903,076)</u>	<u>1,039,833</u>	<u>(863,243)</u>
OTHER NON-OPERATING ACTIVITIES						
Interest and dividend income	1,091,604	2,053	1,093,657	867,877	—	867,877
Net gain on sales and disposals of property (Note M)	1,075,000	—	1,075,000	7,688,156	—	7,688,156
Net gain (loss) on investments	<u>3,565,699</u>	<u>—</u>	<u>3,565,699</u>	<u>(8,133,635)</u>	<u>—</u>	<u>(8,133,635)</u>
Total other non-operating activities	<u>5,732,303</u>	<u>2,053</u>	<u>5,734,356</u>	<u>422,398</u>	<u>—</u>	<u>422,398</u>
CHANGE IN NET ASSETS	<u>1,202,798</u>	<u>(1,638,056)</u>	<u>(435,258)</u>	<u>(1,480,678)</u>	<u>1,039,833</u>	<u>(440,845)</u>
NET ASSETS - Beginning of year	<u>55,005,593</u>	<u>7,847,312</u>	<u>62,852,905</u>	<u>56,486,271</u>	<u>6,807,479</u>	<u>63,293,750</u>
NET ASSETS - End of year	<u>\$ 56,208,391</u>	<u>\$ 6,209,256</u>	<u>\$ 62,417,647</u>	<u>\$ 55,005,593</u>	<u>\$ 7,847,312</u>	<u>\$ 62,852,905</u>

The Accompanying Notes are an Integral
Part of These Consolidated Financial Statements

PIONEERS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For The Years Ended	
	September 30,	
	2023	2022
OPERATING CASH FLOWS		
Cash received from contributors and grantors	\$ 75,830,054	\$ 74,363,706
Other revenue received	1,186,664	902,503
Investment income received	1,093,657	867,877
Cash paid for operating activities and costs	(82,167,737)	(75,909,556)
Interest paid	(6,623)	—
	(4,063,985)	224,530
Net operating cash flows		
INVESTING CASH FLOWS		
Proceeds from sales of property, net (Note M)	2,017,471	9,274,627
Purchases of investments	(2,672,409)	(4,320,840)
Proceeds from sales of investments	2,309,381	1,511,171
Purchases of and improvements to land, buildings, and equipment	(714,866)	(2,276,174)
	939,577	4,188,784
Net investing cash flows		
FINANCING CASH FLOWS		
Line of credit draws	5,600,000	—
Line of credit repayments	(5,600,000)	—
	—	—
Net financing cash flows		
NET CHANGE IN CASH AND CASH EQUIVALENTS	(3,124,408)	4,413,314
CASH AND CASH EQUIVALENTS - Beginning of year	10,659,409	6,246,095
CASH AND CASH EQUIVALENTS - End of year	\$ 7,535,001	\$ 10,659,409
RECONCILIATION OF CHANGE IN NET ASSETS TO NET OPERATING CASH FLOWS		
Change in net assets	\$ (435,258)	\$ (440,845)
Adjustments to reconcile change in net assets to net operating cash flows		
Depreciation and amortization	1,136,272	1,166,475
Net gain on sales and disposals of property (Note M)	(1,075,000)	(7,688,156)
Net (gain) loss on investments	(3,565,699)	8,133,635
Change in other assets	380,487	(467,882)
Change in accounts payable and accrued expenses	(504,787)	(478,697)
	(4,063,985)	224,530
Net operating cash flows		

The Accompanying Notes are an Integral
Part of These Consolidated Financial Statements

PIONEERS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A – NATURE OF ACTIVITIES

Pioneers, Inc. (“the Organization”) is a Virginia not-for-profit corporation which is authorized to conduct activities in the state of Florida. The purpose of the Organization, a Christian ministry, is to evangelize and plant churches among the major blocs of unreached people worldwide. The Organization is headquartered in Orlando, Florida. In addition, the Organization operates a retail business known as “Latitudes,” which sells crafts purchased from businesses that have been established alongside church planting efforts in foreign countries. The Organization also sells books and media items.

In conformity with accounting principles generally accepted in the United States of America (“GAAP”), the consolidated financial statements of the Organization include the accounts of the following organizations:

- PI Real Estate Holdings, Inc. (“Holdings”), a Florida not-for-profit corporation created to own certain real estate. The Organization is the sole member of Holdings.
- Pioneers Foundation, Inc. (“the Foundation”), a Florida not-for-profit corporation created to own certain real property and liquid assets. The Organization is the sole member of the Foundation.
- Arab World Ministries, Inc. (“AWM”), a New Jersey not-for-profit corporation, the principal activity of which is converting people to the Lord Jesus Christ and discipling them into spiritual maturity through the establishment of new churches. AWM ceded control of its governing board to the Organization.
- Lake Whip 1 LLC (“Lake Whip”), a Florida limited liability company organized to own certain real estate. The Organization is the sole member of Lake Whip.
- William Carey LLC (“William Carey”), a Florida limited liability company organized for general business purposes. Holdings is the sole member of William Carey.
- Lee Bruckner LLC (“Lee Bruckner”), a Florida limited liability company organized to own certain real estate. Holdings is the sole member of Lee Bruckner.
- Gil McArthur LLC (“Gil McArthur”), a Florida limited liability company organized to own certain real estate. Holdings is the sole member of Gil McArthur.
- Florence Young LLC (“Florence Young”), a Florida limited liability company organized to own certain real estate. Holdings is the sole member of Florence Young.
- Mission Pointe Owners’ Association, Inc. (“Mission Pointe”), a not-for-profit Florida corporation organized to provide ownership, operation, maintenance, and preservation of certain property. The Organization has the authority to appoint a majority of Mission Pointe’s Board of Directors.
- The Organization has the authority to appoint or elect the governing bodies of two other entities. These separate legal entities are utilized to carry on specific work in various countries where the use of a separate entity provides practical or legal advantages. For security purposes, the names of the entities are not disclosed in these notes.

All significant interorganization transactions and balances have been eliminated in consolidation. References to “the Organization” herein include all of the above organizations unless otherwise noted.

PIONEERS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

The Organization recognizes cash contributions as revenue when the contributions are received by the Organization. Contributions received are recorded as without or with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with restrictions are reclassified to net assets without restrictions and reported in the consolidated statements of activities as “net assets released from restrictions.”

All contributions are received as donations to the Organization and not to specific individuals. Contributions which donors request to be used to support the ministry activities of specific missionaries are under the full control of the Organization. The Organization accounts for such contributions as board designated until they are expended for appropriate ministry purposes.

Assessments

The Board of Directors (“the Board”) has established a policy that contributions for the support of ministry activities of certain missionaries are assessed an allocation of up to 10% to be used to maintain the U.S. Mobilization Base and are assessed an allocation of up to 2% to support international leadership.

Cash and cash equivalents

The Organization considers investment instruments purchased or donated with original maturities of three months or less to be cash equivalents.

Investments

Investments consist of exchange-traded funds and are carried at estimated fair value.

Land, buildings, and equipment

Land, buildings, and equipment are stated at cost, if purchased, or estimated fair value on the date of donation, if donated. Depreciation is provided using the straight line method over the estimated useful lives of the assets.

Net assets

Net assets without donor restrictions are available for use at the discretion of the Board and/or management for general operating purposes. From time to time, the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management’s discretion. The Board has designated a portion of net assets without donor restrictions for missionary accounts (See Note H). Net assets with donor restrictions consist of amounts with uses limited by donor-imposed time and/or purpose restrictions.

Income taxes

Pioneers, Inc., Holdings, the Foundation, and AWM are exempt from federal income tax as organizations described in Section 501(c)(3) of the Internal Revenue Code and from state income tax pursuant to state law. Each of these organizations are further classified as public charities and not private foundations for federal tax purposes. Mission Pointe is considered a taxable corporation for federal and state income tax purposes, subject to certain special rules applicable to property owners’ associations. Mission Pointe has not incurred income taxes related to its activities. The Organization’s other affiliates are treated as disregarded entities for federal tax purposes. The Organization engages in certain unrelated business activities. Income taxes (if any) are immaterial and are recognized as expenses when the related income is generated. As a result, no income tax provision or liability has been provided for in the accompanying consolidated financial statements.

PIONEERS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of estimates

Management uses estimates and assumptions in preparing consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these consolidated financial statements include those used in estimating the fair value of investments and the useful lives of buildings and equipment. Actual results could differ from the estimates.

Reclassifications

Certain amounts reported in the accompanying consolidated financial statements for the year ended September 30, 2022, have been reclassified to conform to classifications adopted during the year ended September 30, 2023. The reclassifications had no material impact on the accompanying consolidated financial statements.

Subsequent events

The Organization has evaluated for possible financial reporting and disclosure subsequent events through the date of the report of independent auditor, the date as of which the consolidated financial statements were available to be issued.

NOTE C – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure within one year of the dates of the consolidated statements of financial position are as follows:

	<u>September 30,</u>	
	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 7,535,001	\$ 10,659,409
Investments	<u>40,629,796</u>	<u>36,701,069</u>
Total financial assets available	48,164,797	47,360,478
Less:		
Amounts unavailable due to donor restrictions	<u>(6,209,256)</u>	<u>(7,847,312)</u>
Net financial assets available within one year	<u>\$ 41,955,541</u>	<u>\$ 39,513,166</u>

The Organization is primarily supported by contributions. As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization has certain assets limited to use for donor-restricted purposes. Because a donor's restriction requires resources to be used in a specific manner or in a future period, the Organization must maintain sufficient resources to meet its responsibilities to its donors. Thus, those financial assets may not be available for general expenditure within one year of September 30, 2023 and 2022, and are excluded from net financial assets available to meet general expenditures within one year. The Organization's board designated funds held in missionary accounts are available for general expenditure within the next year. Management believes the Organization has sufficient financial assets available for general operations that may be drawn upon in the event of an unanticipated financial distress or an immediate liquidity need. The Organization also has a revolving line of credit as an additional source of liquidity (see Note G).

PIONEERS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE D – CONCENTRATIONS

The Organization maintains its cash and cash equivalents in deposit accounts and money market funds which may not be federally insured, may exceed federally insured limits, or may be insured by an entity other than an agency of the federal government. The Organization has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk related to cash and cash equivalents. Furthermore, the Organization’s investments are held by one custodian.

NOTE E – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments consisted of the following:

	September 30,	
	2023	2022
Equity exchange-traded funds	\$ 24,847,975	\$ 22,252,134
Bond exchange-traded funds	15,781,821	14,448,935
Total investments	\$ 40,629,796	\$ 36,701,069

GAAP defines fair value for an investment generally as the price an organization would receive upon selling the investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. The information available to measure fair value varies depending on the nature of each investment and its market or markets. Accordingly, GAAP recognizes a hierarchy of “inputs” an organization may use in determining or estimating fair value. The inputs are categorized into “levels” that relate to the extent to which an input is objectively observable and the extent to which markets exist for identical or comparable investments. In determining or estimating fair value, an organization is required to maximize the use of observable market data (to the extent available) and minimize the use of unobservable inputs. The hierarchy assigns the highest priority to unadjusted quoted prices in active markets for identical items (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Following is a description of each of the three levels of input within the fair value hierarchy:

Level 1 – unadjusted quoted market prices in active markets for identical items

Level 2 – other significant observable inputs (such as quoted prices for similar items)

Level 3 – significant unobservable inputs

The Organization’s investments held as of September 30, 2023 and 2022, are valued on a recurring basis using Level 1 inputs.

NOTE F – LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment consisted of the following:

	September 30,	
Category	2023	2022
Land	\$ 2,511,871	\$ 2,839,334
Land improvements	827,782	827,782
Buildings and improvements	16,178,747	16,307,744
Furniture and equipment	3,689,631	3,229,508
Construction in progress, net	—	501,443

PIONEERS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE F – LAND, BUILDINGS, AND EQUIPMENT (Continued)

	September 30,	
Category	2023	2022
Total land, buildings, and equipment	\$ 23,208,031	\$ 23,705,811
Less: Accumulated depreciation	<u>(7,913,432)</u>	<u>(7,280,784)</u>
Land, buildings, and equipment, net	<u>\$ 15,294,599</u>	<u>\$ 16,425,027</u>

For the years ended September 30, 2023 and 2022, depreciation expense was approximately \$903,000 and \$927,000, respectively.

NOTE G – LINE OF CREDIT

The Organization has a revolving line of credit agreement (“the line of credit”) with a bank with an available balance of up to \$3,000,000. Interest on any outstanding balance is payable monthly at the Secured Overnight Financing Rate as administered by the Federal Reserve Bank of New York plus 1.10% per annum (6.41% and 4.09% as of September 30, 2023 and 2022, respectively). The line of credit also contains various financial and other covenants, the most restrictive of which requires the Organization to maintain a certain minimum amount of net assets. The line of credit is secured by a certain investment account. As of September 30, 2023 and 2022, there was no balance outstanding on the line of credit. Interest expense during the years ended September 30, 2023 and 2022, was \$6,623 and \$0, respectively. The line of credit matures on August 31, 2024.

NOTE H – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consisted of the following:

	September 30,	
	2023	2022
Board designated for missionary accounts	\$ 26,085,497	\$ 26,844,695
Undesignated	<u>30,122,894</u>	<u>28,160,898</u>
Total net assets without donor restrictions	<u>\$ 56,208,391</u>	<u>\$ 55,005,593</u>

NOTE I – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were for the following purposes:

	September 30,	
	2023	2022
Projects	\$ 6,080,294	\$ 7,635,925
Various missionary-related activities	<u>128,962</u>	<u>211,387</u>
Total net assets with donor restrictions	<u>\$ 6,209,256</u>	<u>\$ 7,847,312</u>

PIONEERS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE J – SELF-FUNDED MEDICAL AND PRESCRIPTION DRUG BENEFIT PROGRAMS

The Organization maintains self-funded medical and prescription drug benefit plans for eligible employees and their eligible dependents (“the self-funded programs”). The Organization has contracted with a third party administrator to process claims. The Organization provides coverage for each employee up to the first \$300,000 of claims incurred in a calendar year. The Organization has stop-loss insurance coverage for claims incurred which exceed \$300,000 per individual per event, with an unlimited individual lifetime stop loss payment amount. As of September 30, 2023 and 2022, the Organization has recorded an actuarially-calculated estimated liability of \$977,000 and \$917,000, respectively, related to the self-funded programs. Such amounts are included in “accounts payable and accrued expenses” in the accompanying consolidated statements of financial position.

NOTE K – EXPENSE ALLOCATIONS

Functional and natural expenses for the Organization for the year ended September 30, 2023 are as follows:

	Program activities					Total program activities
	Evangelism and church planting	Ministry to constituency	Training	Membership development	Short-term overseas ministries	
Personnel costs	\$ 43,413,666	\$ 2,634,702	\$ 1,532,888	\$ 1,859,721	\$ —	\$ 49,440,977
General and office	2,628,473	1,081,422	214,674	141,132	44,680	4,110,381
Travel	5,267,135	546,841	329,947	150,828	519,397	6,814,148
Grants	6,574,259	—	84,768	233	6,883	6,666,143
Training and education	1,001,281	186,014	83,627	41,743	26,943	1,339,608
Depreciation and amortization	4,774	220,695	2,659	7,051	—	235,179
Total	<u>\$ 58,889,588</u>	<u>\$ 4,669,674</u>	<u>\$ 2,248,563</u>	<u>\$ 2,200,708</u>	<u>\$ 597,903</u>	<u>\$ 68,606,436</u>
	Supporting activities				Total supporting activities	Total expenses
	Total program activities	Management and general	Fundraising - general	Fundraising - appointees		
Personnel costs	\$ 49,440,977	\$ 5,360,826	\$ 2,392,949	\$ 508,306	\$ 8,262,081	\$ 57,703,058
General and office	4,110,381	3,110,818	430,872	43,960	3,585,650	7,696,031
Travel	6,814,148	200,629	308,417	156,497	665,543	7,479,691
Grants	6,666,143	26,242	418,820	19,160	464,222	7,130,365
Training and education	1,339,608	86,093	96,390	88,216	270,699	1,610,307
Depreciation and amortization	235,179	897,358	3,735	—	901,093	1,136,272
Total	<u>\$ 68,606,436</u>	<u>\$ 9,681,966</u>	<u>\$ 3,651,183</u>	<u>\$ 816,139</u>	<u>\$ 14,149,288</u>	<u>\$ 82,755,724</u>

PIONEERS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE K – EXPENSE ALLOCATIONS (Continued)

Functional and natural expenses for the Organization for the year ended September 30, 2022 are as follows:

	Program activities					Total program activities
	Evangelism and church planting	Ministry to constituency	Training	Membership development	Short-term overseas ministries	
Personnel costs	\$ 40,241,256	\$ 2,426,409	\$ 1,441,837	\$ 1,658,006	\$ —	\$ 45,767,508
General and office	2,273,242	1,006,873	172,905	108,426	37,260	3,598,706
Travel	4,341,496	442,022	257,257	119,353	525,964	5,686,092
Grants	6,512,295	34,929	109,334	14,073	8,701	6,679,332
Training and education	1,036,861	123,325	50,052	36,532	38,182	1,284,952
Depreciation and amortization	6,659	217,756	2,863	10,389	—	237,667
Total	<u>\$ 54,411,809</u>	<u>\$ 4,251,314</u>	<u>\$ 2,034,248</u>	<u>\$ 1,946,779</u>	<u>\$ 610,107</u>	<u>\$ 63,254,257</u>

	Supporting activities				Total supporting activities	Total expenses
	Total program activities	Management and general	Fundraising - general	Fundraising - appointees		
Personnel costs	\$ 45,767,508	\$ 4,747,567	\$ 2,272,109	\$ 528,314	\$ 7,547,990	\$ 53,315,498
General and office	3,598,706	2,951,017	350,030	51,738	3,352,785	6,951,491
Travel	5,686,092	123,387	229,392	181,056	533,835	6,219,927
Grants	6,679,332	11,713	669,570	64,122	745,405	7,424,737
Training and education	1,284,952	66,564	76,490	53,926	196,980	1,481,932
Depreciation and amortization	237,667	921,488	7,320	—	928,808	1,166,475
Total	<u>\$ 63,254,257</u>	<u>\$ 8,821,736</u>	<u>\$ 3,604,911</u>	<u>\$ 879,156</u>	<u>\$ 13,305,803</u>	<u>\$ 76,560,060</u>

The above schedules of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Indirect costs that benefit multiple functional areas are allocated among the various functional areas based primarily on employee time and space utilization.

NOTE L – PROPERTY DEVELOPMENT AND PROPERTY SALES

Lake Whip

During March 2017, the Organization granted title to certain undeveloped property (“the Hotel Property”) to Lake Whip. In connection therewith, Lake Whip entered into a Ground Lease (“the Lease”) with Lake Nona Hotel, LLC (“Lake Nona”), an unrelated third party. Lake Nona constructed a hotel on the Hotel Property. Pursuant to the Lease, Lake Nona will pay annual rent of \$50,000 to Lake Whip. The Lease has an initial term of fifty years but may be canceled sooner. In addition to the fixed annual rent, Lake Nona is also required to pay an amount equal to 10% of Lake Nona’s annual net profit (as the term “net profit” is defined in the Lease), if any, to Lake Whip, as well as certain common area maintenance, property taxes, and other amounts. Upon expiration or earlier termination of the Lease, the Hotel Property, with improvements, will no longer be subject to the Lease. No amounts have been recognized in the accompanying consolidated financial statements related to Lake Whip’s future interest in the improvements to the Hotel Property due to significant uncertainty regarding the timing of the Lease termination and the future value (and recoverability) of such improvements.

PIONEERS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE L – PROPERTY DEVELOPMENT AND PROPERTY SALES (Continued)

Gil McArthur

During the year ended September 30, 2023, Gil McArthur sold certain property to an unrelated buyer for total cash consideration of \$2,500,000 (offset by funds reimbursed to the buyer of approximately \$308,000 and closing costs of approximately \$175,000), and recognized a gain of approximately \$1,675,000. See Note M.

During the year ended September 30, 2022, Gil McArthur executed a Purchase and Sale Agreement (“PSA 2”) with Olive Garden Holdings, LLC (“Olive Garden”), pursuant to which Olive Garden purchased certain property from the Organization and assumed a related ground lease. In connection with PSA 2, Gil McArthur recognized total cash consideration of \$4,400,000 (offset by funds held in escrow for reimbursement to Olive Garden for certain property improvements of approximately \$685,000 and closing costs of approximately \$227,000), and recognized a gain of approximately \$2,884,000. See Note M.

Florence Young

During the year ended September 30, 2022, Florence Young executed a Purchase and Sale Agreement (“PSA 3”) with Wintersprings Investments, LLC (“Wintersprings”), pursuant to which Wintersprings purchased certain property from the Organization and assumed a related ground lease. In connection with PSA 3, Florence Young recognized total cash consideration of \$4,000,000 (offset by closing costs of approximately \$260,000), and recognized a gain of approximately \$3,016,000. See Note M.

Lee Bruckner

During the year ended September 30, 2022, Lee Bruckner sold certain property to an unrelated buyer for total cash consideration of \$2,200,000 (offset by closing costs of approximately \$153,000), and recognized a gain of approximately \$1,788,000. See Note M.

NOTE M – NET GAIN ON SALES AND DISPOSALS OF PROPERTY

Following is a recap (in approximate amounts) of the amounts recognized as "net gain on sales and disposals of property" in the accompanying consolidated statements of activities:

	For The Years Ended September 30,	
	2023	2022
Cash consideration	\$ 2,500,000	\$ 10,600,000
Less: Funds reimbursed to buyer or held in escrow	(308,000)	(685,000)
Less: Closing costs	<u>(175,000)</u>	<u>(640,000)</u>
Net cash consideration	2,017,000	9,275,000
Less: Net book value of property sold or disposed of	<u>(342,000)</u>	<u>(1,587,000)</u>
Net gain on sales and disposals of property as described above	1,675,000	7,688,000
Other disposals – costs written off	<u>(600,000)</u>	<u>—</u>
Net gain on sales and disposals of property reported in the consolidated statements of activities	<u>\$ 1,075,000</u>	<u>\$ 7,688,000</u>